

MOUND CITY COUNCIL MINUTES
June 27, 2017

The City Council of the City of Mound, Hennepin County, Minnesota, met in regular session on Tuesday, June 27, 2017, at 7:00 p.m. in the Council Chambers of the Centennial Building.

Members present: Mayor Mark Wegscheid, Council Members Ray Salazar, Jeff Bergquist, Kelli Gillispie, and Jennifer Peterson

Members absent: none

Others present: City Manager and Director of Public Works Eric Hoversten, Community Development Director Sarah Smith, Administrative Assistant Mary Mackres, Assistant City Engineer Brian Simmons of Bolton & Menk, Consultant Planner Rita Trapp, Director of Finance and Administrative Services Catherine Pausche, Roger Fink, Rita Hughes, Terry Hughes, Dan Anderson, Fritz Gullickson, Louis Colson, Tom Pfeiffer, and Steve McDonald.

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

Hoversten noted that Item 4I actually starts on page 1709, not 1708, and, staff is adding Item 4J, page 1710a -1710c, as a consent item for approval of a musical concert permit for private event at 3038 Brighton Commons.

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

4. Consent agenda

MOTION by Salazar, seconded by Gillispie, to approve the consent agenda.

Upon roll call vote, all voted in favor. Motion carried.

A. Approve payment of claims in the amount of \$1,296,933.51

B. Approve Minutes: 06-13-17 Regular Meeting

C. RESOLUTION NO. 17-82: RESOLUTION AUTHORIZING THE EXECUTION OF A JOINT COOPERATION AGREEMENT BETWEEN THE CITY OF MOUND AND HENNEPIN COUNTY FOR PARTICIPATION IN THE URBAN HENNEPIN COUNTY COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM IN FISCAL YEARS 2018-2020

- D. Approve Pay Request No. 14 from Geislinger & Sons, Inc. in the amount of \$235,465.41 for the 2015 Street, Utility and Retaining Wall Improvements - Grandview Boulevard and Tuxedo Boulevard, City Project Nos. PW-15-02 and PW-15-01
- E. **RESOLUTION NO. 17-83: RESOLUTION ACCEPTING BID FOR THE 2017 LIFT STATION AND FORCEMAIN IMPROVEMENT PROJECT (PW-17-05), LS C5, COMMERCE BLVD.**
- F. Approve the following project related pay requests:
 - 1. Norlings Lake Minnetonka Landscapes, Inc. totaling \$6,175.25 for the 2016 Street Improvement Project, Bartlett Blvd, City Project No. PW-16-01
 - 2. American Engineering Testing, Inc. totaling \$5,830.00 for the 2017 Lift Station/Forcemain Improvement Project, City Project No. PW-17-05
- G. **RESOLUTION NO. 17-84: RESOLUTION APPROVING THE DECLARATION AMENDMENT BETWEEN IKM LIMITED PARTNERSHIP, LLC AND MINNEHAHA CREEK WATERSHED DISTRICT**
- H. **RESOLUTION NO. 17-85: RESOLUTION APPROVING MUSICAL CONCERT PERMIT APPLICATION FOR PRIVATE EVENT ON JUNE 28, 2017 AT MOUNT OLIVE LUTHERAN CHURCH**
- I. **RESOLUTION NO. 17-86: RESOLUTION DELEGATING MINNESOTA WETLAND CONSERVATION ACT (WCA) LGU AUTHORITY TO THE CITY OF MINNETRISTA FOR METROPOLITAN COUNCIL ENVIRONMENTAL SERVICES (MCES) L-38 FORCEMAIN INTERCEPTOR PROJECT NO. 7021**
- J. **(Added) RESOLUTION NO. 17-93: RESOLUTION APPROVING MUSICAL CONCERT PERMIT APPLICATION FOR PRIVATE EVENT ON JULY 9, 2017 AT 3038 BRIGHTON COMMONS**
- 5. **Comments and suggestions from citizens present on any item not on the agenda.**
None offered
- 6. **Brian Simmons, Bolton & Menk, Inc., presenting Feasibility Report and requesting action on the following:**
 - A. Resolution Receiving Feasibility Report and Calling for Hearing on the 2018 Street, Utility and Retaining Wall Improvement Project - Westedge Boulevard, City Project No. PW-18-01

Brian Simmons presented feasibility study, including maps showing all project areas within the City that have already been completed. Simmons said Met Council is working on a project that will close County Road 44/Westedge Blvd and Bolton & Menk/City of Mound will be doing the City's project in conjunction with Met Council, who will be the administering agent for the bid and construction oversight. Simmons said the project is expected to last two years.

Simmons says that the City is reconstructing the roadway in its existing footprint, not changing any widths and replacing curb only where needed, with watermain

improvements done throughout. Simmons said some upgrades to larger pipes will take place and noted that the City will save some money since Met Council will already have the street dug up.

Simmons said the storm sewer project will replace catch basins and noted a trail will be added in accordance with the Comprehensive Plan that called for an 8-ft bituminous trail with a 4-ft boulevard. Simmons said the City will follow the Met Council's path of construction along the south side of Westedge.

Simmons presented the financials for the project stating the total City project cost is \$2.188 million, not including \$899K of City improvements paid for by the MCES. Simmons noted special assessments for abutting properties will be capped at \$6,600 per equivalent residential unit. Simmons noted Westedge is in bad condition and that the City needs to coordinate with the MCES project because the county would not allow digs under their new projects for about seven years.

Peterson asked what portion of the project has already been budgeted. Hoversten said the re-pavement was already budgeted, but the water main project was not and that City plans to replace water line on Commerce Blvd from Grandview to Three Points in 2019 may be pushed back, although he noted the cast iron pipe has some vulnerability.

Simmons said that the condition of Westedge is very poor from localized heavy truck traffic so this portion will be built thicker so that it will be protected in the future. Peterson asked where trucks will go during this 2-yr construction period and how can the City protect the roads that have already been worked on. Hoversten said that Halstead will be the local traffic detour for Westedge. Hoversten plans to work with the City of Minnetrista and Hennepin County to post Westedge as a 4-ton road throughout the duration the project, which would keep the heavier trucks off the road. Hoversten said the project will start in spring of 2018 with "construction forthcoming" signs put up this fall.

Simmons says there will be a big communications campaign with the Met Council, including an open house on July 17th in the Mound council chambers, and noted the City is starting to get information out about the impacts of the project.

Simmons presented the timeline for the project, including bids opening in November with construction to begin in April. Peterson asked who has been meeting with the Met Council on behalf of the City. Simmons says regular discussions with Met Council are ongoing with the team of Bolton & Menk and the City Staff.

Peterson said she doesn't think Met Council is contributing enough. Hoversten says the whole project is 2-years, but the Westedge/Mound section should be one year. Simmons said the Met Council is contributing about \$900,000 for Mound projects.

Gillispie asked if the representative from the Met Council who represents Mound has been involved in any portion of this project planning. Hoversten said no.

Bergquist asked what the tonnage rating for Westedge will be when the project is completed. Simmons said that it will be a 9-ton road.

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

RESOLUTION NO. 17-87: RESOLUTION RECEIVING FEASIBILITY REPORT AND CALLING FOR HEARING ON THE 2018 STREET, UTILITY, AND RETAINING WALL IMPROVEMENT PROJECT - WESTEDGE BOULEVARD, CITY PROJECT NO. PW-18-01

7. Steve McDonald, representing Abdo, Eick & Meyers, LLP, presenting the 2016 Comprehensive Annual financial Report and Management Letter, and requesting action receiving the same

Steve McDonald, Managing Partner of Abdo, Eick & Meyers, presented the 2016 audit report and management letter. McDonald said the firm gave the City a Modified Opinion because the City has chosen not to implement a couple of Governmental Accounting Standards regarding pensions and other post employment benefits due to the additional costs not justifying the value of the information. McDonald said that decision has no affect on decisions made on financial statements and is acceptable to state auditor. McDonald also noted one finding which is technical in nature, that requires advanced encumbered Municipal State Aid funds be deferred and recognized in the actual grant year. McDonald noted this has no impact on the performance of the Finance Department.

McDonald walked through the information in the Management Report beginning with the General Fund noting the positive increase in fund balance over the past 5 years to 57% of 2017 budgeted expenditures. McDonald noted the favorable variance to budget for 2016 of \$347K, mainly due to license and permit revenue being better than expected.

McDonald then walked through the Special Revenue and Capital Project funds, noting the increase in fund balance is unspent bond proceeds. He noted the Debt Service Funds have \$33M in bonds outstanding and that there was positive cash flow in all the debt funds. McDonald noted the city is highly leveraged, and that long range planning is critical to ensure financial viability.

McDonald then covered the Enterprise Funds, noting the municipal liquor fund had an increase in revenue but slight declines in gross profit and operating income percentages, something to watch. McDonald noted the public housing sale in 2016 will make that fund go away and that the recycling fund has small activity and positive receipts.

McDonald said each of the utility funds, water, sewer and storm water all had operating receipts that exceeded operating expenses and debt service. All had increases in fund balance mainly due to unspent bond proceeds. McDonald noted the outstanding bonds of \$19M, \$10M and \$5M in water, sewer and storm water, respectively.

McDonald noted the ratio analysis that compares Mound to other cities of similar size (2,500 - 10,000) noting Mound's debt to assets leverage and debt per capita is higher, but current expenditure per capita is lower.

Mayor Wegscheid made a motion to direct staff to receive the report. Second by Salazar. All voted in favor. Motion carried.

8. Review/discussion of Serenity Hill on Halsted Bay Project

6639 Bartlett Boulevard

Applicant: Dan Anderson

Requested Actions:

Sarah Smith presented two actions to consider: 1) final plat for Serenity Hill on Halstead Bay and, 2) the development agreement that will guide and regulate the project. Applicant is Dan Anderson.

Smith said the project will provide 70 condominium units for 60+ seniors and that three quarters of the project is on the City of Minnetrista side, with one 10-unit condo building and a beach building in Mound. Smith said the Project has been reviewed and approved by the Cities of Mound and Minnetrista and that planning has been going on for about one and one-half years.

Smith says the activities that the City and the development team have been working on are related conditions that were put on the preliminary plat and related land use approvals. Staff has also been working on agency related matters and noted the project has received conditional approval for storm water and erosion control from the Minnehaha Creek Watershed District (MCWD) subject to conditions. Staff has also received preliminary review on the final construction plans from Hennepin County with one outstanding item having to do with the paved shoulder on north side. Smith says the Mound piece of property has been formerly closed on and purchased by the development company.

Staff and the development team recommend approval of the resolutions presented tonight.

- A. Action on Resolution Approving Final Plat for Serenity Hill on Halsted Bay

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

RESOLUTION NO. 17-88: RESOLUTION APPROVING MAJOR SUBDIVISION -FINAL PLAT FOR SERENITY HILL ON HALSTED BAY

- B. Action on Resolution Approving Planned Area Development Agreement for Serenity Hill on Halsted Bay

MOTION by Salazar, seconded by Bergquist, approving resolution. All voted in favor. Motion carried.

RESOLUTION NO. 17-89: RESOLUTION APPROVING PLANNED AREA DEVELOPMENT AGREEMENT FOR SERENITY HILL ON HALSTED BAY

Dan Anderson thanked all for their effort and time put into the project. Anderson says groundbreaking will be in September. Anderson will send out communication pamphlets to all the neighbors. Anderson and his team are coming up with strategies to get a committee together to tie Serenity in so it is seamless. Anderson says this project has been getting an amazing amount of press as it was a huge risk due to city lines crossing. Anderson will be reaching out to downtown Mound businesses to bring them in and seeing what services they could provide to the site. This is an opportunity to display to the region as a model to look at.

Anderson is figuring out how to capitalize on this. Anderson will start that process around the first of 2018.

9. Review/discussion of Dutch Lake Preserve Project

1861 Commerce Boulevard

Requested Actions:

- A. Action on Resolution Rescinding Resolution No.,. 95-98 for variance that allowed construction of a screened porch at 1861 Commerce Boulevard dated September 28, 1995 and recorded as Document No. 6482484 Variance Approved by Resolution No. 95-98 at 1861 Commerce Boulevard

Rita Trapp presented resolutions pertaining to Dutch Lake Preserve project, noting that in July of 2016, the City Council approved the major subdivision and preliminary plat submitted by Trident Development for a 72-unit senior, assisted living/memory care rental housing project and now the final plat has been submitted. Trapp said all issues have been resolved to Staff's satisfaction and that the final plat is consistent with what was previously approved, with no changes to the original proposal.

Trapp said she anticipates future sanitary sewer improvements and that an existing variance needs to be terminated as it goes with property as well as a restrictive covenant that existed before restricting grading and building. Trapp says the new plat establishes an out-lot in that area, so no need for the covenant. Trapp says the development agreement is still being worked on.

Roger Fink, Trident Development in St. Cloud, thanked staff for their support. Fink stated that there is a high likelihood that the monument sign would be affected by the lift station and notes that a variance may be needed due to this. Fink said he was prepared to talk about exterior materials in detail, however, nothing had really changed from the preliminary plans and Council was satisfied with the brief overview.

Fink reviewed the project timeline, noting demo has been done and hazardous materials have been removed and construction financing is in negotiation now. An appraisal has been ordered and Trident will close shortly after that. Fink says Trident is still waiting for the plan review and building review from MNSpect, but the permit should be ready in time for an August 1st closing with construction start soon after. Fink says the construction period should last 12 months.

Hoversten says that Mr. Fink and his team have been very accommodating and cordial to work with and noted the proposed lift station that sits on the east side of County Road 110 in front of Huber Funeral Home would be beneficial to get that out of the county right-of-way from a City maintenance perspective. Hoversten agrees with Mr. Fink in saying the monument sign for the development will be pushed closer to the road, which would also provide some screening for the City's utility and give Trident's advertising monument sign a more prominent position. Hoversten thanked Mr. Fink and his team for working closely with the City.

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

RESOLUTION NO. 17-90: RESOLUTION RESCINDING RESOLUTION 95-98 FOR VARIANCE THAT ALLOWED CONSTRUCTION OF A SCREENED PORCH AT 1861

COMMERCE BOULEVARD DATED SEPTEMBER 28, 1995 AND RECORDED AS DOCUMENT NO. 6482484

- B. Action on Resolution Terminating Declaration of Restrictive Covenants dated January 29, 1990 and recorded as Document No. 5622339

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

RESOLUTION NO. 17-91: RESOLUTION TERMINATING DECLARATION OF RESTRICTIVE COVENANT DATED JANUARY 29, 1990 AND RECORDED AS DOCUMENT NO. 5622339

- C. Action on Resolution Approving Final Plat for Dutch Lake Preserve

MOTION by Salazar, seconded by Bergquist, approving resolution. All voted in favor. Motion carried.

RESOLUTION NO. 17-92: RESOLUTION APROVING THE MAJOR SUBDIVISION-FINAL PLAT OF DUTCH LAKE PRESERVE

10. Review/discussion of concept/sketch plan for property at 4873 Shoreline Drive

Applicants: Louis Colson and Wayne Ehlebracht (owner)

Rita Trapp, Consultant Planner presented a sketch plan review for the property at 4873 Shoreline Drive. She said that staff recommends sketch plan reviews as it provides the opportunity for the applicant to hear the Council's thoughts. Tripp added the site is located on Shoreline Drive and is currently guided as medium residential and is zoned R2 with the lot being .81 acre in size.

Tripp said there is currently a single family home on the site which will be removed. Tripp stated the applicant has presented two concepts; one would have five single-family lots; and the other concept would have one single-family lot and two twin-homes. She added that at the June 6, 2017, Planning Commission meeting, all Commissioners were in favor of the single-family concept and the overall density is the same for both with Commissioners being open to either option.

Trapp says the single-family home option will entail a comprehensive plan amendment and will likely need variances and the twin-homes would require a variance for lot size and a Conditional Use Permit.

Trapp says the community is interested in single-family housing, as is the applicant and staff is interested in diversifying the housing stock. Trapp says this is just a discussion with no formal action needed at this time.

Mayor Wegscheid said he doesn't see too much passion either way with the Planning Commission or the neighborhood. Wegscheid asked what costs were involved when the City does a Comprehensive Plan amendment. Trapp says that the fees would be taken on by the developer. Wegscheid asked if the City would be getting on Met Council's nerves if the City keeps amending the comp plan? Trapp is not concerned with the number of times the comp

plan is amended. Wegscheid asked how long a comp plan change would take. Smith says it would take a minimum of two months. Trapp says a site specific change could be done quickly.

Smith says that the last discussion with the Serenity project took 60 days to approve or act on before it went to the Met Council.

Hoversten asked why one lot would make the City go back for a comp plan amendment even if the plan is supportive of increased density. Trapp says that medium density implies an R3 zoning.

Wegscheid's viewpoint is leaning towards going with the six twin-units and added that this plan seems like it is the most simplistic for the process. Peterson says that the Council shouldn't get hung up on zoning and Hoversten commented that in the public engagement survey on Social Pinpoint, the theme from people was that they don't like seeing apartments as they enter Mound from the east. Gillispie said that it's probably more about how apartments look, not that they are there. Wegscheid asked if density would have to be compensated in another area. Trapp said she is trying to figure that out.

Trapp said the City is exploring land use concepts with the focus being the downtown area to which Hoversten added that the City is focusing the density downtown.

Wegscheid says the temporary fix would be to go for single-family on this project. Bergquist says he is only in favor of single-family housing on this project. Salazar likes the single-family option or at the most, four twin-units. Gillispie says she leans towards two twin-homes and one single-family home. Gillispie believes the price point would be better with that option. Gillispie says the single-family option looks too crowded. Peterson leans towards single-family housing.

Peterson commented that the community wanted a single-family project in that neighborhood.

The team which is working on the project addressed the Council. Tom Pfeifer, 1808 Shorewood, Louie Coulson, 5657 Grandview, Fritz Gullickson, 637 Harmony Circle,. Pfeifer has polled the neighbors and they favored single-family housing which is what exists on the block. Pfeifer says the goal is to make these single-family homes priced in the \$400s. He added that density doesn't change whether it's single-family or townhomes. Pfeifer says they prefer to build single-family homes and the builder can make the homes more attractive than townhomes. Pfeifer says he is interested in working with the City on building multi-level townhomes downtown. Wegscheid thanks Pfeifer for investing in the community.

Salazar thanks Pfeifer for his insight and thought on these home plans. Gullickson says he wants the entrance to Mound to look interesting.

11. Review/discussion regarding short-term/vacation house rental operation and need for planning study

Sarah Smith presented preliminary information from the public comments from the last Council meeting relating to short term rentals. She said staff did some research and requests direction from Council. Smith noted that VRBO and Airbnb are on the rise and wondered whether or not the City should look at if there is a need for licensing of short term rentals at this time. Smith noted that the Lake is very prominent and is highly used and a great amenity. Smith added that staff are looking at whether the Council deems short-term rental uses as appropriate and

acceptable without regulations or does the City need regulations to stay compatible with the neighborhoods. Smith said staff is requesting direction from Council to study the matter.

Smith says that If the Council would like Staff to do research on the issue staff could have something ready to come back to the Council with around the fall which should give the City enough time to put something in place before the Super Bowl comes to town. Smith says the City would also encourage a public input portion either at Planning Commission or Council level. Smith says Staff should include input from users of this type of endeavor as well.

Wegscheid says it is eye-opening to see neighbors' viewpoint and says doing more research is valid. Salazar concurs with the Mayor. Salazar says he has a rental property out of state in a resort areas and added that short-term rentals are the norm in resort areas. Salazar feels it is not the norm in Mound and Council needs to be aware of this. Salazar says he doesn't want to live next to a short-term rental and says he wants to see what's being done around the City. Gillispie has done VRBO and has no issues with it.

Gillispie asked what the difference between short-term and long-term rentals is. Salazar believes that a long-term renter participates in community. Gillispie said that a short-term renter actually bought a house in Mound because they were able to enjoy the community while they were here on a short-term rental basis.

Smith wants to understand what other communities have done and how do the short-term rentals affect our community as this topic has become more of an issue.

Wegscheid feels this is an opportunity to get educated on the issue. Wegscheid also brought up the concern about how this would be enforced.

MOTION by Wegscheid, seconded by Salazar, to direct Staff to conduct a planning study of short-term rentals to be brought back to Council in August or September. All voted in favor. Motion carried.

Peterson asked about looking at long-term rentals. Smith says these are two different things and doesn't believe long-term and short-term should not be tied together.

12. Information/Miscellaneous

A. Comments/reports from Council Members

Hoversten noted the following upcoming events:

7/21-22 - Spirit of the Lakes – Medallion hunt has started

7/20 – Wounded Warrior Ride will be moving to St. Paul

8/12 - Dog Days

8/24-9/04 - State Fair

9/05 - First day of school

9/09 - Running of the Bays

The July Planning Commission meeting has been rescheduled from 7/04 to 7/18 and the August 1 Planning Commission meeting conflicts with National Night Out so this date for the meeting will be changed

City Offices are closed on 7/04

B. Reports: Liquor Store - May 2017

C. Minutes: Parks & Open Spaces Commission - May 11, 2017

D. Correspondence: WeCAN - June 7, 2017

13. Adjourn

MOTION by Peterson, seconded by Bergquist, to adjourn at 9:22 p.m. All voted in favor.
Motion carried.

Mayor Mark Wegscheid

Attest: Catherine Pausche, Clerk