

**MINUTES
MINNETONKA CITY COUNCIL
REGULAR MEETING, MONDAY, DECEMBER 7, 2009**

1. CALL TO ORDER.

Mayor Schneider 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 Tony Wagner, James Hiller, Dick Allendorf, Amber Greves, Brad Wiersum, Bob Ellingson, and Terry Schneider were present.

4. APPROVAL OF AGENDA

City Manager John Gunyou noted addenda to items 14A and 14C.

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

5. APPROVAL OF MINUTES: November 9, 2009 regular meeting

Greves moved, Allendorf seconded a motion to approve the minutes of the November 9, 2009 Minnetonka City Council regular meeting. All voted "yes." Motion carried.

Schneider recognized Boy Scout Troup Number 426 attending the meeting.

6. SPECIAL MATTERS:

A. Recognition of Eagle Scout Robert Latham

Schneider recognized Latham for his work. Wiersum noted Latham was his neighbor. He offered congratulations and said the Eagle Scout award was not an award that is granted but is an award that is earned.

B. Retirement recognition for Joe Dabruzzi and Darryl Trangsrud

Schneider read the recognitions while presenting Dabruzzi and Trangsrud with plaques.

7. REPORTS FROM CITY MANAGER & COUNCIL MEMBERS

Gunyou reported on the schedule for upcoming council meetings.

8. CITIZENS WISHING TO DISCUSS MATTERS NOT ON THE AGENDA

No one appeared.

9. BIDS AND PURCHASES:**A. Bid for demolition at 10600 Wayzata Boulevard**

Gunyou gave the staff report.

Greves asked what fund would cover the cost until the city received the special assessment revenue. Gunyou said funds from the development account would be used to front the cost. The cost would be recovered the following year with the assessment from the property. There will be no direct costs to residents or businesses.

Wagner moved, Wiersum seconded a motion to award the bid for the demolition at 10600 Wayzata Boulevard to Bollig & Sons, Inc. for \$43,315.00. All voted "yes." Motion carried.

10. CONSENT AGENDA (Items Requiring a Majority Vote):**A. Proposed order for liquor license violation at the Marriott Southwest**

Allendorf moved, Wagner seconded a motion to adopt the Findings of Fact, Conclusion, and Order for the Marriott Minneapolis Southwest. All voted "yes." Motion carried.

B. Proposed order for liquor license violation at Christos Greek Restaurant

Allendorf moved, Wagner seconded a motion to adopt the Findings of Fact, Conclusion, and Order for Christos Greek Restaurant. All voted "yes." Motion carried.

C. Agreement with Sojourner Project Inc. for domestic services for 2010

Allendorf moved, Wagner seconded a motion to renew the agreement for the year 2010 with reimbursement not to exceed \$20,000. All voted "yes." Motion carried.

D. Agreement with the Northern Star Council for a community based juvenile diversion program for 2010

Allendorf moved, Wagner seconded a motion to renew the agreement for the year 2010, not to exceed \$20,000. All voted "yes." Motion carried.

E. Resolution for a conditional use permit to operate a motorcycle repair business located at 15700 Wayzata Blvd

Allendorf moved, Wiersum seconded a motion to adopt Resolution No. 2009-009 which approves a conditional use permit for a 2,200-square-foot motorcycle repair and service business at 15700 Wayzata Boulevard. Approval is based on the finding that the proposal meets the required conditional use permit standards and is subject to the following conditions:

- 1) Prior to issuance of a building permit, this resolution must be recorded with the county, and a copy of the recorded resolution must be returned to the city.
- 2) The building must meet or be brought up to all minimum fire code standards.
- 3) The business must meet all minimum state and federal regulations.
- 4) The business must develop a course for test driving of motorcycles. The course must utilize only non-residential streets. The test drive course must be submitted to city staff for review and approval.
- 5) There must be no testing, running or operating of motorcycles on the back of the property except to provide access to the service area.
- 6) The business must comply with all building and fire codes.
- 7) There may be no outside storage of motorcycles, parts, equipment, or other items, and there may be no motorcycles stored outside on the property overnight.
- 8) All repairs, servicing and installation must be done within the building. Servicing of motorcycles must not occur in the parking lot.
- 9) There may be no public address system audible from any residential parcel.
- 10) There may be no sales, storage or display of motorcycles.
- 11) The city council may reasonably add or revise conditions to address any future unforeseen problems.
- 12) 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.
- 13) The applicant must agree to the above conditions in writing.

All voted "yes." Motion carried.

F. Resolution amending condition of development approval for BRAEBURN WOODS at 16400, 16408, and 16416 Hidden Valley Road

Greves asked the item be pulled from the consent agenda. She asked how common it was for the city to include language in an ordinance about

accessory structures. City Planner Loren Gordon said typically in a development agreement there are setback provisions for what is to be in the planned unit development primarily for principal structures. He said typically the ordinance does not include details about accessory structures. Greves said it was her understanding that staff felt if construction of one to one and a half story homes that were up to 3,800 square feet in size were constructed as opposed to 2,800 square footprint homes with potential accessory structures, there would be as much or less disturbance to the site. Gordon confirmed that was correct. He said staff felt that although the existing PUD agreement was acceptable, and after discussions with the developer about what might occur, it was decided accessory structures in the rear of the garage could add more impact than what was anticipated through the development process. He said the modified condition was more consistent and better reflected the original council intent to minimize the impact on the neighborhood as much as possible. Greves asked for confirmation that there were no changes to the grading or tree removal plan. Gordon confirmed that was correct. The revised language allows the same percentage of impact that was shown on the plan although the areas that are developed and preserved would change based on the house plans. Greves said she thought the changes may warrant more discussion and notification to the neighborhood.

Hiller said the assumption was that a 3,800 square foot house with a built in garage would have less impact than a 2,800 square foot house with a garage and a 1,000 square foot accessory structure. Citywide less than 10 percent of the houses he sees with garages have added a detached garage with any size. He said on the eight pieces of property included in the development, it was very unlikely that in 20 years there would be more than a couple of detached garages. On the other hand the times the council has allowed a developer to build an extra 1,000 square feet of house, the developer most of the time has taken advantage of the space. He said there are other issues about this development that have been discussed by the planning commission and council. These issues included the traffic analysis, tree issues, water runoff issues, associated grading issues, and concerns about the mass and how the homes would fit into the neighborhood. He said the development was an interesting opportunity to provide the single level houses the council has discussed but allowing all the houses to be 3,800 square feet was unreasonable.

Schneider said he interpreted the concern to be if all the homes were two story 3,800 square foot homes, the council was not getting what it approved. Cory Lepper, the applicant, said the item was before the council because a buyer had come forward for one of the lots. The buyer came forward with a main floor master footprint that would add a couple of hundred square feet over the 2,800. Given the market and finance conditions a lot of things have changed since the project started, and he

was not looking for approval for two story 3,800 square foot homes. He said he was looking for a way to consolidate the square footages without potential future impact because he knows that adding 1,000 square feet of impact would go into the rear yards and would impact the trees. No changes to the grading limits are being sought so there should not be an environmental impact.

Schneider agreed with Hiller that the council doesn't typically receive many requests from an applicant looking to add 1,000 square foot garage. It has been routine for somebody to add a 500 square foot storage structure. He said the way the ordinance was worded, the accessory structure would not be allowed. Gordon said the ordinance would limit accessory structures including garages, pools, and sports courts. He said staff thought the approach would be more effective in keeping the site constrained with the long term grading and development impacts. Schneider said the impact of the smaller footprint accessory structure could be just as great as a 1,000 square foot structure if it was put in the wrong place. He said he was interested in adding language to the site plan approval of the individual lots that if a house was going to be a two story building, then 3,800 square feet would not be allowed. Lepper said the concept was not to come back to the council for approval on every single home. Schneider said the site plan approval was done by the staff.

Wiersum said when he first reviewed the item he did not have any concerns but listening to the council discussion raised enough concern where he would support language that would allow the staff to review the site plan reviews to ensure that the houses with a 3,800 square foot building pad are a story and a half and two story homes are held to a 2,800 square foot building pad. This would give Lepper the flexibility he needs to sell the homes in this market but at the same time would prevent the unintended consequences of bigger homes than were intended for the properties.

Peterson asked for clarification about the council direction to staff. She asked if the council discussion indicated that if a house's footprint was expanded beyond 2,800 square feet then the additional amount would be subtracted from the second story. Schneider indicated that was not correct. The only things being dealt with were grading impacts and the footprints. A house could have a larger impact but what was critical was the grading tied in with the massing. He said during the review process if staff determined a particular plan had more impact than the council intended, the plan would be brought to the council for review.

Wagner said he heard the council discussion similar to what Peterson was stating. If an owner is willing to do a one or one and a half story house, then a 3,800 square foot pad would be acceptable. If the owner wanted to

do a house with a full second story, then a 3,800 square foot pad would be too large and the maximum building pad would be 2,800 square feet. He asked if that was what Schneider was trying to get at. Schneider confirmed generally that was correct. He said he would recommend giving staff some discretion as long as the plan stays within the grading limit. Wagner said he was concerned that the council had set an expectation and parameters for the builder and was adding a new condition while expecting staff to figure out the details. He said the council had to be more specific about its expectations. Peterson said she too would be more comfortable with a formula or some criteria that could be used.

Schneider asked Lepper if he would be comfortable with Wagner's suggested language that if a house has two stories, it could only have a 2,800 square foot building pad. Lepper said there had been discussion about subjective architecture where something that is larger but fits well on the land is perceived better than something more vertical that has a 2,800 square foot building pad. Schneider noted that the larger project could still be approved but it would require council approval to do so. Lepper said he would like to have ground rules in place that would make it easy to tell the market what a developer is trying to accomplish.

Wiersum said he agreed with Wagner's suggested language. He said when the council approved the project it was approved with 2,800 square foot footprints. Currently the developer can do whatever he wants to do within that size footprint. The developer is asking for more flexibility because there are buyers who are interested in a one and a half story house or a house with a different layout that would have more first floor square footage. The tradeoff would be less or no second floor square footage. He said it was logical that the city be flexible in those circumstances but that the council should hold to the 2,800 square foot limit unless there are exceptions that meet the market request.

Allendorf said the council discussion seemed to be about keeping the 2,800 square foot restriction in place and have the applicant ask for a variance from the restriction. This put the council in the position of being architects. He said he was uncomfortable going in that direction unless there was some type of formula, perhaps using massing or the floor area ratio. Schneider said he was not expecting the items to come back to the council for some type of variance action unless staff felt a proposal was way out of character with what the council had been anticipating. Allendorf said staff needed parameters to know what to bring to the council. Schneider said the question was about what the limit would be for a two story house.

Hiller said that people put up accessory structures for a reason. A structure might be needed if a car or boat or a lawnmower needs to be

stored. There had to be an option available to address problems or there would be residents asking for a variance to solve storage problems. He said he was not comfortable with the 3,800 square foot limit that would eliminate the opportunity for people to have an accessory structure. Schneider said if somebody wanted the option to build an accessory structure they could build a 2,800 square foot home. Hiller agreed but said in the future there might be a 3,800 square foot house that needed an accessory structure to deal with storage issues.

Wagner said he had a couple of principles in mind related to the council discussion on the item. He does not want the council micromanaging architecture. He also does not want staff trying to interpret what the council wanted because there were grey areas.

Wagner moved, Allendorf seconded a motion continuing the item and directing staff to develop a formula related to a building pad size of 2,800 square feet and a building pad size of 3,800 square feet. The property owner or developer would be allowed to determine how the square foot allotment will be used.

Wischnack said when the project was first discussed, the discussion was about the impact to trees. She said if building mass was to be addressed, staff would likely come back with a floor area ratio scenario for the council to consider because of the differing lot sizes.

Greves asked if the residents in the area were notified of the potential change. Wischnack indicated they had not been. Greves said the biggest issue for her was the transparency of the potential decision.

All voted "yes." Motion carried.

G. Time extension for Eddie Merlot's located at 10600 Wayzata Boulevard

Allendorf moved, Wagner seconded a motion to approve the twelve-month time extension. All voted "yes." Motion carried.

H. Resolution reaffirming preliminary and final plat approvals for MINNETONKA HIGHLANDS at 5516 Glenavon Avenue

Allendorf moved, Wagner seconded a motion to adopt Resolution No. 2009-111 which reaffirms previous preliminary and final plat approvals of MINNETONKA HIGHLANDS, date-stamped September 28, 2007.

Approval is based on the following findings:

- 1) The proposal is consistent with those preliminary and final plats of the site that were granted between 2005 and 2007.

- 2) Site grading and tree removal has already occurred under a grading permit approved by staff in 2006.
- 3) Conservation easements would be established to preserve that portion of the mesic oak forest which still remains on the site.

Approval is subject to the following conditions:

- 1) 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. Payment for traffic signs and installation, as required by the city engineer.
 - d. If not reviewed and recorded with the original 2006 final plat approval, the following documents must be prepared by an attorney knowledgeable in the area of real estate and must be submitted for the city attorney's approval:
 - (1) Title evidence that current within thirty days before release of the final plat.
 - (2) Conservation easements over areas as depicted in the Conservation Easement Sketch date-stamped September 28, 2007 and a drawing of the easements. The easement may allow removal of hazard, diseased, or invasive species. The easements and drawings must be recorded with the final plat.
 - (3) 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 documents must be recorded with the final plat, and a drawing of any easement must be attached to the easement deed.
 - e. Submit as-built drawings for streets and public utilities.
- 2) Prior to issuance of a building permit for any of the lots within the development:
 - a. Submit the following for items staff review and approval:
 - (1) A construction management plan. This plan must be in a city approved format and outline minimum site management practices and penalties for non-compliance.
 - (2) Final grading and tree preservation plan for the lot. The plan must:
 - (a) comply with the preliminary grading plan as depicted on the preliminary plat;
 - (b) must preserve trees designated for preservation at the time of preliminary plat approval;
 - (c) show sewer and water services to minimize impact to any significant trees. No trees may

be removed for installation of services. One set of new services must be installed.

- (3) A tree mitigation plan. The plan must meet minimum mitigation requirements as outlined in the ordinance. However, at the discretion of natural resources staff, mitigation inches may be decreased based on: the health of trees removed; the ability to appropriately install trees on the steep slope; and/or installation of under-story shrubbery.
 - (4) Submit cash escrow in the amount to be determined by city staff. This escrow must be accompanied by a document prepared by the city attorney and signed by the builder and property owner. Through this document the builder and property owner will acknowledge: (1) the property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other conditions of approval, or city code standards; and (2) if compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.
- b. Submit the following documents:
 - (1) A recorded copy of the preliminary plat, all required easements, and restrictive covenants.
 - (2) A letter from the surveyor stating that boundary and lot stakes have been installed as required by ordinance.
 - (3) A letter of credit or cash escrow in the amount of 150% of an estimated cost or 125% of a bid cost to complete required tree mitigation. Individual letters of credit are required for each lot.
 - c. Schedule and hold a preconstruction meeting with engineering, planning, and natural resources staff.
 - d. Install a temporary rock driveway, erosion control, tree protection and wetland protection fencing for each lot. These items must be maintained throughout the course of construction.
 - e. Install heavy-duty fencing, which may include chain-link fencing, at the conservation easement. This fencing must be maintained throughout the course of construction.
 - f. Pay a hookup fee for sanitary sewer and water.
- 3) Notwithstanding the requirements outlined above, all lots and structures within the development are subject to the all R-1 zoning standards. In addition:
 - a. Required principal structure setbacks are as follows:
Front Yard Setback: 25 feet

Side Yard Setback, internal to development: 10 feet
Side Yard Setback, external to development: 15 feet
Rear Yard Setback: 45 feet or 20% of lot depth, whichever is less.

- b. All portions of first-story walls as measured by an approved route around the exterior of the house must be within 150 feet of the street. If access requirements cannot be met, the house must be protected with 13D automatic fire sprinklers.
- 4) Signage must be installed and maintained which delineates the edge of any required conservation easement. This signage is subject to the review and approval of city staff.
- 5) During construction, the streets must be kept free of debris and sediment.
- 6) If the final plat is not recorded within one year, the approval of the council will be null and void unless application for an extension of time is made in writing and granted by the council.

All voted "yes." Motion carried.

I. Resolution for a conditional use permit for a detached garage, located at 5014 Woodhurst Lane

Allendorf moved, Wagner seconded a motion to adopt Resolution No. 2009-112 which approves a conditional use permit for a detached garage over 12-feet in height at 5014 Woodhurst Lane. Approval is based on the finding:

- 1) The proposed location and design of the garage would minimize visual impact of the structure.
 - a. Location: The proposed garage would be located over an existing, paved parking/turnaround area.
 - b. Design: The proposed garage has been designed to reflect the architectural character of the existing home
- 2) The proposal would meet the general conditional use permit standards as outlined in City Code 300.13 Subdivision 2.
- 3) The proposed garage would meet the specific conditional use permit standards as outlined in City Code 300.16 Subdivision 3(g).

Approval is subject to the following conditions:

- 1) Prior to issuance of a building permit, the following must occur:
 - a. Record this resolution with the county. A copy of the recorded resolution must be returned to the city.
 - b. Install erosion control and tree protection fencing subject to the review and approval of natural resources staff.
- 2) The garage must be constructed in relative conformance with the following plans:
 - a. Site Plan date-stamped October 22, 2009.
 - b. Building Elevations date-stamped October 22, 2009.

- 3) The garage is not to be used for commercial activities.
- 4) The city council may reasonably add or revise conditions to address any future unforeseen problems.
- 5) 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.
- 6) The applicant must agree to these conditions in writing.

All voted "yes." Motion carried.

J. Designation of the city's official newspaper for 2010

Allendorf moved, Wagner seconded a motion to designate Lakeshore Weekly News as the city's official newspaper for 2010. All voted "yes." Motion carried.

K. 2010 fee schedules for consulting engineering services

Allendorf moved, Wagner seconded a motion to approve the 2010 fee schedules proposed by the city's general services consulting engineering firms, and authorize the mayor and city manager to execute the Addenda to the Agreements for Professional Services with the following firms:
American Engineering Testing, Inc.
Kjolhaug Environmental Services Co.
Barr Engineering Company
Short Elliott Hendrickson, Inc.
Brauer & Associates, Ltd.
SRF Consulting Group, Inc.
Gale-Tec Engineering, Inc.
WSB & Associates, Inc
Hansen Thorp Pellinen Olson, Inc.

All voted "yes." Motion carried.

11. Items requiring Five Votes: None.

12. INTRODUCTION OF ORDINANCES: None

13. PUBLIC HEARINGS:

A. Issuance of revenue bonds by the City of Victoria for the acquisition of facilities at 13401 Lake Street Extension (Augustana Care Corporation)

Gunyou gave the staff report.

Schneider opened the hearing at 7:15 p.m.

Schneider closed the hearing at 7:15 p.m.

Hiller moved, Wiersum seconded a motion to adopt Resolution No. 2009-113. All voted "yes." Motion carried.

14. OTHER BUSINESS:

A. Items concerning the Opus Area Overlay Ordinance

Wischnack, Gordon, and City Engineer Lee Gustafson gave the staff report.

Hiller asked if it was correct that residential properties would not be included in the costs. Gordon said residential properties would not be included in the ordinance because they generate trips at a different time than the prime time for the Bren Road and I394 intersection. The residential trips are typically outbound in the morning and inbound in the afternoon. The issue is with afternoon outbound traffic.

Wagner moved, Greves seconded a motion to adopt Ordinance No. 2009-114 which amends section 300.35 regarding the Opus Overlay District. All voted "yes." Motion carried.

B. Concept Plan for United Health Group Phase II

Gordon gave the staff report.

Dennis Spalla, senior director of development at United Health Group, reiterated the desire to carry out the tone and concept of the first phase. The building is a LEED gold certified facility. He said the goal of the concept plan is a public/private partnership to create jobs with a quality environment for the employees, neighborhood, the park, and the city.

Greves thanked United Health Group for pursuing the LEED certification. She said she likes the new proposed alignment of the phase two building. She asked what amount of reduction there was in hard surface due to the consolidation of the parking ramp with the building. Gordon said the plan that was approved in 2006 is similar to the 2009 concept plan. There was an overall reduction in the hard surface with an increase in green space. The plan details are being worked out. Spalla said United Health Group is proud that part of the parking is under the front lawn. Another portion of the parking is under the office structure so there is less visibility to the public.

Schneider said he was surprised at how much of the discussion at the planning commission meeting was about the massing of the buildings because the area is an industrial area. He said he thought the massing was great and the alignment refines the visibility of the area.

C. Items concerning a parking lot expansion at Minnetonka High School located at 18301 Highway 7

Greves recused herself.

Gordon gave the staff report.

Paul Bourgeois, executive director of finance and operations for the school district, noted the district had sent information that was included in the council packet.

Hiller moved, Wiersum seconded a motion to adopt Resolution No. 2009-115 approving a modified 27 space parking expansion. Wagner, Hiller, Allendorf, Wiersum, Ellingson, and Schneider voted "yes." Greves abstained. Motion carried.

D. Athletic field use fee schedule

Recreation Services Director Dave Johnson gave the staff report.

Wagner asked how the fees might impact association dues. Johnson said the fees would recoup around 50 percent of the city costs. The fees would range from two to ten dollars per participant for the youth organizations that are involved. He said a survey was conducted to determine how many of the youth organizations have scholarship programs in place and all 13 organizations responded affirmatively.

Allendorf asked how the fees compared to other cities. Johnson said the city of Lakeville recently did a survey and the information indicated 14 out of the 15 responding cities charge for tournament type fields. He noted that is what the proposed fees would cover. Six out of the 15 cities charge the organizations per participant.

Hiller moved, Allendorf seconded a motion to approve the fee schedule as recommended by the park board for 2010 and 2011. Wagner, Hiller, Allendorf, Greves, Wiersum, and Schneider voted "yes." Ellingson voted "no." Motion carried.

E. 2010 Budget and Levy

Gunyou gave the presentation.

Wagner said a fair amount of the property tax increase was due to the fire pension mandate. Gunyou noted that \$348,000 was needed to address this pension issue.

Allendorf asked if the proposal was to use the HRA levy for homebuyer assistance and renovation programs and economic development programming for two areas of the city. Gunyou confirmed that was correct. Wischnack said \$75,000 of the total levy would be used for the public engagement process for the village center and \$100,000 would be used for the programming.

Allendorf said the last time the council had looked at the proposed budget was before the most recent state budget numbers were available. He asked if the state's budget issues would affect the city's budget. Gunyou said most of the state aid to the city has already been eliminated. The immediate concerns facing many cities are state payments scheduled to go out within a week or two. Minnetonka was not scheduled to receive any of that money. He said staff feels the city is well positioned going forward because the areas of vulnerability are the areas where there is dedicated funding like the city's share of the gas tax.

Schneider said the city usually compares itself to other cities and generally ranks in the lower third in terms of property tax increases. He said the city often compares itself with Plymouth and noted Plymouth and all the other cities special assess for street repairs and improvements. Minnetonka does not special assess for anything.

Robert C. Schmidt, 16001 Tonkawood Court, said he was pleased to see the preliminary levy had been reduced and that there was \$2 million in permanent cuts. He said it was time to reduce the total tax burden by raising the property tax and noted it was six years ago when the city began charging fees for services that had previously been funded by property taxes. He said he did not object to the various services for which the city collects fees or for the amounts charged. But by charging fees, homeowners cannot deduct the amount from their federal and state income tax returns. For every dollar collected in fees it costs five cents more in state taxes and ten cents more in federal taxes for people in the lowest income tax bracket. For a six figure earner it cost seven cents in state taxes and 28 cents in federal taxes. He said it was time the city stopped charging fees for services residents cannot refuse.

Jim Bechthold, 11320 Fetterly Road, said the city had done a lot of good work with property taxes but needed to complete its work. He said the Williston Center may not have cost the city much to purchase but

questioned how much of the budget goes to the staff running the center. The city is competing with many other fitness facilities in the area and there is no need to do that. He said the city should only provide services that are not available elsewhere. Currently he is charged a franchise fee for electrical power and questioned how the money is spent. He said it likely went to bury cables underground. He suggested taking the funds from the franchise fees and spending it to assist underprivileged seniors in fixing up their homes. He also questioned the need for the enclosed structures found in city parks. One of his neighbors asked the city to check on speeding on Fetterly Road. He said the city installed a speed indicator box and it took three employees to do what one person should have been able to do. Two years ago city staff was putting dirt down on the Willow Park soccer field. He said it took several staff persons to do what one person could have done.

Schneider said the Williston Center was initially subsidized out of the general fund until it got to the point where it paid for the operating costs by itself. Gunyou said the Williston Center was unique because no tax dollars support its operation. The center is supported by fees paid by those who use the facility. Additionally, many of the city's recreation programs use the center so the city saves rent money. Gunyou noted Bechthold was correct about the Xcel franchise fees being used to bury the lines, but explained that the fees are legally dedicated for this purpose and cannot be used for anything that is unrelated to the utility. Gunyou also explained that the deer enclosures cited by Bechthold as examples of questionable spending are built by Eagle Scouts as volunteers.

Schneider said there was significant debate during the time the city was deciding whether or not to purchase the Williston Center. The competition issue was raised and the majority of the council decided that it was a good investment because of the recreational program benefit and that the existing facility would likely deteriorate if the city did not buy it. He said the facility is widely appreciated by the community. Bechthold said that had the city not purchased the properties along Minnetonka Boulevard, there would be more taxable properties.

Patricia Olson, 3738 Fairlawn Drive, said she has been a realtor since 1970 so property values factor into her daily work. In all her years as a realtor she has never gotten as many questions about the discrepancy people have to pay. She has lived in her 50 year old home since 1969 and the valuation has been falling. Prices are falling because buyers are not willing to pay the sellers' prices. This creates a hardship for people especially those who were counting on their home to be a retirement nest egg. She said for her own home the only thing added last year was new air conditioning and yet the valuation stayed the same but her taxes went up \$200. She said the Minneapolis newspaper noted the tax increase for

the school district was supposed to be 1.2 percent. Her tax notice indicates the maximum tax increase for all taxing authorities is 3.9 percent. The percent of change on her notice was for a 4.7 percent increase. She said the discrepancies are causing many questions from people. Schneider said Olson was correct that home values are falling although Minnetonka has seen less of a decline than most other communities. He said when home values were increasing by double digit amounts for many years, residents didn't pay the extra premium until a year later because of the lag in the property tax system. People didn't complain about waiting to pay the higher taxes until a year later. The reverse is now happening. People will not see the benefit of the lower valuation until next year. Olson noted her taxes have gone up for the past three years and her neighbors' taxes have not. She said there is a discrepancy related to the age of homes and the amount of property tax. Gunyou suggested Olson meet with Finance Director Merrill King to go over the specifics of her circumstances. Olson cautioned falling house values in the city have mostly affected lower priced homes but what will be seen next year is the valuation change in upper bracket homes.

Steve Griggs, 4039 Victoria Street, complimented city staff for providing superior service. He disagreed with the way the proposed HRA levy increase was being presented and said it was a discretionary expense with the primary benefit going to non-residents. The discussion had been about helping young families move into the city and he questioned if this should be a Minnetonka taxpayer problem. He said the state was sending a message to the city to cut spending. He noted the number of foreclosures in the city cited in a recent Minnetonka Memo article was not accurate because it didn't include mortgages in default. The number of mortgages in default sends a message that people are having a difficult time paying their bills and people are spending less. He questioned the necessity of the Glen Lake park development. He said the comparison with the city of Plymouth was an attempt to justify the proposed property tax increase because it was a dollar comparison rather than a percent increase comparison. He said the reduction in city management staff and positions of retiring staff indicated the positions were relatively high paying. This means the six percent reduction should correlate to a six percent reduction in payroll dollars. He said if personnel costs represent 75 percent of the budget and were being reduced by 6 percent, to provide a two percent levy increase would require a 6.5 percent increase in the discretionary or non personnel areas. This correlates to a 26 percent budget increase. He said his property taxes have increased 25 percent over five years and this was inappropriate. He suggested the city cutback on snowplowing.

Schneider noted that residents could submit questions to the staff until the budget is adopted on December 21. He said a lot of the meeting's

discussion items had already been debated by the council. The council has to balance property taxes with deciding if services should be eliminated and potentially lowering the quality of life in the city.

15. APPOINTMENTS and REAPPOINTMENTS: None

16. ADJOURNMENT

Wiersum moved, Wagner seconded a motion to adjourn the meeting at 8:56 p.m.
All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk