

**MINUTES
MINNETONKA CITY COUNCIL
REGULAR MEETING, MONDAY, SEPTEMBER 13, 2004**

1. CALL TO ORDER.

Mayor Anderson called the meeting to order at 6:30 p.m.

2. PLEDGE OF ALLEGIANCE.

All joined in the Pledge of Allegiance.

3. ROLL CALL.

Councilmembers Jan Callison, Terry Schneider, Al Thomas, Tony Wagner, Bob Ellingson, and Karen Anderson were present. Wiersum was excused.

4. APPROVAL OF AGENDA.

City Manager John Gunyou reviewed the addendum, which included deletion of a condition and additional information concerning Item #14A, Rainbow Drive subdivision.

Callison moved, Thomas seconded a motion to accept the agenda with the addendum. All voted "yes." Motion carried.

5. APPROVAL OF MINUTES: August 23, 2004 regular council meeting.

Wagner moved, Thomas seconded a motion to approve the minutes of the August 23, 2004 Minnetonka City Council meeting. All voted "yes." Motion carried.

6. SPECIAL MATTERS: None.

7. REPORTS FROM CITY MANAGER & COUNCIL MEMBERS.

Gunyou reported on the upcoming council meeting schedule. He also provided information about the September 14, 2004 Primary Election. Absentee ballots for the General Election will be available beginning on October 1.

6. CITIZENS WISHING TO DISCUSS MATTERS NOT ON THE AGENDA.

Jeff Beck, 5645 Green Circle Drive, said that he represented homeowners concerned about the Light Rail Transit (LRT) running through Green Circle Park.

Anderson did not think the LRT routes under consideration would go through that park. Gunyou noted that LRT is a county project that the city is closely monitoring.

Community Development Director Ron Rankin said that Hennepin County is still analyzing alternatives for the southwest corridor, and that public participation is being planned. He suggested that Beck visit the county's Web site. He will ask that Hennepin County place Beck on its project mailing list.

Anderson asked if any of the alternatives would impact the condominium units. Rankin said that there are still several alternatives being analyzed in the Shady Oak Road/Highway 169 area.

Ulrich Bonne, 4936 Shady Oak Road, was concerned about the LRT impacting Shady Oak Lake. He wanted to retain that amenity for the community. He also asked about impacts on the environment and the Shady Oak Road reconstruction.

Anderson reiterated that there are still several LRT alternatives being studied by the county. She also noted that the reconstruction of Shady Oak Road is a county project.

City Engineer Lee Gustafson said that Shady Oak Lake is one of the most pristine lakes in the area. The city's primary concern is the impact on the lake. In fact, the project may provide opportunities to improve the quality of water as it passes into the lake. Gustafson said that the city does all it can to maintain or improve water quality.

In response to Anderson's request for a timetable, Gustafson said that within the next month there would be three neighborhood meetings on the road project. The Minnetonka City Council will review the project for the first time on October 18. Construction is planned for the spring of 2007.

Ellingson said that he has been paying attention to the LRT project, and said that he could give assurance that the LRT won't go down Shady Oak Road. He said that alternative has been rejected.

Bonne was concerned about the abandoned railroad bed on the other side of the lake. Anderson said that the existing right-of-way is still being studied by the county.

Bonne noted the traffic congestion in the area, especially during rush hour. He asked about the city's plans for Shady Oak Road from CSAH 3 to TH 7, where there is the greatest bottleneck. Gustafson said that staff from Minnetonka and Hopkins is working with Hennepin County on the reconstruction of that section of road. That project is on the same timetable as the area south of CSAH 3.

Bonne said that there is a neighborhood committee following the project.

9. BIDS AND PURCHASES:

A. Consideration of bids for the purchase of a street flusher truck tank and appurtenances.

Gunyou provided the staff report.

Schneider moved, Thomas seconded a motion to award the bid for a flusher truck tank and appurtenances to Stepp Manufacturing Company, Inc., in the amount of \$48,004. All voted "yes." Motion carried.

B. Consideration of bids for the CSAH 3 (Excelsior Boulevard/CSAH 60 (Baker Road) intersection improvements.

Gunyou provided an introduction for this item. Gustafson added that staff felt the bids were acceptable, and recommended awarding the bid. He noted that there are many utility conflicts, which complicate the project.

Anderson understood the need to expedite this project because this intersection will handle additional traffic during the I-494 construction.

Gustafson said that this project would be completed at least one year before I-494 is completed. These improvements will also provide great long-term benefits.

Anderson noted that initial plans were to close the CSAH 3 bridge, but that has changed. She noted that there will be inconveniences, and asked if staff was coordinating with the schools. Gustafson responded that staff has had a number of conversations with the school district, and those discussions will continue. Staff will ensure that either CSAH 3 or the Orchard Road bridge will be open. The bridge closure will occur between October 1 and November 15.

Anderson asked that staff make a special effort to notify the city of Hopkins. She received several phone calls from residents when Minnetonka Boulevard was closed for a Hopkins utility project. Gustafson said that he would work with the communications manager to ensure that the information is made available.

Thomas asked if footings for the Orchard Road bridge could be poured during the winter. Gustafson said that once the bridge and old footings are removed, steel I-beams could be power driven for

the new bridge. That type of work can be done anytime. The goal is to complete the Orchard Road bridge by mid-July.

Thomas noted that although there are two county roads intersecting, the city's share is much greater than the county's. Gustafson said that the intersection is more of a problem for the city than it is for the county. The county did not have the project budgeted. This project represents a negotiated effort to get as much county funding into the project as possible.

Callison moved, Wagner seconded a motion to award the bid for the CSAH 3 (Excelsior Boulevard)/CSAH 60 (Baker Road) Intersection Improvement Project No. 4422 to Thomas & Sons Construction, Inc. in the total amount of \$1,861,341.96. All voted "yes." Motion carried.

10. CONSENT AGENDA (Items Requiring a Majority Vote):

A. Claims for council authorization – September 13, 2004.

Wagner moved, Callison seconded a motion to approve the September 13, 2004 claims list, including checks numbered 184214 through 184561, totaling \$3,332,519.90. All voted "yes" except that Callison abstained as to check #184551. Motion carried.

B. Proposed orders for tobacco license stipulations.

Wagner moved, Callison seconded a motion to issue Findings of Fact, Conclusion, and Order for presumption penalties for tobacco violations, as follows:

<u>Licensee</u>	<u>Establishment</u>	<u>Offense</u>	<u>Fine</u>
Angels Food Mart Inc.	Cedar Lake Market 11064 Cedar Lake Road	1 st	\$250
Erickson Oil Products, Inc.	Freedom Valu Center #67 4548 Shady Oak Road	1 st	\$250
Snyder's Drug Stores, Inc.	Snyder Drug Store #5066 14625 Excelsior Boulevard	1 st	\$250

All voted "yes." Motion carried.

C. Items concerning Knollway Park for Brauer & Associates, Ltd:

- 1) Resolution approving a conditional use permit for an impervious trail in a required wetland buffer.**
- 2) Site and building plan review.**

Wagner moved, Callison seconded a motion to:

- 1) Adopt Resolution No. 2004-109 approving a conditional use permit for an impervious trail in a required wetland buffer at Knollway Park. Approval is based on the finding that the proposal meets the required conditional use permit standards and is subject to the following conditions:
 - a. The following must be completed before starting any site work:
 - (1) Install, for staff approval, erosion control and tree protection fencing. The fencing must be maintained throughout the construction process.
 - (2) Submit copies of Minnehaha Creek Watershed District approval of wetland buffers. The city may require revisions to the approved plans to meet the district's requirements.
 - b. The trail must be developed and maintained in substantial compliance with the following plans:
 - (1) Overall Layout Plan date-stamped July 8, 2004.
 - (2) Overall Grading Plan date-stamped July 8, 2004.
 - (3) Overall Landscape Plan date-stamped July 8, 2004
 - c. The city council may reasonably add or revise conditions to address any future unforeseen problems.
 - d. Any change to the approved use that results in a significant increase in traffic or a significant change in character would require a revised conditional use permit.
- 2) Approve the site and building plans for arbor-covered seating areas in Knollway Park, subject to the following conditions:
 - a. The arbors must be developed and maintained in substantial conformance with the following plans, unless modified by the condition below:
 - (1) Overall Layout Plan date stamped July 8, 2004.

All voted "yes." Motion carried.

D. Resolution creating a Minnehaha Creek partnership.

Wagner moved, Callison seconded a motion to adopt Resolution No. 2004-110 creating a Minnehaha Creek partnership. All voted "yes." Motion carried.

E. Certificate of Correction for Bebeaus Deerwood Trails at 15509 Excelsior Boulevard for Ken Holmbeck, Survey Specialists.

Wagner moved, Callison seconded a motion to approve the Certificate of Correction for Bebeaus Deerwood Trails at 15509 Excelsior Boulevard for Ken Holmbeck, Survey Specialists. All voted "yes." Motion carried.

F. Resolution establishing findings of fact for not preparing an Environmental Impact Statement for the Woodgate Pond portion of the Nine Mile Creek Watershed District water quality improvement projects.

Wagner moved, Callison seconded a motion to adopt Resolution No. 2004-111 establishing findings of fact for not preparing an Environmental Impact Statement (EIS) for the Woodgate Pond portion of the Nine Mile Creek Watershed District Water Quality Improvement Projects No. 4653. All voted "yes." Motion carried.

G. Resolutions pertaining to tax-forfeited land within the City of Minnetonka:

- 1) **Approving the classification of non-conservation tax forfeited land.**
- 2) **Approving the auction to adjacent owners of certain tax forfeited land.**

Wagner moved, Callison seconded a motion to:

- 1) Adopt Resolution No. 2004-112 approving the classification of non-conservation tax-forfeited land within the City of Minnetonka.
- 2) Adopt Resolution No. 2004-113 approving the auction to adjacent owners of certain tax-forfeited land within the City of Minnetonka.

All voted "yes." Motion carried.

H. Agreement for prosecution services with the cities of Minnetrista and St. Bonifacius.

Wagner moved, Callison seconded a motion to approve of an additional one-year contract for prosecution services with the cities of Minnetrista and St. Bonifacius. All voted "yes." Motion carried.

I. Execution of deeds and temporary permits for the CSAH 101 street improvement project.

Wagner moved, Callison seconded a motion to authorize execution of deeds and temporary permits relating to the conveyance of

permanent and temporary construction easements to Hennepin County for the CSAH 101 street improvement project, County Project No. 9918, City of Minnetonka Project No. 4423. All voted "yes." Motion carried.

11. **Items requiring Five Votes:** None.

12. **INTRODUCTION OF ORDINANCES:**

A. **Ordinance amending City Code Section 300.30 regarding outdoor advertising signs.**

Peterson provided the background information for this item, noting that the ordinance would broaden the types of signs that would be allowed, and would not adversely affect currently authorized signs.

Wagner asked how staff would monitor the limit of five signs per event. Peterson said that it would be the city's responsibility to determine if there were more than five signs. It would be the owner's choice which signs would be removed. Staff would continue its weekend sign enforcement efforts, and would also check on Mondays and Tuesdays.

Wagner used the example of placing a "Go Gophers" sign in his yard, and asked if the University of Minnesota would have to pick five locations for such signs. Peterson did not think that type of sign would be considered as advertising.

Gunyou said that staff felt five was a reasonable number to recognize current practices with garage sale and real estate open house signs, while still avoiding the proliferation of signs. This would ensure an enforcement mechanism to prevent the widespread placement of signs.

Peterson said that staff would notify potentially affected parties.

Wagner moved, Thomas seconded a motion to introduce an ordinance amending City Code Section 300.30 regarding outdoor advertising signs and refer it to the planning commission. All voted "yes." Motion carried.

B. **Items pertaining to conveyance of fee title and permanent and temporary easements to the State of Minnesota for the I-494 improvement project:**

- 1) **Ordinance authorizing conveyance.**
- 2) **Resolution authorizing execution of necessary documents for conveyance of fee title and permanent and temporary easements.**

Gunyou provided a brief staff report on this item.

Callison moved, Wagner seconded a motion to:

- 1) Introduce an ordinance authorizing the conveyance of a portion of city-owned property located east of Sunrise neighborhood park on Minnetonka Drive.
- 2) Adopt Resolution No. 2004-114 resolution authorizing the execution of documents for conveyance of fee and permanent and temporary easements to the State of Minnesota for the I-494 improvement project, City of Minnetonka Project No. 4357.

All voted "yes." Motion carried.

13. PUBLIC HEARINGS:

A. Public hearing to consider a master development plan, with variances, for an office building at the southwest corner of I-394 and County Road 73.

Planning Director Geoff Olson provided the staff report for this item. He explained that the public hearing was necessary due to changes in the city's ordinances. The hearing notice was not published in time for the planning commission meeting, so the city council would hold the hearing. Olson said that the notification list was expanded because the previous proposal for this site was controversial.

Jay Jensen, Shelter Corporation, spoke as the developer. He thanked staff and said that the current proposal is better than the proposal originally submitted because of staff suggestions. He said that his firm is a national residential housing developer.

In response to Anderson's question, Olson reviewed the methods to access the site. Anderson said that access could be complicated, and asked how this project might affect the planned expansion of the nearby park and ride site.

Rankin said that there is a proposal for a parking structure on the northern two-thirds of the site. The public street circulation system will need to remain available to accommodate cars and buses.

Jensen said that they have 30 to 35 employees, and don't have many outside visitors. He did not foresee any problems.

Anderson opened the public hearing.

Bill Lorson, Oak Knoll Terrace, said that overall, the project was a vast improvement over the previously-proposed high-rise condominiums. He did not like the traffic access plan, but liked that the building would be residential in appearance with few cars in and out. He suggested that if the site is not developed, that the city could use it for a monument sign to welcome people to the city. He also suggested a park or trail for the lake.

Anderson noted that the site was not planned for open space preservation and that the city would not likely purchase the site for a sign. She asked about the multiple variances and proposed future trail. Gustafson said that the development would accommodate a trail along the frontage road. The trail would be constructed on the south side of the frontage road where there is currently a "cow path." The trail is not funded at this time, but should be in the next seven to ten years.

Olson said that the site is guided for office use, not open space. He said that there would need to be a determination if the site were appropriate for a sign, or residential use. Given the building design, and the odd shape of the parcel, as well as the inherent hardships with the wetlands on the west side and setbacks on the other sides, staff felt this project would be a good use of the site.

Anderson closed the public hearing.

Wagner asked how the construction of this project would coincide with the park and ride construction. Rankin said that the timetable for that project is not firm, but plans are proceeding. The site plan should be approved this fall, and federal funds will be available next year.

Schneider said that the site is very challenging. The proposal is meaningful and appropriate, and fits a minimal use into a very difficult site. The intersection is bad, and the traffic access odd, but it works. He supported the proposal.

Wagner supported the project and said that it is better than the previous proposal.

Wagner moved, Thomas seconded a motion to adopt Ordinance No. 2004-29 approving a PID (Planned I-394 District) master development plan and approving final site and building plans, with variances, for an office building at the southwest corner of I-394 and County Road 73 with the following variances at 1610 Hopkins Crossroad:

- 1) Drive-aisle setback variance from 20 feet to 1 foot along Hopkins Crossroad, and from 10 feet to 5 feet from the south lot line.
- 2) Building setback variances from 50 feet to 46 feet and from 50 feet to 36 feet along Hopkins Crossroad and the I-394 frontage road.
- 3) A building setback variance from 50 feet to 44 feet from the south lot line.
- 4) An impervious surface variance from 30 percent to 37 percent.
- 5) Building setback variance from 20 feet to 10 feet from the proposed 100-year. stormwater elevation.

This ordinance is based on the following findings:

- 1) With the exception of the required variances, the proposal would meet the required standards and ordinances for a site and building plan approval.
- 2) The proposal would meet the required standards for a variance, because:
 - a. There is a unique hardship to the property caused by the undersized lot with restrictive setbacks from two arterial roadways and a lake.
 - b. The variance would meet the intent of the ordinance because the site plan provides adequate parking for the proposed use, and minimizes impacts as much as possible on the natural features of the site.

Approval is subject to the following conditions:

- 1) Subject to staff approval, the site must be developed and maintained in substantial conformance with the following plans, unless modified by the conditions below:
 - Site plan date stamped July 12, 2004
 - Grading plan date stamped July 12, 2004
 - Landscaping plan date stamped July 12, 2004
 - Building elevations date stamped July 12, 2004
- 2) The following work must be completed before the city issues a grading permit or before starting any site work:
 - a. The installation and maintenance of a temporary rock driveway, erosion control, tree protection and wetland protection fencing for each lot must be installed, subject to review by the city's environmental resources coordinator.
 - b. Submit final site, grading, drainage, utility and erosion control plans for staff approval. The grading plan must include stormwater calculations.
 - c. Submit a letter of credit or cash escrow for 150% of the estimated cost to comply with grading permit requirements and restore the site.

- d. If required, submit copies of the watershed district permit. The city may require revisions to the approved plans to meet the district's requirements.
 - e. Submit a construction management plan for staff approval.
- 3) The following must be submitted to the city before the city issues a building permit:
- a. A final landscape and irrigation plan for staff approval
 - b. A letter of credit or cash escrow for 150% of the estimated cost of all required landscaping.
 - c. An illumination plan for staff approval
 - d. Minimum basement elevation must be 922.5 or two feet above the 100-year elevation in the storm water pond, whichever is greater.
 - e. All required hook-up fees
 - f. Approval of a driveway permit from MnDot.
 - g. Approval of a permit from Hennepin County to install the sewer and water services.
 - h. Record this ordinance with the county.
- 4) The property owner is responsible for replacing any required landscaping that dies.
- 5) All rooftop and ground-mounted mechanical equipment, and exterior trash and recycling storage areas, must be enclosed with materials compatible with the principal structure, subject to staff approval. Low profile, self-contained mechanical units that blend in with the building architecture are exempt from the screening requirement.
- 6) Approval does not include the signs shown on the drawings. Separate permits are required from staff.
- 7) Conservation easement 25 feet from the delineated wetland and a drawing of the easements for the approval of the city attorney. The easements and drawing must be recorded with the county.
- 8) The building must be constructed to satisfy any issues with the fire department. A hydrant may be required, or the building built with a sprinkler system.
- 9) Conservation easement over the trees adjacent to the wetland and along the south lot line, final location subject to staff approval.
- 10) Drainage and utility easement over the 920.5 contour.
- 11) Construction must begin by December 31, 2005, unless the planning commission grants a time extension.

All voted "yes." Motion carried.

14. OTHER BUSINESS:

A. Preliminary plat, with variance, for a three-lot subdivision at 3634 Rainbow Drive for Capestone Builders Corporation.

Olson provided the staff report, noting the two corrections in the addendum.

Anderson invited public comment. No one spoke. She noted that the questions had been handled well at the planning commission.

Callison thanked staff for the changes in the addendum.

Schneider moved, Callison seconded a motion to give preliminary approval to the Rainbow Drive Plat, date-stamped June 2, 2004, with a lot width at the right-of-way variance from 80 to 0 feet for Lot 3. Approval is based on the following findings:

- 1) The proposal meets the required standards and ordinances for a preliminary plat.
- 2) The proposal meets the required standards for a lot width at the right-of-way variance in Section 300.10, Subdivision 5(h)(2)(b).
- 3) The site could be developed with a public street to meet all minimum zoning ordinance standards; however, under that plan, 31 mature trees would be removed.

Approval is subject to the following conditions:

- 1) Complete the following before final plat approval:
 - a. Show the following on the final plat:
 - (1) At least ten-foot-wide drainage and utility easements next to any existing or proposed public street rights-of-way and at least seven foot-wide drainage and utility easements along all other lot lines.
 - (2) A 10-foot road easement over Lot 1, as shown on page A6 of the staff report.
 - (3) Utility easements over existing or proposed public utilities, as determined by the city engineer.
 - b. Submittal of a revised grading plan. The plan must include the relocated shared driveway, which must maintain a 25-30 foot setback from the side lot line.
 - c. Pay the city a park dedication fee of \$4,750.
- 2) The following items must be submitted to the city before the city releases the final plat:
 - a. An engineering/utility inspection fee.
 - b. An electronic CAD file of the final plat in microstation or DXF.
 - c. The following documents for the city attorney's approval:

- (1) Title evidence that is acceptable to the city attorney. Title evidence must be current within thirty days before release of the final plat.
 - (2) Conservation easements over the trees to be protected on the east and north side of the property and a drawing of the easements for the approval of the city attorney. Easement locations subject to review and approval of staff. The easements and drawing must be recorded with the final plat.
 - (3) Conservation easement over the wetland buffer area. Final easement location shall be subject to review and approval of staff. The easement and drawing must be recorded with the final plat.
 - (4) A private driveway easement between the street right-of-way and Lot 3. The easement must state the maintenance responsibilities of each owner. The minimum driveway width must be as required by the fire marshal.
 - (5) A private utility easement across Lot 2 to provide services to Lot 3.
 - (6) Provide restrictive covenants to be recorded against the individual lots with the plat. The covenants must include the conditions that have not been met as of the release of the plat. These covenants must first be submitted for the city attorney's approval. These documents must be recorded with the final plat, and a drawing of any easements must be attached to the easement deed.
- 3) The following must be submitted to the city before the city issues a building permit:
- a. A grading and tree preservation plan for each lot, subject to staff approval. The plans must be in substantial compliance with the agreed building areas as required with the final plat. The sewer and water services must be shown to minimize impact to the significant trees.
 - b. The installation and maintenance of a temporary rock driveway, erosion control, tree protection and wetland protection fencing for each lot must be installed, subject to review and approval of the city's environmental resources coordinator.
 - c. A copy of the recorded plat and any easements or covenants required to be recorded.

- d. If required, submit evidence of the watershed district approval. The city may require revisions to the preliminary plat to meet the district's requirements.
- e. A hookup fee for sanitary sewer and water.
- f. A letter from the surveyor stating that boundary and lot stakes have been installed as required by ordinance. If the grading for proposed streets has not been completed, the planning director may approve a time extension to this requirement.
- 4) During construction, the streets must be kept free of debris and sediment, and the tree protection fencing, and erosion control fencing must be maintained.
- 5) Trees must be planted to compensate for significant trees removed from each site that would be outside of the building pad and driveway area. The trees must be primarily species native to the area. They must be at least 2 1/2 inches in diameter for deciduous trees and 6 feet tall for coniferous trees. The property owner or original developer must replace the required trees if they die within one year after installation.
- 6) Before the city makes a final inspection of the house, the drive must be paved from the street to the house on Lot 3. A driveway setback of at least twenty-five feet must be maintained from the side lot lines. The city may approve a time extension if weather prevents paving of the drive.
- 7) The city must approve the final plat within one year of preliminary approval or receive a written application for a time extension or the preliminary approval will be void.

All voted "yes." Motion carried.

B. Items concerning CROSBY COVE plat at 2511, 2531, and 2545 Crosby road for Paragon Designers and Builders:

- 1) **Final plat.**
- 2) **Supplemental agreement.**

Olson provided the staff report.

Callison moved, Wagner seconded a motion to:

- 1) Approve the CROSBY COVE final plat that was received on August 23, 2004, subject to the following conditions:
 - a. Compliance with all preliminary plat conditions, especially the specific conditions for release of the plat;
 - b. Unless the City Council approves a time extension, the final plat must be recorded within one year of Council approval of the final plat; and
 - c. Before releasing the plat, the following additional conditions must be met:

- (1) developer signing the supplemental agreement for the trail and pedestrian bridge; and
- (2) provide a 12- foot- wide public trail easement from the proposed public street bulb between Lot 5, Block 2 and Lot 1, Block 3, or along the back sides of the lots in Block 2 and the side of Lot 5, Block 2, to the southwesterly point of Outlot A, with the exact location to be approved by city staff.

2) Approve the supplemental agreement.

All voted "yes." Motion carried.

C. Resolutions adopting the preliminary tax levy:

- 1) **Resolution setting a preliminary 2005 tax levy and budget for Truth-in-Taxation purposes.**
- 2) **Resolution setting a preliminary 2005 tax levy for the Bassett Creek Watershed Management Tax District.**

Anderson recognized the new finance director, Merrill King.

Anderson noted that this is the preliminary tax levy. The city is required to adopt it now for truth in taxation purposes. The levy may be reduced, but not increased, when the final budget is adopted.

Anderson reviewed the budget timetable. The council study session to review the preliminary tax levy was held on August 30. On November 15, the council will review the budget in detail. The public hearing on the budget will be held on December 6, and the budget will be adopted on December 20.

Anderson noted that on August 30, the council discussed state issues that continue to impact the city's budget.

Gunyou presented an overview of the preliminary budget and recommended tax increase. He said that the city takes a long-term perspective on financial management to preserve the ability to provide quality services at a reasonable price.

There are a number of pressures this year, primarily due to recent state funding cuts. The state cut its support to Minnetonka by \$950,000 in 2003, and by \$800,000 in 2004 in addition to imposing levy limits. The city made a number of reductions, and these changes have impacted basic services, particularly public safety, streets and park maintenance.

Public safety services have been impacted by the loss of federal funding for "Clinton cops" and higher insurance premiums. Other

cities have decreased their participation in the school liaison officer program. The workload for prosecutors has increased substantially due to changes in the county court system.

Parks, forestry, trails and streets services have also experienced increased pressures due to growing citizen expectations. In response, park maintenance levels have been increased through a contract with the state, and a new parks and trail worker is proposed.

Gunyou also noted that the incidence of Dutch elm disease has increased, and costs rose \$100,000 this year. Staff is also exploring more cost-effective street maintenance technologies, such as new patching equipment.

Gunyou reported that about nine out of every ten new budget dollars would go to the areas of public safety, streets and parks maintenance. He noted the city's dependence on property tax dollars and service fees. Only annual inflationary increases are recommended for service fees.

Gunyou noted the legislative uncertainties with property taxes. The state's market value credit program provides property relief to middle and lower valued homes, but over the past two years, the city has had to pay for this program. Although the state is scheduled to again assume its responsibility for its program in 2005, the state is still facing a \$1 billion shortfall.

As a result, the city will not know if the state will actually pay for their market value credit program until late next year. Since it would not be responsible to spend the dollars before they are received, staff recommends increasing city taxes by 4.5 percent. City services account for 0.5 percent of that increase, and the uncertainty of the state's program requires an additional 4.0 percent property tax increase. Gunyou said that if any state funds are actually received, council could decide what to do with those dollars next year during the 2006 budget process.

Gunyou checked with other cities, and found that Minnetonka's 4.5% increase is among the lowest of comparable cities in the region. Gunyou then reviewed examples of the possible impact of the budget increase on the average Minnetonka home. More detailed estimates will be provided as the county and school districts adopt their preliminary levies.

Anderson said that a 0.5 percent increase for the city was reasonable, with 4.0 percent for the market value credit.

Schneider said that residents might be confused about the state's market value credit. He noted that the city council discussed this issue during the study session. The recommended approach is fiscally responsible and prudent, and will allow the city to properly plan for the use of the state funding when they are received. The approach is the right thing to do at the right time.

Anderson said that the budget line items will be discussed in November. She invited interested residents to follow the process closely.

Thomas said that this increase was the largest he had supported during his time on the city council. City services account for 0.5 percent plus the voter-approved park bonds. With the market value credit uncertainty, the city needs to look fiscally to the future. He was comfortable supporting the proposed level.

Callison noted that everyone will be happy if the state proves the city wrong and actually funds their program. She said that the city's proposal is very prudent.

Callison moved, Thomas seconded a motion to:

- 1) Adopt Resolution No. 2004-115 setting a preliminary 2005 tax levy and budget for Truth-in-Taxation purposes.
- 2) Adopt Resolution No. 2004-116 setting a preliminary 2005 tax levy for the Bassett Creek Watershed Management Tax District.

All voted "yes." Motion carried.

15. APPOINTMENTS and REAPPOINTMENTS:

A. Appointments to the Minnehaha Creek Watershed District planning advisory committees.

Anderson moved, Callison seconded a motion to appoint:

- 1) Mayor Karen Anderson to the Minnehaha Creek Partnership Policy Board and Council Member Tony Wagner as the alternate to serve a three-year term, effective September 13, 2004 and expiring on March 1, 2007.
- 2) Jennifer Posma to the Minnehaha Creek Partnership Technical Advisory Committee and Jo Colleran as the alternate to serve a three-year term, effective September 13, 2004 and expiring on March 1, 2007.
- 3) Tom Aasen, 12915 Burwell Dr. to the Minnehaha Creek Watershed District Public Advisory Committee to serve a three year term, effective September 13, 2004 and expiring on March 1, 2007.

- 4) Steve Pieh, 15508 Robinwood Dr. to the Minnehaha Creek Watershed District Public Advisory Committee to serve a three-year term, effective September 13, 2004 and expiring on March 1, 2007

All voted "yes." Motion carried.

16. ADJOURNMENT.

Wagner moved, Thomas seconded a motion to adjourn the meeting at 8:06 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Kathleen Magrew
City Clerk