

**MOUND CITY COUNCIL MINUTES**  
**November 28, 2017**

The City Council of the City of Mound, Hennepin County, Minnesota, met in regular session on Tuesday, November 28, 2017, at 7:00 p.m. in the Council Chambers of the Centennial Building.

Members present: Mayor Mark Wegscheid, Council Members Kelli Gillispie, Jeff Bergquist, and Jennifer Peterson. Council Member Ray Salazar arrived at 7:49 p.m.

Members absent: none

Others present: City Manager and Director of Public Works Eric Hoversten, Administrative Assistant Mary Mackres, Director of Community Development Sarah Smith, Field Officer Stewart Simon, Director of Finance and Administrative Services Catherine Pausche, Kathy Rice, Sue Henning, Joe Bruns, Barb Miller, Melody Olsen, Patty Anthony, Jack Latour, Torsten Lee, Keith Roiger, Debbie Falk, Dave Falk, Doug McGregor, Ed Matheson, Sandra Messer, Jane Cox, Barbara Holmes, Brooks Chandler, Andrew Wolf, Sam Moe, Parker Reinert, Joleen Stadskeve, Joe Harrison, Crystal Johnson, Nancy Paulson, Logan Jones, Joseph Ostlund, Kristyn Hewitt, Pat Swensen, Traci Mallonee, Nick Wernimont, Peter Meyer, Linda Cordie, Lisa Batchelor, Cory Jensen, and Sam Adams

*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**

MOTION by Bergquist, seconded by Peterson, to approve the agenda. Bergquist, Peterson, Gillispie, and Wegscheid voted in favor. Motion carried.

**4. Consent agenda**

MOTION by Gillispie, seconded by Bergquist, to approve the consent agenda. Upon roll call vote, Gillispie, Bergquist, Peterson, and Wegscheid voted in favor. Motion carried.

A. Approve payment of claims in the amount of \$943,122.69

B. Approve Pay Request #1 in the amount of \$102,006.99 to Schneider Excavating for work on the 2016 Storm Drainage Improvement Project; PW-16-09

C. Approve Pay Request #1 and Final in the amount of \$5,858.90 to Precision Seal Coating for Work on the 2017 Crack Seal Project; PW-17-07

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

Jane Cox, 5710 Village Trail, said she is representing the group Moms Demand Action. Cox stated this group is trying to prevent any more mass shootings and gathers at libraries and has a few speakers at each meeting. Cox invited members of the community to attend the next meeting which is Dec. 6, from 6:30 p.m. - 8:00 p.m. at the Mound Westonka Library. Cox mentioned that after the two most recent mass shootings, 23,000 people joined the group and there are also many opportunities to volunteer and interested parties can volunteer at home or come out into the community. Cox says their organization supports the Be Smart Program which encourages gun safety and they contact Minnesota and federal legislators and encourage them to have gun sense laws and not laws that are more dangerous.

Patty Anthony, 1732 Bluebird Lane, asked about the progress of the proposed animal ordinance. Mayor Wegscheid informed Anthony the Council would be bringing back the ordinance at the Dec. 12 meeting.

Debbie Falk, 1713 Canary Lane, shared photos of her husband's injury after he was attacked by the hybrid wolf dogs adding she has major concerns with these dogs. Falk said she can't have her granddaughters visit her home due to the danger presented by the animals and Falk added she believes the owner of the wolves were planning on breeding them.

Joseph Ostlund, 3121 Drury Lane, asked if the City needs an ordinance to remove dogs or can they just be removed because they are a public danger. Wegscheid said this has been discussed and the ordinances are in place and have to follow state laws.

**6. Public Hearing**

Per City Code Section 42-7 subd. 2(e), the City Council will conduct a hearing to review the actions by the nuisance enforcement officer for the property at 4938 Wilshire Boulevard - **Case File 17-0126**

Catherine Pausche, City Clerk, received the request for appeal and wanted to give a little background information on the incident. Pausche stated that on October 19, the Orono Police Department issued two verbal warnings to Mr. Mihalow to remove leaves from the public roadway. Pausche said Mr. Mihalow failed to act on the verbal warning and services were contracted to abate the nuisance immediately and invoiced the fees for the abatement to Mihalow. Pausche stated Mihalow filed an appeal to the abatement action and charges.

Pausche added the charges did not include Police or Public Works staff time and reviewed the appeal process. Pausche said the fees totaled \$703.28 which included the vendor's time and material and two hours of the City Field Officer time.

**Mayor Wegscheid opened the public hearing at 7:12 p.m.**

Craig Mihalow, 4938 Wilshire Blvd. addressed the Council. Mihalow said there was a seven months long road project on Wilshire and the Metropolitan Council did not open the road until October 25th. Mihalow stated he twisted his knee and it was late and he didn't have time to finish the job. He said he planned on going to the Doctor in the morning to have the knee looked at. Mihalow said a Police officer demanded that he clean up the leaves at 7:00 a.m. the next morning. Mihalow said Wilshire was closed and the leaves in the street did not meet the criteria of an immediate threat to the public health or safety because Wilshire was closed. Mihalow also said it was unreasonable for the officer to demand he clean up the leaves before he had time to go to the Doctor.

Wegscheid responded that cars were using the street during the road project on Wilshire. Mihalow said seven properties were using the road at that time. Wegscheid asked Mihalow if it was accurate that Mihalow wanted the fees to be waived and Mihalow said that was correct.

Peterson asked how the City learned of the leaves being in the street. Office Simon stated the Police Department received a complaint. Simon added the Police Officer contacted the City Public Works Superintendent who then contacted Simon. Simon stated the officer relayed to him that the Orono Police Department had informed Mihalow many times to remove the leaves. Simon added the Metropolitan Council was getting ready to reopen Wilshire the next morning and Wilshire was open to residents to access their property with the Emerald Bridge being closed.

Mihalow responded to Simon's comments and said they were inaccurate and repeated his assertion that Wilshire was closed. Wegscheid stated the road was open to local traffic and road workers. Mihalow reiterated that he wasn't given enough time to take care of the leaves and go to the Doctor.

Peterson wondered what amount of time Mihalow was given to clean up the leaves and asked why the situation was treated as an emergency. Wegscheid and Gillispie stated they would like the Police Department's account of the interaction with Mihalow.

Mihalow again stated the leaves were not a serious threat to health and safety or a public nuisance and the road was closed and it was ridiculous a Police Officer make him clean up the leaves at 7:00 a.m. Mihalow agreed that he shouldn't have put the leaves in the street.

Pausche stated the timeline of the event was in Simon's report and that time is usually given but this is a public road and Wilshire was going to be open to all traffic

that morning. Pausche stated this was an emergency abatement because of the health and safety of the location being a public road.

Gillispie would like to hear from officer and their side of the story. Wegscheid would also would like to speak with the Officer before making any decisions.

Pausche said staff did request the Police report but it wasn't made available because it is still an open case. Pausche asked if the Council would want the Officer to appear in person or to review the Police report.

**Wegscheid closed the public hearing at 7:25.** Wegscheid added another public hearing at a future meeting will be held to continue this discussion.

**7. Catherine Pausche, Director of Finance and Administrative Services, requesting discussion on options for the 2018 utility rates**

Pausche stated this discussion is a follow up to the October 17 Council Workshop discussion of the structure of City utility rates.

Pausche said the previous discussion was to create a capital reserve fund to give the City flexibility in funding future projects which was approved at the November 14 Council Meeting. Pausche listed the items already agreed to by the Council:

- The Council decided on a ten-year scenario for remaining CIP projects rather than completing the projects in five years.
- The 2018 Wilshire project with a sewer and water component cannot be slowed down though the remaining projects will be extended out.
- The sewer fund rate increase of 3% is needed.
- The City will not delay the assessment of late fees but will try to accommodate monthly payments in advance.

Pausche stated that Mound is a homogenous group which use between 6,000 to 20,000 gallons of water used per quarter.

Pausche said in 2009 Utility funds showed a \$1,000,000 deficit which needed to be addressed through rate increases and those funds have now been stabilized. Pausche presented a rate comparison of City's of similar age to Mound that are fully developed communities and noted Mound is not alone amongst these cities in needing to address infrastructure improvements.

Pausche said in 2011, the DNR encouraged cities to use tiered rates to encourage conservation and that the implementation of the tiers means that 50% of revenue come from the base rate and the other 50% come from variable usage for water and 80% of sewer fees come from the base rate for the first 10,000 gallons. The quarterly billing for utilities' has a minimum fee of \$208.02 and this fee pays for Water, Sewer, Storm Water, Recycling and street lighting services. Pausche added the average use is 15,000 gallons of water a quarter.

Pausche listed the following three utility rate scenarios on how to reduce minimum utility bills while allowing the City to meet its obligations, noting that people who use more water will still pay more:

- Scenario 1: Lower Sewer Base & Charge for All Use
- Scenario 2: Lower Water & Sewer Base and add/raise tiers
- Scenario 3: Reduce Street Light and Storm Water for Residential Accounts only

Pausche said the first and second scenarios would be revenue neutral and would cause 68% of utility payers to pay more and 32% would pay less, therefore limited benefit and a recipe for continued frustration.

Pausche said the third scenario creates a shortfall of \$500,000 that could be funded by reserves/fund balance in the first year, but noted all households would receive a 14.5% reduction in their base fees. Pausche said the storm water and street light fees are functions that are also often funded by the tax levy/General Fund as we saw as storm sewers being a valid use of the Infrastructure Replacement Reserve Fund.

Pausche suggested questions and comments be received from the public in attendance. Wegscheid asked for residents to come forward.

Joleen Stadskev, 4731 Manchester Road, asked if property taxes were considered as a way to reduce utility bills. Wegscheid responded that property taxes were considered but these scenarios were considered as the best options.

Pausche stated the tax levy for 2018 was set in August and cannot be raised. Wegscheid said scenario three creates immediate relief and is spread evenly with all users. Wegscheid said this is a start and the City will continue to move forward to find a bigger solution and will evaluate options during 2018 to address needs and provide relief.

Crystal Johnson, 5625 Grandview Blvd., stated her road was redone and still looks terrible and has an awful sewer smell so it is frustrating to pay money for water she can't drink and asked if we can get good quality water.

Wegscheid responded to Johnson and said fixing the problems Johnson noted is why the City is doing these projects and the City needs to find a middle ground between making needed improvements and managing rate increases. Wegscheid said the alternative to construction projects is to allow current problems to get worse.

Hoversten stated the foul odors are coming from Minnetrista's sewer force main and the City is continually reminding Minnetrista to put in deodorant packs to reduce the odor.

Peterson asked about Johnson's road concerns and Hoversten stated he will look into her concerns. Johnson asked about e-billing and monthly payments and other different payment methods.

Ed Mathison, 2162 Centerview Road, said he was concerned about people living on the lake paying the same rates as those who do not live on the lake. Mathison stated when he first moved to Mound in 1989 the City population was nearly 10,000 and now is nearly 9,000. Mathison quoted Adam Smith and he encouraged the Council to think of lower income residents in a fair way and to think outside the box to solve problems.

Wegscheid said everyone had the best intentions to solve problems and there was a short-term project focus rather than a long-term measurement for these improvements and their related impact on taxes and fees.

Wegscheid addressed Mathison's question regarding population. He said Mound once had a great factory that left which changed the community which changed the local economy. Wegscheid stated one long term approach to planned out capital improvement will be the reserve fund which will keep everything steady and headed in the right direction. Wegscheid added that when all of the street and utility projects of the past few years were started there were no reserves to help fund them.

Pat Swenson, 3016 Highview Lane, said she didn't want the street lights cut and said that part of the bill is minimal and the proposed changes to the utility bills didn't do much. Swenson advocated the City not do any improvements until everything is paid off, noting Mound has always had a bad reputation. Swenson stated the utility bill scenarios presented earlier are meant to manipulate people.

Wegscheid responded by saying the utility scenarios are a short term fix and improvements are ongoing. Wegscheid said the City can do the best we can and the intention is a momentary adjustment to give some relief with the idea to go forward and make necessary adjustments. Wegscheid the goal is to improve the infrastructure and the image of Mound.

Swenson stated she doesn't trust the numbers being presented and Gillispie responded to Swenson by saying information regarding utility rates is public information and you can approach the City to ask questions.

Joseph Ostlund, 3121 Drury Lane, said the process of the utility rate discussion is very concerning to him. Ostlund said he believes the Council thinks they are doing the right thing but has not been sensitive to the needs of the lower middle class residents by finding more creative solutions to the high base rates by raising taxes, cutting the budget or raising dock fees.

Nick Wernimont, 4936 Island View Drive, asked how the City calculates individual sewer usage per quarter and was it based on the water usage rate. Hoversten responded that if home has two meters, sewer rate is determined by total usage on

the primary meter and not the outside water supply which doesn't go down the drain inside the home. Wernimont stated his understanding of the proposed new rates is that his sewer bill portion will go up 3%.

Pausche responded by presenting the rate changes on the overhead. She showed the sewer rate increase would increase the base utility charge from \$208 to \$211 and storm water and street lighting would be reduced. Pausche said residents will experience a 8% to 15% reduction on their bills and that storm and street lights were chosen for a reduction because they can justifiably be paid through the levy and general governmental funds.

Wernimont asked for a rationalization why the utility infrastructure projects were decided to be paid through utility rates rather than through property taxes. Wegscheid thought at the time those decisions were made, the belief was that all taxes were high in the City at that time and the community wanted an alternative to property taxes to pay for infrastructure needs.

Doug McGregor, 3035 Bluffs Lane, noted the City was in a \$1,000,000 hole in 2009 and is now in the black and said thank you for that. McGregor stated that people take for granted having water in homes as well as a sewer system the he believes is worth the cost. McGregor stated any of the proposed scenarios will benefit him and cautioned the Council to not be sort sighted and to be careful of putting system at risk to appease the masses, adding it is important to have the systems and to spread out costs and rates fairly.

Lisa Batchelor, 2933 Cambridge Lane, stated if the City freezes future projects after 2018 how much of the system is there left to do? Wegscheid responded that is a good question and the Council is asking for an inventory of total infrastructure and projected projects in order for the City to have a better understanding where are the future projects in next 10 years in order to plan out these needs.

Peterson added that the City's contracted engineers, Bolton and Menk, have identified these future projects. Hoversten stated this is true but the proposed work has not been priced or extended out the costs in a long-term financial plan to determine how it will pay for these projects.

Wegscheid stated the Council has reviewed the rate scenarios and needs to provided direction to the Staff in order to finalize the budget.

Melody Olsen, 4873 Cumberland Road, said she has been a resident of the City since 1960 and that the base rate was created because at the time no one wanted to use the word tax and instead imposed the utility fees. Olsen added she thinks the infrastructure costs should be spread out through property taxes and that the sewer should be metered. Olsen also stated she thinks the City staff got raises.

Wegscheid stated staff numbers have been lowered over the years to reduce that budget area and the City has to retain quality people. Wegscheid noted that using

taxes to pay for current projects is not an option right now as the budget is set for 2018. Pausche added that the levy is set in September and cannot be raised at this point.

Olsen stated she thinks the City needs to be audited and would like to have it put on taxes. Wegscheid said the City is audited every year and going forward the Council is going to look at all options and to do what is the best for the entire community. Olsen added that some of the Council might not be back after the next election. Wegscheid said voting is an absolute right and urged citizens to vote. Wegscheid said he ran for Mayor to do his part to contribute to the community.

Wegscheid said each Council has to go and follow what has been put in place previously and Olsen said the base rate is what is hurting people. Wegscheid said the goal in 2018 is to look at all suggestions from the community and to plan to get the long term structure in place. Olsen said some towns don't have base rates and it is harder to live in Mound economically. Wegscheid said the hard thing is when making decisions, the Council knows it can't please 100% of the population.

Peterson also added the Council doesn't switch out at same time which adds continuity as peoples perspectives are different.

Joseph Ostlund, 3121 Drury Lane, said that Pausche used word "static" in keeping the base rate which Ostlund said "that means the same". Wegscheid stated that what is being proposed is temporary relief and the Council will continue to try to reduce the impact of costs to residents.

Joe Bruns, 2630 Setter Circle, asked which Council members are seeking reelection this fall and was told no decisions have been made at this time.

Wegscheid said the Council needs to direct staff to prepare one of the scenarios for the final budget and supports scenario #3. Gillispie responded that she supports scenario #3 as she believe it benefits majority of the people. Salazar stated he agreed that #3 is best at the present time and is a bridge to where the City is going to in the future. Bergstrom stated he agreed with scenario #3 as a stating point. Peterson also agreed with scenario #3 and to keep future projects in mind and she added that she appreciates the work which Pausche did on coming up with the scenarios.

Wegscheid said this is only one step and the consensus of the Council is to direct staff to go with scenario three.

Olsen approached the Council and asked about the cost of the deduct meter. Pausche said the City offers them at cost to residents and every new house in the City is required to be equipped with a deduct meter. Pausche said putting in a meter might not get a resident much savings unless they use a lot of water outside. Hoversten said the base rate covers use up to 10,000 gallons so a user has to use

over that amount of water to make a deduct meter worthwhile so it doesn't make sense for many people.

**8. Catherine Pausche, Director of Finance and Administrative Services, requesting discussion and action on the following:**

- A. A resolution authorizing staff to submit an application to the LMCD to convert 10 Lost Lake transient slips to overnight slips

Pausche presented to the Council a proposal on the use of City owned slips at Lost Lake. Pausche stated the City owns 37 overnight slips which were committed to the Lost Lake Villas townhome development. Pausche stated the developers of the community only built 27 units so there are an extra ten slips which go to Mound or non-Mound residents and that the City is looking to build on the availability of overnight slips by converting 7-10 of the 24 transient day slips which are also in the Lost Lake harbor to overnight. Pausche said the City could use the ten extra Lost Lake slips and ten of the transient slips to support future development in the Harbor District as the transient slips are being underutilized and overnight slips could be used to increase the value of a future town home development if slips are offered as part of townhome ownership, similar to the Villas on Lost Lake.

Pausche said if the proposal is approved by the Council, the City will be required to petition the Lake Minnetonka Conservation District to change the transient status to overnight use. Pausche suggested this is a good move because the slips are already in existence and will help promote the townhome concept for the Harbor, thereby increasing tax increment and tax relief.

Gillispie asked if the overnight use is granted by the LMCD can the slips be used as transient if they are not rented out. Hoversten responded that the change in use can be altered to suit the rental conditions as long as the City designates which docks are overnight and which are transient.

Pausche said the City determines prioritization of the Lost Lake slips via the City Code and suggested this issue could be handled there.

Christine Hewitt, 4849 Island View Drive, asked why wouldn't a restaurant get first priority for dock use. Hewitt said Wayzata and Excelsior have far greater restaurant choices than Mound.

Gillispie responded that Excelsior and Wayzata don't face the challenges that Mound faces such as there is no lunch crowd, Mound is not off a major highway and the overhead for a restaurant is expensive and the City is trying to be creative on how to make the Harbor District work for the City.

Hewitt asked if the City is breaking even on dock program fees. Pausche said the dock program is breaking even. Pausche added the Lost Lake slips are not part of the dock program and those slips are helping pay down the bonds on the Lost Lake

development. Pausche added the City has tried to charge more for the Lost Lake slips in the past and found there is a ceiling for what the market is willing to bear for renting those slips.

Staff was directed to amend the proposed resolution for authorizing staff to submit an application to the LMCD to convert 10 Lost Lake transient slips to overnight slips to incorporate the change brought forward by Gillispie and bring it back to the December 12 meeting for final approval.

**RESOLUTION NO. 17-XXX: RESOLUTION AUTHORIZING STAFF SUBMIT APPLICATION TO THE LMCD TO CONVERT 10 LOST LAKE TRANSIENT SLIPS TO OVERNIGHT SLIPS**

B. A resolution authorizing staff to issue a request for qualification and interest in a townhome development in the Mound Harbor TIF District

Pausche offered a history of the Mound Harbor TIF district which started in 2001-2 based on a community visioning process during the 1990's.

Pausche presented a concept plan for the Mound Harbor development which includes 17-20 high-end townhomes and a potential restaurant site. Pausche stated this development would play a role in supporting the existing commercial district in Mound by adding residential and not more commercial space as originally contemplated. Pausche stated that based on feedback to the Comprehensive Planning process, the community is not in favor of a high density development in the Harbor District. Pausche said the City has been approached by developers to do high density projects in the Harbor District, but that it is more desirable to limit the intensity of use in order to provide for continued public enjoyment of the area.

The Council meeting was paused to change the recording tape at 8:58pm. The meeting re-opened at 9:04pm

Wegscheid said the proposal was already seen at Housing and Redevelopment Authority meeting. Gillispie said the developer RFP will be given a two week extension for the bidding process.

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

**RESOLUTION NO. 17-160: RESOLUTION AUTHORIZING STAFF TO ISSUE A REQUEST FOR QUALIFICATION AND INTEREST IN A TOWNHOME DEVELOPMENT IN THE MOUND HARBOR TIF DISTRICT**

**9. Action to approve minutes from 10-24-17 Regular Meeting**

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

**10. Information/Miscellaneous**

A. Comments/reports from Council Members

Hoversten thanked everyone for coming out for tree lighting event reminded all of the following future events:

Dec. 12 – The Council will be considering the recommended budget for 2018 and is the final meeting for 2017. The December 26<sup>th</sup> Council meeting is cancelled with the next regular Council schedule resuming in 2018 on January 9th.

City Offices are closed on 12/22 & 12/25 for the Christmas Holiday and closed on 12/29 and 1/01 for the New Year Holiday.

There are Commission openings for an Abutter on the Docks Commission and an opening on the Parks Commission. December 11<sup>th</sup> is the last day to apply for either Commission

The Balsam Hill redevelopment Grand Opening and Open House is scheduled on December 4<sup>th</sup> from 10am to Noon.

B. Reports:

C. Minutes: Docks & Commons Commission 9-21-17

D. Correspondence: Aeon - Balsam Hill Apartments & Townhomes  
Grand Opening Invite - December 4, 2017

**11. Adjourn**

MOTION by Bergquist seconded by Peterson, to adjourn at 9:09 p.m. All voted in favor. Motion carried.

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Mayor Mark Wegscheid

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Attest: Catherine Pausche, Clerk