

**MOUND CITY COUNCIL MINUTES**  
**June 23, 2020**

The City Council of the City of Mound, Hennepin County, Minnesota, met in regular session on Tuesday, June 23, 2020 at 7:00 p.m. remotely using the ZOOM videoconferencing website.

Members present: Mayor Ray Salazar; Council members Phil Velsor, Jeff Bergquist, Paula Larson, and Sherrie Pugh

Members absent: None

Others present: City Manager Eric Hoversten, Fin Dir/Clerk/Treasurer Catherine Pausche, Community Development Director Sarah Smith, Ben Landhauser, Tim Nichols

*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 Councilmember or citizen so requests, in which event it will be removed from the Consent Agenda and considered in normal sequence.*

**1. Open meeting**

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

**2. Roll Call**

Mayor Salazar read each Council Member's name and they replied 'here.'

**3. Pledge of Allegiance**

**4. Approve agenda**

Hoversten requested to amend Consent Agenda Item 5D, pages 1078.1 & 1078.2 Resolution approving annual liquor licenses and Item 5E, pages 1078.3 – 1078.8, Resolution approving musical concert permit for 3138 Island View Drive

MOTION by Pugh, seconded by Bergquist, to approve the agenda as amended. Roll call vote In Favor: Larson, Bergquist, Pugh, Salazar Opposed: None Abstain: None. Motion carried.

**5. Consent agenda**

MOTION by Larson, seconded by Pugh, to approve the consent agenda as amended. Roll call vote In Favor: Larson, Velsor, Bergquist, Pugh, Salazar Opposed: None Abstain: None. Motion carried.

A. Approve payment of claims in the amount of \$1,154,515.53.

B. Approve minutes: June 9, 2020 Regular Meeting

**C. RESOLUTION NO. 20-55: RESOLUTION AUTHORIZING PARTICIPATION IN HENNEPIN COUNTY DEMOLITION INSPECTION PROGRAM**

**D. (ADDED) RESOLUTION NO. 20-56: RESOLUTION APPROVING LIQUOR LICENSE RENEWALS FOR 2020 – 2021**

**E. (ADDED) RESOLUTION NO. 20-57: RESOLUTION APPROVING MUSICAL CONCERT PERMIT FOR PRIVATE WEDDING AT 3138 ISLAND VIEW DRIVE ON JULY 25, 2020**

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

None offered.

**7. Sarah Smith, Community Development Director, requesting discussion and action on Major Subdivision-Final Plat of Mound Harbor**

Smith introduced the matter stating that this is the final action after the preliminary plat approvals from last fall. Combine and subdivide and Rita will highlight some of the issues and walk through the suggested actions.

Trapp walked through the Power Point showing plat location aerial and an overview of the purpose of the plat which was to combine 17 individual parcels with the intent to clean up all the title work and create clean parcels for potential development, although no specific development is part of this final plat. Any development on any of the parcels would need to be replatted. Trapp showed the Block 1 Lot 1 and three outlots, noting Outlot D would never be developed because it is basically wetlands. Centerpoint said they had no issues with the final plat, nor did the many agencies that were given the opportunity to review. Trapp noted the attorney identified two CUPs that need to be terminated as these are no longer in use or relevant. Trapp showed two areas that are to be dedicated as right of way and an area that is a small triangle that was formerly shown as ROW but now is part of Outlot D.

Trapp said the first three actions are to rescind the sign variance, CUP and CUP amendment and the final one is to approve the final plat and major subdivision. Trapp said there is nothing unusual in the final plat conditions.

A. MOTION by Bergquist, seconded by Velsor, to adopt the following resolution. Roll call vote In Favor: Larson, Velsor, Bergquist, Pugh, Salazar Opposed: None Abstain: None. Motion carried.

**RESOLUTION NO. 20-58: RESOLUTION RESCINDING RESOLUTION NO. 92-102 APPROVING SIGN VARIANCE, FILED MARCH 8, 1993, AS DOCUMENT NO. 2352260**

B. MOTION by Larson, seconded by Pugh, to adopt the following resolution. Roll call vote In Favor: Larson, Velsor, Bergquist, Pugh, Salazar Opposed: None Abstain: None. Motion carried.

**RESOLUTION NO. 20-59: RESOLUTION RESCINDING RESOLUTION NO. 89-1 GRANTING CONDITIONAL USE PERMIT, FILED OCTOBER 24, 1989, AS DOCUMENT NO. 2048197 AND FILED AS CR DOCUMENT NO. 551508**

C. MOTION by Bergquist, seconded by Velsor, to adopt the following resolution. Roll call vote In Favor: Larson, Velsor, Bergquist, Pugh, Salazar Opposed: None Abstain: None. Motion carried.

**RESOLUTION NO. 20-60: RESOLUTION RESCINDING RESOLUTION NO. 89-42 AMENDING CONDITIONAL USE PERMIT GRANTED BY RESOLUTION NO 89-1, FILED OCTOBER 24, 1989, AS DOCUMENT NO. 2048198 (PARCEL 14)**

D. MOTION by Bergquist, seconded by Larson, to adopt the following resolution. Roll call vote In Favor: Larson, Velsor, Bergquist, Pugh, Salazar Opposed: None Abstain: None. Motion carried.

**RESOLUTION NO. 20-61: RESOLUTION TO APPROVE MAJOR SUBDIVISION – FINAL PLAT OF MOUND HARBOR PLANNING CASE NO. 20-08**

**8. Eric Hoversten, City Manager, requesting discussion and action on a Resolution Authorizing Development Committee and Staff to Negotiate the Terms of a Purchase Agreement for Consideration by the City Council**

Hoversten said he will provide some background and then will invite the developer to introduce their proposed project and then return to wrap up with some additional information before discussion by the Council, noting he will ask for questions at various points to keep the discussion moving. Hoversten recapped slides from June 11, 2019 presentation that identify all the efforts and activities that got us to where we are today. Hoversten recapped actions since the June 11, 2019 discussion, including issuance of another RFQ/I and the receipt of one response. Hoversten said feedback from the other developers that did not ultimately respond said the City's desire for proceeds on the sale of land made a lower density project unfeasible. Hoversten said the Development Committee has been working with Lifestyle Communities on refining their proposal and that is what is being presented tonight.

Hoversten summarized the last feedback from the City Council on February 11, 2020, including greater tolerance for building height, increased efficiency for hardcover use, more contemporary 'lakeshore' architecture, building orientation, and the agreement to remand it back to the development committee to refine the purchase and development agreement for consideration.

Pugh asked to hear from the Development Committee. Salazar said they were impressed with the modifications and the maintenance of Auditor's Road and the improvement to the surrounding area. Salazar said he felt it is a good improvement for the area. Velsor said the developer really took the Council's feedback to heart and made it easy for him to agree to move forward.

Hoversten showed a slide summarizing the project goals and selection factors of the 2019 RFQ/I. Hoversten said they continue to be a checkpoint to ensure the project is on track and Staff feels the developer has met all of the selection factors.

Ben Landhauser, Vice President of Development of Lifestyle Communities, thanked the Council for the opportunity to present a cooperative living development opportunity. Landhauser showed an ariel slide of existing conditions as far as utilities, etc. and the details of their original proposal. Landhauser reiterated the feedback received, including the desire to maintain more green space and to make better connections/flow so it still felt public and open. Landhauser said they heard the Council prioritized remaining green space and

smaller foot print over building height. Landhauser said on February 11 two other options were included in an attempt to respond to the prior Development Committee feedback.

Landhauser said the revisions include a reduction in number of units and split building into smaller visual components, in hopes the park becomes the focal point with the building as a backdrop. In addition, as much green space was retained for public use as possible/practical as well as maintaining the Auditor's Road vehicular route.

Landhauser said the current proposal looks similar to one of the options presented in February, but noted that although it is not a done deal, the developer has analyzed it much more deeply and is comfortable that this is a viable project. Landhauser identified the improved traffic flows while balancing the intersection of public streets and a private development. Landhauser noted there will be sidewalk connections and two pickle ball courts that may set the stage for what improvements will be done to the public areas. Landhauser said their development is amenity rich. Landhauser said they have added a large front porch facing Lost Lake that will capture the lakeside feel. Landhauser said the overall density of 5.5 units/acre is in line with goals of RFQ/I.

Landhauser showed a building elevation and noted that the colors and pallet are subject to change. Landhauser showed another 3-D rendering from Auditor's Road with cars and people to demonstrate scale and mass as well as one from Shoreline Drive and Landhauser noted how the public space will not be overwhelmed by the development.

Landhauser noted the refined proposal shows that there is an estimated mitigation cost of \$500,000 which informed the offer price of \$700,000. Landhauser also noted that the number of desired slips was reduced from 20 to 10. Landhauser said the site schedule is still attainable, although the first few steps may be delayed a month.

Pugh said she visited Zvago at Glen Lake in Minnetonka and residents spoke highly of how much they enjoy the community and Pugh noted the balconies fit in well.

Hoversten highlighted the summary of the proposal and noted the four conditions to Lifestyle's offer and noted that Staff felt they were all reasonable, but the details will still need to be worked out. Hoversten said waiving fees and cooperative construction agreements are all ways to get to the desired improvements to the remaining public spaces.

Pausche presented two financial scenarios - one with development and without development and its corresponding impact on previous and future tax levies. An approved agreement with Lifestyle Communities would allow the City to repay more than \$750K of the nearly \$2M that has been levied to date for debt service, pay for significant improvements to the remaining public spaces and avoid \$850K in additional tax levies between 2021 and 2031.

Salazar reiterated that he thinks this is a great opportunity. Salazar asked for a friendly poll of the Council Members of how they feel about the project. Larson said she has previously expressed her total objection to this development because she does not feel this is the best use of this property. Larson asked who decided on the 2.4 acre area for a development. Larson said \$700K is the average price for a 50-foot lot on Lake Minnetonka and she feels we are giving it away. Larson acknowledged the mitigation, but said there are also site improvements needed on individual residential. Larson said she can show data from surrounding communities on the drain on city services developments like this cause. Larson

said she also visited the development and she said that Mound is not Hopkins or Glen Lake and the same type of structure should not go into our area.

Larson asked if any of the development committee members have visited the Glen Lake development and Salazar and Velsor both said they drove by the Glen Lake property. Larson said she is glad an attempt was made. Larson said in her opinion this is disproportionate to our downtown and noted the words used to describe the architecture as a 'more contemporary lakefront visage, lakehouse theme' did not seem to apply.

Larson does not agree to take the citizens hard earned tax money to just hand it over to the developer. Larson suggested letting the citizens decide on what they want by putting it on as a referendum with the taxpayer impact noted.

Larson asked to review the financial tradeoffs. Larson suggesting duplicating the community gathering space of Surfside now that we have the parking deck to complement the businesses. Larson again asked that this be on a referendum. Larson said right now we are letting outsiders decide what is best for our community. Larson asked to know how much a referendum costs.

Larson said a man approached her about contributing to the cost of upkeep as a memorial for his wife. Velsor asked if he was willing to pay the \$1.984M in addition to upkeep to avoid the tax levy. Salazar said Larson had mentioned this before and he asked her to bring an offer. Salazar asked if he has \$2M to pay for the property and another \$500K+ for the maintenance to make the improvements but noted that conversation was 90 days ago. Salazar said the eastern portion was originally slated for a restaurant but we know it is unlikely based on prior exploration. Salazar said Velsor advocated a year ago that we will use the proceeds to invest in improvements to the remaining space for all of the community festivals Larson spoke of. Larson noted she voted no last year as well. Larson asked who is coming up with the \$700K and asked if we have ever had a professional licensed real estate developer marketing the parcel.

Pausche talked about the RFQ/I being a common method used by cities for redevelopment, including Minnetonka and Eden Prairie. Pausche noted this is a housing product not currently available and it is an affordable way for people to downsize with great amenities and to stay in their neighborhood.

Salazar reiterated they are not buying the entire area, the east area will be improved as a public gathering space and they are keeping Auditor's Road.

Bergquist said he thinks it is an awesome project, he is tired of looking at rubble, he has lived here for 15 years and he feels this is a win-win for attracting new residents. Bergquist added this developer has an excellent reputation for being responsible for taxpayers and as a park commissioner with 30+ parks with some needing total revamp – This proposal will make the other half perhaps the best green space in this area.

Pugh said she is excited about the project after seeing their Hopkins development and seeing how they have responded to our concerns and also remains very committed to the remaining green space. Pugh noted how lively the green space has been in the wake of COVID 19. Pugh said the development will bring us sales tax and property taxes and good alternatives for people aging in place that is not assisted living. Pugh said it is important that we provide these opportunities. Pugh said it would be good to show some price

comparisons on site costs. Pugh said the park is the larger parcel and we have to remain focused and committed on the intentional improvements we are committed to making.

Salazar agreed that it is a pleasure to see so many people out enjoying the area.

Velsor said he feels he has shared his opinion and agrees that it is a win-win and that we need to start the planning/landscape architect process moving to show how serious we are about improving this space. Velsor said he dreads watching his children running on the property as is because it is not in good condition.

Salazar reiterated that this is a great opportunity as we know the market conditions have changed and retail is not what it was with the only growing sectors being quick serve restaurants, fitness places and banking noting that will become saturated. Salazar said this is an opportunity to provide an aging in place at an affordable price and the developer has plans to continue to manage and maintain the property to keep it beautiful. Salazar agreed we need to get going on the public spaces planning. Salazar said he is excited and asked for any last comments.

MOTION by Bergquist, seconded by Pugh, to adopt the following resolution. Roll call vote In Favor: Velsor, Bergquist, Pugh, Salazar. Opposed: Larson Abstain: None. Motion carried.

**RESOLUTION NO. 20-62: RESOLUTION AUTHORIZING DEVELOPMENT COMMITTEE AND STAFF TO NEGOTIATE THE TERMS OF A PURCHASE AGREEMENT FOR CONSIDERATION BY THE CITY COUNCIL**

**9. Information/Miscellaneous**

A. Comments/reports from Council members/City Manager:

Hoversten reminded City Hall offices are closed on July 3<sup>rd</sup> for the 4<sup>th</sup> of July holiday.

Hoversten noted dates on the Council Brief, including that the August 11<sup>th</sup> meeting was moved to August 12<sup>th</sup> due to the Primary Election.

Mayor Salazar wished everyone a happy and safe Independence Day celebration, noting it will be a bit quieter with COVID-19 but there is still much to celebrate.

Salazar said he has been working with Staff on how to return to in-person meetings but there are many challenges with the size and equipment of the Council Chambers, so the City Manager has worked with the Westonka School District Performing Arts Center (PAC) to hold Council meetings in-person that allows for proper social distancing. Salazar said some more complex topics are going to be coming up and so starting on July 14, 2020, Council meetings will be held in the PAC through November 10<sup>th</sup>. At that time, we will be able to reevaluate the best format for the circumstances, including returning to the Council Chambers.

Pugh asked if we are going to wear masks and Hoversten said the primary precaution will be social distancing, with masks optional but encouraged.

Velsor said the Swenson Park tennis courts are fantastic and he saw two couples using the pickle ball courts today. Hoversten said it is essentially complete except for the back wall for individual play. Salazar thanked everyone for the effort it took to get it done as well as efforts to run ZOOM meetings and moving to the PAC.

- B. Reports: Finance Department – May 2020  
Fire Department – May 2020
- C. Minutes: 05-14-20 Parks and Open Spaces Commission
- D. Correspondence: Xcel Energy News Release

**10. Adjourn**

MOTION by Velsor, seconded by Pugh, to adjourn at 9:12 p.m. Roll call vote In Favor: Larson, Velsor, Bergquist, Pugh, Salazar. Opposed: None Abstain: None. Motion carried.

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Mayor Raymond J. Salazar

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Attest: Catherine Pausche, Clerk