Minutes
Minnetonka City Council
Monday, July 25, 2016

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

Council Members Dick Allendorf, Patty Acomb, Brad Wiersum, Tim Bergstedt, Tony Wagner, and Terry Schneider were present. Bob Ellingson arrived after roll call.

4. Approval of Agenda

Wiersum moved, Bergstedt seconded a motion to accept the agenda as presented with the removal of Item 10F in response to the applicant’s request. All voted “yes.” Motion carried.

5. Approval of Minutes: None

6. Special Matters: None

7. Reports from City Manager & Council Members

City Manager Geralyn Barone reported on upcoming meetings and events.

Schneider stated that he attended a positive Southwest Light Rail meeting. All of the environmental work has been completed and accepted by the Federal Transit Authorities. Schneider clarified that Met Council Chair Adam Duininck was misquoted in the paper and that Duininck actually stated that it is critical that the state fund or find a mechanism to fund the section.

Schneider appreciated the efforts of city staff who thought to run a fire hose underground through storm water pipes instead of across the road to provide water to assist with the demolition of the Kraemer’s Hardware building.

Ellingson arrived.

8. Citizens Wishing to Discuss Matters not on the Agenda
Chris Wheelock, 3138 Lake Shore Boulevard, introduced himself, his wife Moni Tillmann, and their daughter. Tillmann stated that her lot has been incredibly negatively impacted by “stormwater management.” She is concerned that there is no long-term solution, large houses decrease the amount of porous surfaces, and the plan to reconstruct the road and add curbs would direct more stormwater onto her property. She provided photos of her property illustrating muddy and wet conditions.

Wheelock stated that engineering staff have no solution for water traveling to the bottom of the hill. Tillmann stated that it happens year round. Plow drivers push snow into their backyard at the bottom of the hill. That area has snow and standing water a month longer than other properties. There is a small holding pond 45 feet from their house that cannot hold all of the water.

Tillmann explained that engineering staff informed them that the floodplain reaches to their front door and asked if they would be interested in selling their property. The offer price was too low. The city wants the lot to create a long-term water storage solution to meet federal mandates and comply with the Minnehaha Creek Watershed District management plan. There are many times she and her neighbors cannot walk in the street due to flooding. The problem has been going on for years. She asked that a solution be found. She suggested putting in a lift station or other solution. She pointed out the area owned by the city. She requested a long-term solution that would be equitable for both parties.

Wheelock was upset that he may not be allowed to build an addition due to the floodplain restrictions. The lake never flooded his house, but the mismanaged stormwater being drained to a small pond 45 feet from a structure has caused problems. He is still open to negotiations for the city to purchase the property, but it would have to be a solution that would work for both parties. He appreciated all of the hard work and effort made by the project managers and crews on the street.

Schneider appreciated the presentation and encouraged Wheelock and Tillmann to continue working with staff.

9. Bids and Purchases: None

10. Consent Agenda – Items Requiring a Majority Vote:

A. Resolution approving use of Hennepin County Affordable Housing Incentive Funds by Homes Within Reach

   Allendorf moved, Wiersum seconded a motion to adopt resolution 2016-055 for the 2015 and 2016 funds authorizing Hennepin County Affordable
Housing Incentive Funds in Minnetonka by Homes Within Reach. All voted “yes.” Motion carried.

B. Southwest Corridor Housing Strategy

Allendorf moved, Wiersum seconded a motion to adopt resolution 2016-056 accepting the Southwest Corridor Housing Strategy and incorporating the strategy into housing planning for the city of Minnetonka. All voted “yes.” Motion carried.

C. Appointment of a hearing officer for administrative citation hearing program

Allendorf moved, Wiersum seconded a motion to approve the appointment of Paula Callies as a hearing officer for the administrative citation hearing program. All voted “yes.” Motion carried.

D. Sixth amendment to site lease agreement with New Cingular Wireless PCS, LLC for Ridgedale Water Tower

Allendorf moved, Wiersum seconded a motion to approve the sixth amendment to the site lease agreement. All voted “yes.” Motion carried.

E. Labor agreement between the city of Minnetonka and Teamsters #320 – Police Sergeants

Allendorf moved, Wiersum seconded a motion to approve the 2016-2017 labor agreement between the city of Minnetonka and the Teamsters Public and Law Enforcement Employees Union Local #320 – Police Sergeants. All voted “yes.” Motion carried.

F. Resolution repealing and replacing Resolution No. 2016-051 for a conditionally-permitted accessory apartment at 13800 Spring Lake Road

Removed from the agenda at the applicant’s request.

11. Consent Agenda – Items requiring Five Votes: None

12. Introduction of Ordinances:

A. Ordinance regarding Temporary Family Health Care Dwellings

City Planner Loren Gordon gave the staff report.
Wiersum noted that the current trend for similar cities is to opt out of the state law.

Bergstedt encouraged staff to elaborate on the things the city already has in place to deal with these situations to better fit this specific community.

Wagner moved, Bergstedt seconded a motion to introduce the ordinance and refer it to the planning commission. All voted “yes.” Motion carried.

13. Public Hearings:

A. On-sale liquor licenses for MTKA Pizza, LLC (Station Pizzeria), at 13008 Minnetonka Boulevard

Barone gave the staff report. She recommended continuing the hearing to August 22, 2016 to coincide with review of the conditional use permit and site and building plan.

Schneider invited anyone present to speak on the item. No one responded.

Wiersum moved, Wagner seconded a motion to continue the hearing to August 22, 2016. All voted “yes.” Motion carried.

B. Temporary on-sale liquor license for The Rotary Club of Minnetonka Foundation, 14350 County Road 62

Barone gave the staff report. She recommended approval of staff’s recommendation.

Schneider opened the public hearing.

Chris Rosenlund, rotary club president, requested approval of the temporary on-sale liquor license for the fund raiser. The event includes a 9-hole golf tournament, beer and wine tasting, silent auction, and raffle. Everyone is invited. One percent of the proceeds goes to the foundation which supports ICA Foodshelf, scholarships for students, and clean-water efforts around the globe.

Schneider closed the public hearing.

Allendorf moved, Wagner seconded a motion to grant the temporary liquor license in connection with a fundraising event, including outdoor events. All voted “yes.” Motion carried.
C. Off-sale liquor licenses for Minnesota Fine Wine and Spirits, LLC (DBA Total Wine), 1005 Plymouth Road

Community Development Director Julie Wischnack gave the staff report.

Wagner asked if the parking and traffic study would address doubling of the use if Office Depot would vacate its current building. Wischnack explained that the traffic consultants included the entire site and square footage of each use in addition to the adjacent property on the south. She requested that the traffic engineer provide an estimate of customer counts during peak-business hours. If the proposed use expanded in the future, then the liquor license would have to be reviewed and approved by the city council at that time.

Schneider agreed. He noted that the applicant has expressed interest in expanding the business into the Office Depot space when it would be available. Taking that into consideration would allow for improvements to be done now to mitigate the potential future impact.

Wiersum understood the benefits and challenges of the site. There is already a stacking situation when driving south and turning west on Wayzata Boulevard. There is also stacking and difficulty making turns on Plymouth Road when waiting to get on the onramp to Interstate 394. He would like the applicant’s data regarding the amount of traffic the existing stores generate. Wischnack stated that the traffic consultant does have a customer count provided by the applicant.

The public hearing was opened.

Edward Cooper, vice president of public affairs and community relations of Total Wine and More, stated that the company he represents is seen as a leader in the retail sector and fits into the city’s economic strategy for the Ridgedale area. Total Wine and More is a provider of a distinctive specialty service and has a desire to assist with further development of the Ridgedale Center area and work with the city to address issues of public safety. The store would host wine, beer, and spirits classes. The store would sell Minnesota products. Team members would be active in serving the community. The use would be interested in expanding into the neighboring space. The company is committed to its team members. The company is family owned. A typical store employs 50 team members and 75 percent are full time employees who have benefits. There is an exemplary training program to protect against sales to minors and theft. He believes Total Wine and More has the best record in the industry to prevent sales to minors. The company has been around since 1991. A store has never been closed.
Ted Farrell, representing Haskell’s located at 12900 Wayzata Boulevard, stated that Haskell’s is also a family business. It has been at that location for 42 years. He wondered about the proximity of two large retailers that are very unique and specialize in all kinds of products and services. He was concerned with traffic causing safety issues. The traffic is brutal now.

Chris Erickson, representing The Wine Shop and Spasso located at 17523 Minnetonka Boulevard, stated that Big Top Liquors has not been a successful store because there is a limited amount of consumption. There are more breweries providing alcohol now. He believed the applicant is targeting Haskell’s stores. A Total Wine store was located near Haskell’s stores in Chanhassen and Burnsville. He did not approve of that. He is happy to compete on a level playing field. The proposed building sold a few years ago for $9.365 million. The tax value is $5.9 million. He questioned how the tax value is $4 million less than the sale price. The government is subsidizing Whole Foods and looking to subsidize Total Wine by giving them a discount on property taxes. That creates an uneven playing field. He suggested doubling the property taxes on the proposed site or cutting his property taxes in half to create a level playing field. The corporation is located in Maryland. He questioned why the city would want to subsidize an out of state business at the expense of local businesses.

Allendorf recalled that the proximity argument was used by a representative of the Tonka Bottle Shop when the public hearing for The Wine Shop liquor license was held. Erickson said that the difference is that over 50 percent of the wine sold at The Wine Shop is consumed in the restaurant. The Wine Shop sells very little beer or spirits. The business models are different which has allowed both businesses to be successful.

John Johannson, of Welsh Companies located at 4350 Baker Road and a principal owner of the proposed property, clarified that the Whole Foods property is a separate parcel and was purchased after a bankruptcy of the loan, redeveloped, and sold right away. That property was the $9 million sale price. He owns the adjacent Office Depot site and has no plans on selling. His property’s tax assessment by square footage is similar to The Wine Shop’s. He does not believe that the city subsidizes businesses’ property taxes. It is a fair playing field.

Larry Barenbaum, a partner at Big Top Liquors in Ridge Square, clarified that the business pays rent on over 8,500 square feet, not 5,000 as the previous speaker mentioned. Total Wine has changed the scope of the business for the better. The consumer benefits by the incredible operation that he has witnessed. There have been improvements over the years to address safety concerns caused by traffic. America provides a competitive
retail world. Haskell’s is a good retailer in this city and knows how to compete to make it better for their customers. He has a high level of regard for everyone he has dealt with at Total Wine.

The public hearing was closed.

Wiersum moved, Bergstedt seconded a motion to continue the public hearing to September 12, 2016. All voted “yes.” Motion carried.

14. Other Business:

A. Concept plan review for The Enclave at Regal Oak, 3639 Shady Oak Road

City Planner Loren Gordon provided the staff report.

In response to Wagner’s question, Gordon answered that the surrounding lot sizes are generally the same as the standard for an R-1 single-family lot.

Roger Anderson, owner of Anderson Engineering representing the applicant, stated that he likes the site because it has a flow to it. The utilities are there, it is a nice street, and the drainage would work. The product is one that buyers want. Residents love to stay here. Housing to allow downsizing is needed for empty nesters and those who travel south for the winter. The basements would generally be lookouts with a bedroom for the grandchildren. There would be a snow and mow association. The grading and storm water on individual sites would be done to allow capture of roof drainage and minimize the size of the pond. There is an existing gully that could route runoff to a pond to control erosion.

Michael Halley, builder for the applicant, stated that the proposed houses would be from 1,400 square feet to 1,700 square feet on the main floor. The average buyer would be in their 70s and have lived in the city 30 years. Three of the five houses would be geothermal. Large trees would be planted to provide privacy. He has met with neighbors who live on Regal Oak. If the property would be divided into three lots, then the amount of square footage created would be equal to what would be created by the proposal of five smaller houses. There are not a lot of options in the city to provide this product that would be affordably priced around $650,000.

Schneider disclosed that he previously worked with Anderson Engineering on projects.
Allendorf’s first reaction was that the proposal would not fit. Then he considered the need for diversity of housing types. The proposal would provide needed housing.

Bergstedt had a reaction similar to Allendorf’s reaction. Councilmembers and planning commissioners felt the original proposal’s 10 lots would be too dense. There is a need for this type of housing and diversification. He still has a problem with five lots. He would be more comfortable with four lots so that the subdivision would fit in better with the surrounding area and provide diversified housing.

Wagner acknowledged that the one-level housing type is needed. An 11,000-square-foot lot would make him pause. The concept is good. The conservation easement and storm water management would be great.

Ellingson thought that a floor-area ratio (FAR) requirement might be appropriate. Providing housing for young families is a priority. A house priced at $650,000 seemed high to be considered affordable. He did not see a real justification for a planned unit development. Five lots would not fit in the neighborhood.

Schneider sees a need for single-floor living for seniors. The conservation easement reduces the overall size of the lots. An 8,600-square-foot lot is probably pushing too hard to make the proposal work. He could see four lots. The lot to the northwest would be significantly larger than the rest. The fivelot proposal would be a hard sell.

Allendorf heard from seniors who want single-story living in Minnetonka. It is a needed housing type.

Cheryl Smith, 3624 Arbor Lane, stated that the size of the lots would be out of character with the neighborhood. She moved here because she loves the wildlife. There are currently a lot of water issues. There is a hill between Lots three and four. Her lot is downhill of the proposal and has a drainage pipe. The houses on her side of the street sell for $350,000. She requested councilmembers consider the proposal carefully.

B. Concept plan for a 75-unit apartment building at 2828 and 2800 Jordan Avenue

Gordon gave the staff report.

John Ferrier, with CSM Corporation, applicant, thanked staff for the opportunity to receive comments on the concept plan. The house on the site is currently vacant. There is a need in the market for the proposal. The
new building would have studio apartments with an open floor plan. He agreed that there is a need to complete a traffic study. The slopes would be optimized. As many trees as possible would be saved. There would be tree replacement. Some of the scrub trees would be replaced with quality landscaping. The floor plan would be as compact as possible. That is one reason for the flat roof. Similar colored brick with a contemporary style would attract a different market. He has heard from residents requesting to be on a waiting list. He is excited about the site.

Wagner noted that the area has a lot of high-density housing, but there is no playground at any of the surrounding buildings. The proposal would match what is in the area, but would stick out of the view from Highway 169. He will wait until he sees the engineering plans before commenting on the number of units. He did not have a massive aversion to the proposal.

Schneider agreed with Gordon that one and a half parking stalls for each apartment may be appropriate considering the studio apartments. An apartment building would fit the site. The five-story height does not scare him, but the block nature of the front caused him to pause. He sees a benefit to underground parking, scaling back the number of units, and adding some variety to the appearance. A third of the outside parking may be able to be eliminated. Hopefully some trees and green space could be preserved with a reduction of the parking surface.

Bergstedt concurred with Schneider. He was very comfortable with an apartment building. There would be massive grading and tree loss, but everything possible should be done to minimize it. The building looks like an uninteresting block building. Designing the building to give it more architectural character would be beneficial.

Allendorf liked how the Applewood Pointe building ended up looking. He concurred with Schneider and Bergstedt.

15. Appointments and Reappointments: None

16. Adjournment

Bergstedt moved, Wagner seconded a motion to adjourn the meeting at 8:50 p.m. All voted “yes.” Motion carried.
Respectfully submitted,

Lois T. Mason
Deputy City Clerk