

MOUND CITY COUNCIL MINUTES
August 23, 2016

The City Council of the City of Mound, Hennepin County, Minnesota, met in regular session on Tuesday, August 23, 2016, at 7:00 p.m. in the council chambers of the Centennial Building.

Members present: Mayor Mark Wegscheid, Council Members Heidi Gesch, Kelli Gillispie, Ray Salazar, and Jennifer Peterson

Members absent: None

Others present: City Manager and Public Works Director Eric Hoversten, Director of Finance and Administrative Services Catherine Pausche, Administrative Assistant Mary Mackres, Consultant Planner Rita Trapp, Greg Powell, Emily Nyberg, Nicole Brodzik, Mike Dudzinski, and Max Teplitski

Consent agenda: All items listed under the Consent Agenda are considered to be routine in nature by the Council. There will be no separate discussion on these items unless a Council Member or citizen so requests, in which event it will be removed from the Consent Agenda and considered in normal sequence.

1. Open meeting

Mayor Wegscheid called the meeting to order at 7:00 p.m.

2. Pledge of Allegiance

3. Approve agenda

City Manager Hoversten introduced a revised briefing to add to the agenda.

MOTION by Salazar, seconded by Gesch, to approve the agenda as amended.
All voted in favor. Motion carried.

4. Consent agenda

Gillispie asked for item E to be removed and voted on separately so she could abstain.

MOTION by Gesch, seconded by Salazar, to approve the consent agenda.
Upon roll call vote, all voted in favor. Motion carried.

A. Approve payment of claims in the amount of \$245,230.83

B. Approve minutes: August 10, 2016 Rescheduled Regular Meeting

C. RESOLUTION NO. 16-100: RESOLUTION TO APPROVE A PUBLIC LANDS PERMIT FOR 5010 WOODLAND ROAD PID NO. 25-117-24-12-0109

D. RESOLUTION NO. 16-101: RESOLUTION APPROVING VARIANCE FOR 5010 WOODLAND ROAD PLANNING CASE NO. 16-30, PID NO. 13-117-24-11-0146

E. Removed

- F. **RESOLUTION NO. 16-102: RESOLUTION AUTHORIZING PUBLICATION OF ORDINANCE NO. 08-2016 BY TITLE AND SUMMARY**
- G. **Approve Pay Request No. 1 and Final from Allied Blacktop Company in the amount of \$59,723.00 for work completed on the 2016 Seal Coat Project, City Project No. PW-16-08**
- H. **RESOLUTION NO. 16-103: RESOLUTION APROVING REVISED STREET CONSTRUCTION AND RECONSTRUCTION POLICY**
- I. **RESOLUTION NO. 16-104: RESOLUTION ORDERING PREPARATION OF FEASIBILITY REPORT FOR THE 2017 STREET, UTILITY, AND RETAINING WALL IMPROVEMENT PROJECT**
- J. **2015 Street, Utility and Retaining Wall Improvement Project, City Project No. PW-15-01 - Grandview Boulevard; City Project No. PW-15-02 - Tuxedo Boulevard**
 - 1) **RESOLUTION NO. 16-105: RESOLUTION DECLARING COST TO BE ASSESSED, AND ORDERING PREPARATION OF PROPOSED ASSESSMENT ON 2015 STREET, UTILITY AND RETAINING WALL IMPROVEMENT PROJECT - GRANDVIEW BOULEVARD**
 - 2) **RESOLUTION NO. 16-106: RESOLUTION DECLARING COST TO BE ASSESSED, AND ORDERING PREPARATION OF PROPOSED ASSESSMENT ON 2015 STREET, UTILITY AND RETAINING WALL IMPROVEMENT PROJECT - TUXEDO BOULEVARD**
 - 3) **RESOLUTION NO. 16-107: RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT FOR 2015 STREET, UTILITY AND RETAINING WALL IMPROVEMENT PROJECT - GRANDVIEW BOULEVARD**
 - 4) **RESOLUTION NO. 16-108: RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT FOR 2015 STREET, UTILILTY AND RETAINING WALL IMPROVEMENT PROJECT - TUXEDO BOULEVARD**

4E. **(Removed). Action approving Resolution approving amended and restated Conditional Use Permit approved by Resolution Nos. 02-68 and 16-64 for property at 4831 Shoreline Drive (PID No. 13-117-24-44-0014)**

Gillispie asked for this item to be removed from consent agenda so that she could abstain from the vote due to potential conflict of interest.

MOTION by Gesch, seconded by Salazar, to approve resolution. Salazar, Wegscheid, Gesch, and Peterson voted in favor, Gillispie abstained. Motion carried.

RESOLUTION NO. 16-109: RESOLUTION APPROVING AMENDED AND RESTATED CONDITIONAL USE PERMIT APPROVED BY RESOLUTION NOS. 02-68 AND 16-64 FOR PROPERTY AT 4831 SHORELINE DRIVE, PID NO. 13-117-24-44-0014

5. Comments and suggestions from citizens present on any item not on the agenda.

None offered

6. Planning Commission Recommendations

- A. Public Hearing** - Consideration to amend City Code Chapter 129 to opt out of 2016 legislation related to temporary family health care dwellings

Consultant Planner Rita Trapp summarized background of the legislation which was enacted in May 2016 to allow family health care dwellings on properties to care for a physically or mentally impaired person. Trapp stated that staff likes to support different housing types but is uneasy about how to regulate these dwellings as there are many requirements that must be met to qualify. Staff questions whether or not this is the right tool for Mound in creating this type of land use for our citizens as the legislation is written to cover the entire state without taking into account the particular land use concerns of cities in Minnesota.

Trapp stated the legislation allows cities to opt out of the legislation which is what staff recommends. Trapp added there is a public hearing requirement as approval would require a change in City ordinance thus creating a new section of the city code.

Trapp offered that the opt out clause is common in this type of legislation as it allows cities more time to study the affect the legislation would have on the City.

Mayor opened the public hearing at 7:06 pm and closed the public hearing after receiving no comments.

Requested Action:

- 1) Approve Ordinance amending City Code Chapter 129 as it relates to the Zoning Ordinance

MOTION by Salazar, seconded by Gesch, to approve ordinance.
All voted in favor. Motion carried.

ORDINANCE NO. 9-2016: AN ORDINANCE AMENDING CHAPTER 129 OF THE MOUND CITY CODE AS IT RELATES TO THE ZONING ORDINANCE

- B. Public Hearing** - Consideration to amend City Code Chapter 129 to establish new regulations for breweries, brew pubs, micro distilleries, taprooms and cocktail rooms and to allow as conditional use in certain zoning districts.

Trapp presented an ordinance amendment as it relates to breweries, brew pubs, micro distilleries, taprooms and cocktail rooms. Trapp stated that in 2015 the City Council directed staff to see how the above uses would be regulated. She stated the Planning Commission reviewed these amendments and recommended approval. Trapp stated staff looked to add breweries, brew pubs, micro distilleries, taprooms and cocktail rooms as conditional uses in the Zoning Code and would also be adding conditions for approval in the amended ordinance related to parking, deliveries and odor coming from the property. Trapp added that staff also recommend the removal of class IV restaurants from section 129. Trapp

added that the approval of this ordinance would not negatively impact existing restaurants in the City which hold liquor licenses and conditional use permits (CUPs).

Mayor opened the public hearing at 7:10 pm and closed the public hearing after receiving no comments.

Requested Actions:

- 1) Approve Ordinance amending City Code Chapter 129 as it relates to the Zoning Ordinance

MOTION by Salazar, seconded by Gesch, to approve ordinance.
All voted in favor. Motion carried.

ORDINANCE NO. 10-2016: AN ORDINANCE AMENDING CHAPTER 129 OF THE MOUND CITY CODE AS IT RELATES TO THE ZONING ORDINANCE

- 2) Approve Resolution to allow for publication of ordinance by title and summary (*requires 4/5s vote of City Council to approve*)

MOTION by Salazar, seconded by Gesch, to approve resolution.
All voted in favor. Motion carried.

RESOLUTION NO. 16-110: RESOLUTION AUTHORIZING PUBLICATION OF ORDINANCE NO. 10-2016 BY TITLE AND SUMMARY

7. Catherine Pausche, Director of Finance and Administrative Services requesting discussion and action on amending City Code Chapter 6 related to the City's alcoholic beverage regulations including, but not limited to, new licensing regulations for breweries/brew pubs/distilleries/cocktail rooms and taprooms

Pausche stated that staff recommends to repeal and replace the existing language in City Code Chapter 6 with a version taken from the League of MN Cities model ordinance which has been amended as needed to meet the objectives that were stated above. Pausche added that while zoning ordinance amendments require public hearings, amendments to the rest of the city code do not. Pausche added that the City notified current liquor license holders in Mound of the proposed Chapter 6 amendments and this meeting and that the changes would not impact any current licensees negatively.

Pausche stated that the significant changes in the proposed new code were to eliminate or modify language regarding any minimum number of seats a restaurant needed to have, the need to serve food, the hours of operation, and/or the ratio of food to alcohol sales. The amendment to Chapter 6 allows the City to be consistent with changes to state statute and for the City to not be more restrictive than statutory requirements.

Gillispie asked why the license fees for intoxicating liquor fees and fees for brew pubs/taprooms are not the same as brewers are producing intoxicating liquor. Pausche explained that alcohol is considered an Intoxicating Liquor if the product is above 3.2% alcohol. Pausche stated that the tap rooms can only sell the liquor that they produce on-site, which limits their offerings/sale potential.

Requested Actions:

- A. Approve Ordinance amending City Code Chapter 6 as it relates to Alcoholic Beverages

MOTION by Gesch, seconded by Salazar, to approve ordinance.
All voted in favor. Motion carried.

ORDINANCE NO. 11-2016: AN ORDINANCE AMENDING CHAPTER 6 OF THE MOUND CITY CODE AS IT RELATES TO ALCOHOLIC BEVERAGES

- B. Approve Resolution to allow for publication of ordinance by title and summary (*requires 4/5s vote of City Council to approve*)

MOTION by Gesch, seconded by Salazar, to approve resolution.
All voted in favor. Motion carried.

RESOLUTION NO. 16-111: RESOLUTION AUTHORIZING PUBLICATION OF ORDINANCE NO. 11-2016 BY TITLE AND SUMMARY

8. 2017 Preliminary Budget and Levy Discussion and Approvals (see separate budget packet sent on Aug 11, 2016)

Pausche presented proposed 2017 budget and levy. She stated the emphasis on the preliminary budget and levy is primarily focused on the general fund and the tax levy as the levy amounts set at tonight's meeting cannot go higher for the final.

Pausche presented two scenarios for what can be done with the general fund levy. She stated the City can reduce the levy by 3% or keep it flat. Expenses would stay the same with either scenario. Savings were made possible because two positions were combined, that of City Manager and Public Works Director. In addition, the capital expenditure requests are down this year. Pausche stated that the City has a very stable budget and noted the expense increase of just 0.2% in both scenarios.

Pausche presented Scenario 1 which proposes to reduce the general fund levy by 3%, keep expenses essentially flat and use reserves of \$144,132. Pausche added that in most years, the actual results are favorable to budget and reserves are not used. Pausche said the City has had no problem maintaining the targeted unassigned fund balance of 20% of general fund expenditures. Pausche added that Bond companies are fine with using reserves in this manner.

Pausche is very comfortable with Scenario 1. Pausche says it is appropriate to lower the general fund revenue levy by 3% in order to offset the increase in special levies. Overall, She stated the City's total levy increase in Scenario 1 would be 0.54%.

Pausche relayed that the City has received most recent tax capacity reports from Hennepin County and Mound is growing another 10% this year so that the overall tax rate will come down in either scenario. Pausche said she is projecting the City's tax rate to be 46.18% in Scenario 1.

Pausche said Scenario 2 would keep the levy flat and use less reserves and would build the fund balance, noting the three main components that need to be considered when deciding

which budget scenario to choose are: 1) what's happening to the fund balance; 2) what's happening to the tax rate; and, 3) what is the City doing in terms of levy increase.

Pausche summarized revenues and expenses for the council. Pausche proposed to the Council that the City not increase the storm water rates on utility bills, noting it would provide a slight relief for residents on their utility bills.

Mayor Wegscheid acknowledged that this was discussed several times prior to this Council meeting. Wegscheid likes having two options to choose from. Wegscheid suggests looking at the big picture and try to determine how the budget will fluctuate and try to find some middle ground.

Salazar said he prefers Scenario 1 and feels it is fair and reasonable. Peterson and Gillispie agree. Gesch questioned Pausche if she feels confident with the reserves and that Scenario 1 would not cause a problem. Pausche confirmed that she was confident noting that the general fund budget is stable, particularly due to the contract for police services and sound staffing levels. Gesch agrees with staff's recommendation that it would offset the increases in special debt levies.

Pausche stated that the City had higher capital last year. Pausche is comfortable with the fund balance and added that special debt levies should not be increasing next year. Pausche noted the stable average growth in expenditures of less than 1% 2009 with no anticipated surprises around the corner.

Wegscheid commented that the changes in staff structure gives the City more room in the budget.

MOTION by Salazar, seconded by Peterson, to approve Scenario 1 of the budget packet. All voted in favor. Motion carried.

- A.** Budget related items (for both 2016 and 2017)
 - 1) Request action on a resolution authorizing employee recognition and wellness programs

Pausche presented a resolution regarding employee recognition. She stated generally a new City Manager brings forth new programs. Pausche added that the two predominant programs for Employee Recognition are the summer BBQ and holiday gathering. Pausche is asking for support for these programs and added that state statutes allows for employee recognition programs. Pausche stated the total cost would be about \$1,000 which the 2016 budget can absorb.

Mayor Wegscheid stated that he supports the employee recognition programs as it is a transparent expense and it is within the spending budget of the City Manager. The Mayor does not feel it is a huge ask and that staff morale is very important. Salazar agreed that it is a good idea.

MOTION by Gesch, seconded by Salazar, to approve resolution. All voted in favor. Motion carried.

RESOLUTION NO. 16-112: RESOLUTION AUTHORIZING EMPLOYEE

RECOGNITION AND WELLNESS PROGRAMS

B. Action on Resolution Approving Changes to the Debt Service Levy Schedules

Pausche stated that this is a housekeeping item. When the City issues debt, Ehlers makes assumptions on what special assessments will be pre-paid in advance and the levy assumptions have to be tweaked to reflect reality. The proposal reflects that there is more cash available today, less interest expected from special assessments and smoothing out the levy portion for the remainder.

MOTION by Salazar, seconded by Gesch, to approve resolution.
All voted in favor. Motion carried.

RESOLUTION NO. 16-113: RESOLUTION AUTHORIZING CHANGES TO DEBT SERVICE LEVY SCHEDULES AND TO APPROPRIATE FUNDS IN THE DEBT SERVICE FUND FOR BOND SERIES 2008B, 2009D, 2012A, 2013A, 2013B, 2014B, 2015A, 2016A

C. Action on Resolution Approving a Levy not to Exceed \$200,410 for the purpose of Defraying the Cost of Operation, Pursuant to the Provisions of MSA 469, of the Housing and Redevelopment Authority of and for the City of Mound for the Year 2017

Pausche stated that this resolution is a follow up to the HRA levy and this levy funds the debt service on the parking deck. Pausche added there is a special revenue fund for maintenance of transit district.

MOTION by Gesch, seconded by Peterson, to approve resolution.
All voted in favor. Motion carried.

RESOLUTION NO. 16-114: RESOLUTION APPROVING A LEVY NOT TO EXCEED \$200,410 FOR THE PURPOSE OF DEFRAYING THE COST OF OPERATION, PURSUANT TO THE PROVISIONS OF MSA 469, OF THE HOUSING AND REDEVELOPMENT AUTHORITY OF AND FOR THE CITY OF MOUND FOR THE YEAR 2017

D. Action on Resolution Approving the 2017 Preliminary General Fund Budget in the amount of \$5,360,663; Setting the Preliminary Levy at \$5,679,810; and Approving the Preliminary Overall Budget for 2017

MOTION by Salazar, seconded by Gillispie, to approve resolution.
All voted in favor. Motion carried.

RESOLUTION NO. 16-115: RESOLUTION APPROVING THE 2017 PRELIMINARY GENERAL FUND BUDGET IN THE AMOUNT OF \$5,360,663; SETTING THE PRELIMINARY LEVY AT \$5,679,810; AND APPROVING THE PRELIMINARY OVERALL BUDGET FOR 2017

E. Mayor Wegscheid announced the 2017 Final Budget and Levy discussions and decisions will take place at the Dec 13, 2016 Regular Meeting, at 7:00 pm, in the Council

Chambers. Public comments will be taken at this meeting. Comments or questions on the 2017 Budget and Levy can be directed to the Finance Director at 952-472-0633.

Wegscheid said that as stated before, the budget number may change but the levy can only stay flat or go down at this point.

9. Information/Miscellaneous

A. Comments/reports from Council Members

Hoversten noted the following meetings/special events:

- Firemen and Policemen Charity Softball Tournament - August 24th supporting WeCAN
- Running of the Bays on September 10th
- November Council Meeting is rescheduled to November 9, due to the General Election

Hoversten also said he will poll council for availability to attend a special workshop to discuss budget and capital planning. This meeting was originally scheduled for October 18, 2016.

B. Reports:

C. Minutes: Planning Commission - July 5, 2016

D. Correspondence: Mediacom Rate Increase Notice - July 29, 2016

10. Adjourn

MOTION by Gesch, seconded by Gillispie, to adjourn at 7:50 p.m. All voted in favor. Motion carried.

Mayor Mark Wegscheid

Attest: Catherine Pausche, Clerk