

**MINUTES  
MINNETONKA CITY COUNCIL  
REGULAR MEETING, MONDAY, MARCH 5, 2007**

**1. CALL TO ORDER.**

Mayor Callison 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 Bob Ellingson, Tony Wagner, Brad Wiersum, Terry Schneider, Al Thomas, Dick Allendorf, and Jan Callison were present.

**4. APPROVAL OF AGENDA.**

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

**5. APPROVAL OF MINUTES:** None.

**6. SPECIAL MATTERS:**

**A. Presentation regarding 9th Annual Empty Bowls event.**

The council heard the presentation from Empty Bowls event chair Barb Westmoreland.

The group's ninth annual fundraiser is March 20 from 11 a.m. to 7 p.m. at the Hopkins Center for the Arts. This fundraiser is for the Intercongregation Communities Association and Hopkins Minnetonka Family Resource Center with a goal of raising \$40,000. Westmoreland said that those attending will see a sea of bowls. She showed a few to the council. The bowls are a reminder that there are a lot of empty bowls in the community that need to be filled. There are no entrance fees for the event but donations are welcome. Westmoreland said there is a challenge program. Super Valu has pledged \$5,000 and the hope is to triple that with \$20,000 in donations from other businesses and organizations. \$15,000 of that goal has already been raised.

Callison thanked Westmoreland for her work and enthusiasm.

**B. Recognition of 2007 Citizen Academy graduates.**

Callison said the Citizen Academy is offered annually in the city and is designed to inform residents about the workings of the city. She said the graduates' comments were mostly positive and the one she found most telling was from a person who wrote, "I didn't expect the Academy to be fun and people found that it was fun."

The council recognized the 2007 Citizen Academy graduates: John Brandt, Susan Brandt, Christine Cherryhomes, Bonnie Cofer, Wade Cofer, Jeanette Cope, Allie Cronk, Tom Hardin, Ward Jones, Janet Larson, Madalyn Loe, Julie Mart, Maria Moilanen, John Podolinsky, Bruce Rorem, Kathy Steiner, Jennifer Truran, Anne Vanhorne, Jay Vanhorne, Raymond Vaughn, Carol Wandersee, Carol Wieden and Courtney Wieden.

Brandt thanked the council for allowing the graduates to participate. He said it was very enjoyable and that he learned a lot.

Rorem added his thanks to the council and staff for putting on the program. He said he was impressed with the strong and enthusiastic group of people working for the city and that they made the program very enjoyable.

Carol Wieden thanked the city on behalf of her daughter Courtney. She said Courtney is interested in attending law school and it was a good opportunity to learn about local government.

**C. Presentation from the Minnetonka Lacrosse Association.**

Kirk Weidner spoke on behalf of the association and said the sport is the fastest growing in the country and has explosive growth in the city. Without the city's fields the participation wouldn't be possible. He presented Callison with a \$500 donation from the association.

Callison accepted the donation from the Minnetonka Lacrosse Association.

**D. Proclamation declaring March 22, 2007 as Caring Youth Day.**

Wagner read the proclamation.

**7. REPORTS FROM CITY MANAGER & COUNCIL MEMBERS.**

Gunyou reported on the schedule for upcoming council meetings. There is no meeting next week due to the National League of Cities annual meeting. There will be a study session March 19. The next regular

meeting is March 26. The city's Eco Fair is March 17 from 8:30 a.m. to 1 p.m.

**8. CITIZENS WISHING TO DISCUSS MATTERS NOT ON THE AGENDA.**

No one appeared.

**9. BIDS AND PURCHASES: None.**

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

**A. Resolution affirming city council support for consideration of Minnetonka for the Governor's Fit City Program.**

Allendorf moved, Wiersum seconded a motion to adopt Resolution No. 2007-040 affirming the council's commitment to creating and maintaining a city environment supportive to active living, health and wellness. All voted "yes." Motion carried.

**B. Twelve-month time extension for GAGNERS 2<sup>ND</sup> ADDITION at 18724 Ridgewood Drive for Thomas and Diane Gagner.**

Allendorf moved, Wiersum seconded a motion to approve the twelve-month time extension for GAGNERS 2<sup>ND</sup> ADDITION at 18724 Ridgewood Drive for Thomas and Diane Gagner. All voted "yes." Motion carried.

**C. Amendment to purchase agreement with Curt Fretham and affordable housing agreement for second affordable unit.**

Wagner asked for comment from staff because he thought it was the first time approval was being given for offsite affordable housing. He asked if the process went well and met the needs of the affordable housing goals.

Rankin confirmed it was the first time the council was granting approval for offsite affordable housing in the development of new homes. The twin homes are located on Minnetonka Drive and after the West Hennepin Affordable Housing Land Trust was involved in purchasing the first unit they were impressed with the location and floor plan. They expressed interest to Fretham in purchasing the other unit of the twin home. Rankin said he wanted to reiterate that the city's preference historically is to locate affordable housing as part of other housing developments so that there can be a mix. He said the city will see as people move into the units how well this works and if it would be appropriate to do again in the future.

Wagner moved, Thomas seconded a motion to approve the amendment to purchase agreement with Curt Fretham and affordable housing agreement for second affordable unit. All voted "yes." Motion carried.

**D. Resolution accepting plans and specifications and authorizing the advertisement for bids for the 2007 Pavement Rehabilitation Program, Phase 1.**

Allendorf moved, Wiersum seconded a motion to adopt Resolution No. 2007-041 receiving the feasibility report, ordering the improvements in, authorizing preparation of plans and specifications, and authorizing easement acquisition for the 2007 Street Rehabilitation Program, Phase 1 Project No. 06404. All voted "yes." Motion carried.

**E. Resolution in support of the Glencoe Railroad Mitigation Project.**

Allendorf moved, Wiersum seconded a motion to adopt Resolution No. 2006-042 supporting the Glencoe Railroad Mitigation Project. All voted "yes." Motion carried.

**F. Six-month time extension for Wentworth Trail at 13533 Wentworth Trail (Fischer Subdivision) for Earl Fischer.**

Allendorf moved, Wiersum seconded a motion to approve the six-month time extension for Wentworth Trail at 13533 Wentworth Trail (Fischer Subdivision) for Earl Fischer. All voted "yes." Motion carried.

**G. Six-month time extension for Wentworth Woods at 3212 Wentworth Trail for Avery and Horace Chope.**

Allendorf moved, Wiersum seconded a motion to approve the six-month time extension for Wentworth Woods at 3212 Wentworth Trail for Avery and Horace Chope. All voted "yes." Motion carried.

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

**12. INTRODUCTION OF ORDINANCES:**

**A. Ordinance amending city code regarding council salaries.**

Gunyou said the way the city manages its salaries is to do a regular survey of 10 comparable cities, five larger, five smaller. This allows the city to stay competitive with the market for all employees. The latest survey indicates council and mayor salaries are below average. State law stipulates that the new salaries cannot become effective until after an intervening election, so the recommended adjustment would not take effect until January 1, 2008. Gunyou said the recommendation is to move to the average of the other cities and this would be the first increase in four years. If approved it would amount to around a three percent annual increase for the council and a three and half percent increase for the mayor.

Schneider moved, Allendorf seconded a motion to introduce the ordinance. All voted "yes." Motion carried.

**13. PUBLIC HEARINGS:**

**A. Ordinance amending the city charter regarding compensation and expenditures.**

Peterson presented the staff report.

Callison continued the hearing at 7:01 p.m.

No one spoke and Callison closed the hearing at 7:02 p.m.

Wiersum moved, Allendorf seconded a motion to adopt Ordinance No. 2007-10 amending Minnetonka City Charter Sections 2.09 and 7.01 and adding a new Section 6.08 regarding compensation and expenditures. All voted "yes." Motion carried.

**14. OTHER BUSINESS:**

**A. Review of North Service Drive alignment for the Shady Oak Road Project.**

Gunyou said on September 20 the city council along with the Hopkins City Council approved the preliminary layout for the road project. With the approval, the council asked staff to look at another possible alternative that might retain the two homes on the west side of Shady Oak Road just north of Highway 7. He noted that unless council wished to change the previously approved alignment, no action was necessary.

Lee Gustafson presented the staff report first apologizing for the shorter than normal notice to residents of this meeting. Normally

notices are mailed seven to ten days prior to the meeting but he failed to get the notices out this time until last Wednesday. After considering impacts on the two homes and associated easement costs, staff recommends no change in the previously approved alignment.

Wagner asked if the north service drive was made into a cul de sac would a left turn lane still be required on the northbound Shady Oak Road, and if not, how much if at all would that reduce the width of the road.

Gustafson responded that it would reduce the width slightly. He explained that there are properties to the north that still need safe access to northbound left turn movements into those properties. As such, there could be a slight reduction to the width but not the entire width of a left turn lane.

Wagner asked for clarification of the width of a lane.

Gustafson said a left turn lane in this instance would be between 14 and 16 feet and the most that the lane could be reduced would be four to six feet.

Callison asked if the impacts to the third property involved played into the choice between the various options.

Gustafson replied that since the frontage road would be going through the corner of the third property and probably not affecting setbacks and buildable areas, there likely would not be any significant impacts to the property. There will be some easements required on the front of the parcel whether the north service drive is connected or not.

Susan Haub of 4020 Shady Oak Road, expressed concern over the financial estimates in the staff report. She said she and her husband put \$400,000 into a remodel and to relocate would be very expensive. The insurance replacement costs for the house are \$700,000. Haub said her family would like to stay but doesn't want a road in their front yard. She said the house was rebuilt into their family's dream house.

Wagner asked if just the south house could be removed and not the north house.

Gustafson said that option was looked at, but unfortunately the frontage road cannot be realigned far enough north to make it work.

Ellingson asked when construction of Shady Oak Road will begin.

Gustafson said the likely start date will be in the spring of 2010. 2009 was considered but 2010 is more realistic.

Schneider asked if the modifications and funding availability will impact the timing of the acquisitions.

Gustafson said the timing estimate is based on a typical acquisition schedule in a transportation project not involving redevelopment, and with the county needing to encumber more funds for the project. Using this as a basis, the acquisition will likely occur in 2009. If county funding could be accelerated, it could speed up the acquisition of the properties.

Allendorf said it was traumatic for the homeowners. Hopefully the homeowners recognize the council has taken extra time to look very hard at the issue, but unfortunately there doesn't appear to be a good alternative to the taking of the two houses.

Callison said that it's likely Haub is correct and it will cost more than the amount in the staff report; however, the property won't be particularly habitable when the road project is done. Because the road will be so close it will not be an enjoyable place to live. The impact without the service road to others in the neighborhood range from an increase of traffic of 51 to 92 percent on the service road, to 16 to 30 percent on Huntington Drive. Callison said because of the traffic impacts and because the house will be marginal to inhabit, the decision is the right one even though it is regrettable.

Wiersum agreed with Callison and said if an alternative left the house habitable it might be worth it even with the traffic impacts. He said in Superior, Wisconsin he has seen houses three feet from the roadway because the highways have been widened without the setbacks and this isn't something that can be done in Minnetonka. This has left the council with the decision to do it right rather than halfway and have everybody unhappy because the traffic improvement isn't done as well.

**B. Presentation of the 2007 Assessment Report and property tax information.**

City Assessor Richard Toy presented the report.

Callison said it was the first report she has seen where values are not increasing substantially. She encouraged residents to call staff with any questions.

Wiersum asked if since the report indicates residential impacts are lower and commercial impacts have increased, if it will get back to the point where commercial property represents as much as 40 percent like in the past.

Toy replied that the commercial impacts will not return to those previous levels with the new state tax rates that were enacted.

Thomas said he had seen a TV news report recently indicating with property values decreasing, the baby boomers aging, and other trends, people may be paying less in property taxes because the market values on their homes will go down. He asked Toy to respond.

Toy said he saw excerpts but not the entire report Thomas was talking about. He said assessors are not prognosticators but rather look at history and make adjustments based on that.

Thomas asked when was the last time there were significant decreases in residential values in the city.

Toy indicated the last time was in the early 1980s when interest rates were at the 17 and 18 percent level. There have been times the market was slow like in the early 1990s. At that time, similar to today, there was a decrease in the condo market.

Gunyou emphasized that every property is different and even though the overall market has slowed, many property values are still going up. Some properties in highly desirable areas are increasing substantially.

Wiersum said the information presented shows the average house in the city is \$335,000. He asked if the values dropped to \$300,000 if taxes would drop as well.

Gunyou replied that was a complicated issue because the taxes people pay are only partly influenced by the values of their homes. Typically the city's levy increases around three percent a year, which is only a fourth of a resident's total property taxes – Hennepin County and school districts account for the rest. Once the overall taxes are determined the amount is distributed among city

property owners based on state law. Those factors determine a taxpayer's actual tax bill.

Wiersum said Gunyou made an important point because it's a resident's position relative to his neighbors and all the other factors that determine property tax amounts. If everyone's values drop there would still be the same amount of taxes needed and so taxes would not necessarily go down.

Gunyou said he also wanted to remind people that they will be receiving two notices this month. The valuation notice is for next year and the tax notice is for this year. He said there really is no connection between the two notices and it's confusing that state law requires them to be sent out at the same time.

Callison said the council actions coming up focus on property values and not taxes.

**15. APPOINTMENTS and REAPPOINTMENTS:** None.

**16. ADJOURNMENT.**

Thomas moved, Wiersum seconded a motion to adjourn the meeting 8:02 p.m. All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda  
City Clerk