Agenda
Minnetonka City Council
Regular Meeting, Monday, December 4, 2017
6:30 P.M.
Council Chambers

1. Call to Order
2. Pledge of Allegiance
3. Roll Call: Wiersum-Bergstedt-Wagner-Ellingson-Allendorf-Acomb-Schneider
4. Approval of Agenda
5. Approval of Minutes: September 25, October 9, October 23, and November 13, 2017 regular council meetings
6. Special Matters:
   A. Recognition of 9-1-1 dispatchers
7. Reports from City Manager & Council Members
8. Citizens Wishing to Discuss Matters Not on the Agenda
9. Bids and Purchases: None
10. Consent Agenda - Items Requiring a Majority Vote:
   A. Resolution amending Council Policy 2.1 on investments
   B. 2018 general liability insurance and workers’ compensation renewals
   C. Resolution reaffirming the 2016 preliminary plat approval of TONKAWOOD FARMS FIRST ADDITION, with lot width at setback variances, at 15014 Highwood Drive
   D. Resolution to adjust 2018 non-union employee salaries and benefits
   E. Twelve-month time extension of site and building plan and conditional use permit approval for Bauer’s Custom Hitches at 13118 Excelsior Boulevard
11. Consent Agenda - Items Requiring Five Votes:
   A. Applications for renewed liquor licenses for 2018

12. Introduction of Ordinances:
   A. Ordinance authorizing sale of land for boundary line adjustment
      Recommendation: Introduce the ordinance (4 votes)

13. Public Hearings: None

14. Other Business:
   A. Resolution approving a conditional use permit for a 7 to 12 resident licensed residential care facility at 5022 Baker Road
      Recommendation: Adopt the resolution approving the request (4 votes)
   B. Concept plan review for Ridgedale Executive Apartments at 12501 Ridgedale Drive
      Recommendation: Discuss concept plan with the applicant. No formal action required.
   C. Items relating to Dominium at 11001 Bren Road East
      1) Concept plan review
         Recommendation: Discuss concept plan with the applicant. No formal action required.
      2) Funding inquiry
         Recommendation: Discuss funding inquiry and provide feedback
   D. Resolution approving the second amendment to the regulatory agreement for Minnetonka Heights
      Recommendation: Adopt the resolution (4 votes)
   E. Items relating to the 2018 operating budget and tax levies
      1) Public consideration of proposed budget and levies;
      2) Resolution adopting a budget for the year 2018, a revised budget for 2017, and setting a tax levy for the year 2017, collectible in 2018, amending the 2018-2022 Capital Improvement Plan, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority; and
3) Resolution setting a tax levy for the Bassett Creek Watershed Management Tax District for the year 2017, collectible in 2018

Recommendation: Receive public comment on proposed budget and tax levies and adopt the resolutions (5 votes)

F. Process for filing the council vacancy to occur in Ward 3

Recommendation: Provide direction to city staff regarding the council’s preferred process for filing the vacancy (4 votes)

15. Appointments and Reappointments: None

16. Adjournment
Minutes
Minnetonka City Council
Monday, September 25, 2017

1. Call to Order

Mayor Terry 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 Tony Wagner, Bob Ellingson, Dick Allendorf, Patty Acomb, Brad Wiersum, Tim Bergstedt, and Terry Schneider were present.

4. Approval of Agenda

Wiersum moved, Acomb seconded a motion to accept the agenda with addenda to items 13B and 14A. All voted “yes.” Motion carried.

5. Approval of Minutes: August 14, 2017 regular council meeting

Bergstedt moved, Wagner seconded a motion to approve the minutes of the August 14, 2017 regular council meeting, as presented. All voted “yes.” Motion carried.

6. Special Matters: None

7. Reports from City Manager & Council Members

City Manager Geralyn Barone reported on upcoming city events and council meetings.

Wiersum said he attended an event celebrating the reopening of Highway 169, which had been closed for over a year.

8. Citizens Wishing to Discuss Matters not on the Agenda

9. Bids and Purchases: None

10. Consent Agenda – Items Requiring a Majority Vote:

A. Resolution supporting an application for a grant from Hennepin County’s Transit Oriented Development (TOD) Program
Allendorf moved, Wagner seconded a motion to adopt resolution 2017-110 supporting the city of Hopkins’ application for grant funds through the Hennepin County TOD program. All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes: None

12. Introduction of Ordinances: None

13. Public Hearings:

A. On-sale wine and on-sale 3.2% malt beverage liquor licenses for Kais Inc. (DBA Kai’s Sushi), at 17420 Minnetonka Blvd.

Barone gave the staff report.

Schneider opened the public hearing at 6:36 p.m. No one spoke.

Acomb moved, Wiersum seconded a motion to continue the public hearing to October 23, 2017. All voted “yes.” Motion carried.

B. Temporary on-sale liquor license for Unmapped Brewing, LLC, 14625 Excelsior Blvd.

Community Development Director Julie Wischnack gave the staff report.

Schneider opened the public hearing at 6:43 p.m.

Anne Hossfeld, 14616 Glendale Street, said her property was directly to the south of Unmapped Brewing so she is impacted by the noise and traffic. She does not oppose the event but she wanted to continue to be proactive and a presence and to continue providing the council information about how she and the rest of the community are impacted. She asked for clarification on when the outdoor music had to shut down. She also asked the experience of other breweries in the area that have outdoor live music events. She said that the concerns she raised last year about odors and noise from the business have not arisen.

Megan Park, one of the owners of Unmapped Brewing, provided details of the event. She said the brewery learned some things at its grand opening. Parking, which had been a concern, didn’t seem to be a problem so for this event the plan is to close off the entire parking lot primarily for safety. The other change was related to the music. At the grand opening music ended at 9 p.m. The plan for this event is for the music to end at the same time, but there is a cushion just in case it goes over.
Schneider closed the public hearing at 6:48 p.m.

Schneider said it made sense to allow some flexibility related to the music end time.

Community Development Director Julie Wischnack said that some of the events at another brewery in the city were larger festival type events.

Schneider said he had some knowledge about events at breweries in Wayzata and Excelsior. There was no magic number but rather it depended on the appetite for such events.

Bergstedt moved, Allendorf seconded a motion granting the temporary liquor license in connection with the grand opening event. All voted “yes.” Motion carried.

14. Other Business:

A. Items concerning Shady Oak Crossings located at 4312 Shady Oak Road:

1) Comprehensive guide plan amendment;
2) Rezoning;
3) Subdivision; and
4) Site and building plan review

Wischnack and Assistant City Planner Susan Thomas gave the staff report.

Wagner noted some of the resident comments were related to sustainability. He asked how solar or geothermal were considered by the developer. Wischnack said staff had talked with the developer about a solar energy option. She said the developer could speak on the difficulties making the financing work. There were complications with the tax credits. Staff had also discussed a white roof with the developer. This will be implemented. There were site complications with the polluted soil and the size of the property that would make it difficult to use geothermal.

Wiersum asked if the TIF pooled amount for the project was $1.209 million. Wischnack confirmed that was correct. Wiersum said the difference between the purchase price and the sales price was $516,000 and this was not included in the TIF pooled amount. Wischnack confirmed that was correct.
Mike Waldo, with Ron Clark Construction, said a lot of hard work went into addressing concerns that were raised. The most recent changes to the proposal were moving the parking lot slightly to make sure there wasn’t additional fill and over the pipe in the easement. The trees in the utility easement were moved as well. He said the 60 percent AMI rents adjust in year 11 through 30. Addressing the comments about solar and geothermal he said his company has done solar for a similar sized project in Lakeville. The application for this project has to compete with all the other projects at Minnesota Housing. Currently this year, the TDC in the Twin Cities was $255,000. This project already was in excess of that. Adding another $30,000 per unit on top would put it in jeopardy scoring wise. He said with the Lakeville project, not all the contingency was used up. If the same thing occurred with this project, they would definitely look at adding solar. He said geothermal sounds great but the savings just are not there. The contamination on this site would also not make it feasible to do.

Ann Aanestad, 4255 Oak Drive Lane, said with the redesigned parking lot, some of the parking spots are directly pointing down the street into the residential neighborhood and yards. She questioned what kind of buffer was being proposed with all the increased light from traffic and parking. She said the developer should be held to the highest standards. She noted there was a huge electrical box on the corner of Shady Oak Road and Oak Drive Lane and asked if anyone had looked into whether or not it could be moved and where would it be moved to. The size of the tot lot was also a concern. She questioned how the access issue could be justified. She said there was no room for parking on Oak Drive Lane given how narrow it was.

Chris Aanestad, 4255 Oak Drive Lane, said the retention pond had finally been mentioned in the staff report and it was referred to as a public infrastructure. The city was selling Ron Clark the Shady Oak Road parcel and he was also gaining the retention pond on the Oak Drive Lane site. The parcel would be half house, half retention pond. He asked if the Oak Drive lane property needed to be rezoned and who would maintain it. He also asked if the city was giving the property to Ron Clark. Would the retention pond have a fence or more buffering around it? He thought the project should be tabled until all this was figured out.

Jerry Nystuen, 6008 Wyngate Lane, said the council was well aware of the need for workforce housing in the west metro area. There were a lot of job opportunities in the area and in the city. The vacancy rate in the city is 2.4 percent. Wages haven’t been keeping up. Affordable housing not only helps workers but seniors who cannot afford market priced housing. He said the community was better off when the city could offer more choices in affordable apartments.
Kerri Fisher from the ICA Food Shelf said the organization’s financial assistance was to help prevent homelessness and help with employment assistance. She said she supported the project. The proposal would provide an improved aesthetic look compared to what currently exists. It would contribute to a sense of place and add vibrancy to the neighborhood.

Sarah Arbisi, 640 Oakridge Road, Hopkins, said she graduated from Hopkins High School and her daughter graduated from Minnetonka High School. As a kid her family moved around quite a bit and she wanted to make sure her daughter didn’t experience the same thing. It paid off to keep her in the Minnetonka School District because she now is attending North Dakota State University. Arbisi said when her daughter left for college she had to move to Hopkins because she couldn’t find affordable housing in Minnetonka. She said this development was needed in the city.

Jeri Massengill, 4272 Oak Drive Lane, noted there was a bus stop about two blocks away that would service this building. There is no bus service on the weekends and limited bus service during the week. She questioned what the city’s plan was to bring in public transit to meet the needs of residents of building. She also asked what the plan was to mitigate the air pollution coming from the traffic corridor that would only get busier. She asked for information about the snow removal plan. She didn’t believe the traffic study was thorough enough and that the buffer and green space were sufficient.

Ellen Cousins, 4531 Greenwood Drive, said she was opposed to the proposal not because she was opposed to affordable housing on the site but because this was the wrong affordable housing project for the site. The access still was not being addressed. If the access was properly addressed a lot of the other issues would go away. Issues involving Oak Drive Lane and safety would go away. She said it seemed like the project was going to be approved no matter what and it would shove this development onto this little lot without addressing the fact there was another lot next to it. There were more possibilities if the two lots were combined.

Andy Braun, 4408 Crawford Road, said looking at the bigger picture this was 49 units of some 1,000 plus affordable units the city was trying to accommodate. There is a lot of space, both public and private, available. He said there was no compelling reason to accept this project. The sale of other city properties could be used to turn this property into something that would benefit the neighborhood.
David Cousins, 4531 Greenwood Drive, said he appreciated the position the council was in. He said this project was bigger than just being about a parcel of land and the neighborhood. This would be a 100 year decision if the project was approved. This was also about how people communicate with each other and the faith that the local government was of the people, by the people, and for the people. He said there were a lot of reservations about this project that were expressed at the planning commission hearings and other meetings. Even the people who voted to approve the project have expressed reservations. He understood the pros for the project including the need for affordable housing and disposing a problem parcel. He believed the benefits were outweighed by the concerns. He suggested postponing a decision until the concerns were addressed. There was no hurry to do the project.

Schneider said the council’s role was to focus on the land use issues. The first issue was if the landscaping plan was adequate. Another issue was getting more information about the pond.

Thomas said the ponding area was required by both the city’s stormwater management requirements and the Nine Mile Creek Watershed District rules. The pond would be owned by whoever owns the single family home. There would be an easement over it and it would have to be maintained by whoever owns the apartment property. There would be a maintenance agreement similar to those in place for other redevelopment projects in the city. The agreement would be drafted by the city attorney and would outline what the city would require in terms of maintenance.

Wischnack said the city was selling a piece of property that has pollution and contamination on it. Putting the pond on the property was not a viable option. The city owns the property to the west and was allowing the use of the space for the stormwater treatment. She said the treatment area helped the larger wetland area to the west and south. So there was a benefit to the larger area. Thomas said the city has not seen a devaluing of a property because a stormwater pond was part of the property. She said it was not a city policy to put safety fencing around stormwater ponds. Wischnack noted the pond was an infiltration basin.

Thomas said density was calculated solely on the apartment property. The property per the proposed plat was 1.58 acres. The city’s density definition does not exclude easement areas. The sewer easement was included in the density calculation. This project would be just over 30 units per acre. Anything over 12 units was considered high density. Schneider noted the single family home did not need to be rezoned. Wischnack said that was correct. She said the council had not made a decision on what to do with that property. Currently the city owned the property and rented it to a
tenant. Schneider said there had been some discussion that rather than a single family home, it might be better suited for a duplex at some point in time.

Schneider asked if it was known what the size of the tot lot would be. Waldo said he did not know for sure but estimated it would likely be around 2,000 square feet.

Barone noted there was a question about the width of the road. City Engineer Will Manchester said currently the width is 23-24 feet. If the road were to be rebuilt typically it would be widened to 26 feet unless there were impacts.

Wischnack noted there was a requirement in the resolution that the snow removal plan be provided to the city. This was done with other projects as well.

Wagner said it would be useful for the council to have some discussion about the offsite buffering. He routinely drives in another area of the city where he feels bad his headlights shine right into a residence. He would like to see some effort to mitigate the light impacts.

Acomb said she supported offsite screening or buffering especially for the houses directly adjacent to the north if it was wanted by the property owner. Wiersum agreed this was reasonable. Schneider agreed but said one caveat was there were a lot of residents who live at the end of a public street where all day long headlights shine into their homes. He lives with this situation himself and said he had the ability to put in some buffering if he wanted to address the issue. He thought it was a good idea to see if the applicant was open to the idea but did not want to require it.

Wagner said the issue of access was brought up many times over the process. He didn’t think any of the council would disagree with the idea that a Main Street access would be preferable. He said it still could be pursued but it was unlikely to happen because it had been unsuccessfully pursued in the past. Given the traffic study, and the impacts, he did not see this as a reason not to move forward with this proposal.

Wiersum said the council had given a lot of thought to the property to the south that connected to Main Street. He said he thought the property owner thought that by not negotiating with the city, and with the obvious opportunity to improve this project, that his property value would increase. He did not fault the property owner for thinking this. All property owners like to see their property values increase. He thought the proposal needed to be looked at on its merits as is.
Allendorf said he agreed with Wiersum’s comments. He said as long as he has served on the council, he had been counseled by others to believe traffic studies.

Schneider said he agreed. The property was located right at the end of Main Street and the best use for it had not been determined. It was up to the developer to decide if they wanted to pursue a purchase of the property.

Wagner said the biggest concerns raised at this meeting were about the buffering, the density, and the pond. He agreed with the staff approach that the two properties were purchased together because there was an opportunity to do so. The redevelopment was being done because it met a lot of the city’s goals. He said the pond was a very reasonable approach and noted he had a pond on his own property that served three different parcels. He saw it as a valuable water quality treatment amenity.

Schneider said before the city decided to move forward with redevelopment there had been some discussion about acquiring the property to do ponding.

Acomb said she agreed the pond was a good idea and that the developer was required to cover the maintenance costs. She said as she looked at the project with high density directly adjacent to the backyards of single family homes, she didn’t think the pond was the best of transitions. She agreed a viable use would be open space and that had been discussed previously.

Allendorf noted that some people have thought the whole project should be open space. He said he was looking at the project as a land use issue. The fact that it involved an affordable housing project was nice and he was glad there was an opportunity to add affordable housing but it wasn’t something that swayed him one way or the other. When the project first came before the council he told the developer he thought the mass was wrong for the neighborhood and site. Through different iterations and reducing it down to two stories both on the north and part of the south side, he came to the conclusion the mass was now appropriate. He thought the project was appropriate.

Ellingson said during the concept plan review there were council members who thought the building was too big. There was a suggestion that the developer make the building look smaller without actually making it smaller. The building was a little smaller on the ends but the footprint did not change. The building and the parking lot took up nearly the entire site.
With the PUD there were no setback requirements so the building was very close to Shady Oak Road. He worried about the safety issues related to children playing in the street. He said a lot of the big apartment buildings that have been approved over the years have been next to a park. He still has concerns the project is too big for the site and neighborhood.

Acomb said she compared this project with other approved projects in the city. Applewood Pointe on Minnetonka Boulevard is four stories in a small village center. If four stories was appropriate there, then three stories seems appropriate in this location given the proximity to a county road, nearby services and the business district in the area. She thought the size and scope was appropriate.

Schneider said the tax credits and economics drove the number of units.

Wiersum said he commended the developer for listening to concerns. He agreed with Allendorf that it was primarily a land use decision. He thought the project had come a long way from the beginning of the process. It was a tight site. It was important to note that Minnetonka was a fully developed community and the expectation is there is going to be a need for greater density housing looking forward. The other projects with a lot more space around them were built during a time when there was a lot more space in the community. He said this was not a one off project. The density that’s going to be required not only for affordable housing but for housing for seniors looking to downsize is going to require projects similar to this one. He said from a land use perspective he could live with this proposal. He couldn’t just look at it as a land use question because affordable housing was sorely needed in the community. The opportunity to get affordable housing in an area like this was appealing to him.

Bergstedt said agreed with the land use issue but didn’t want to minimize the importance of the affordable housing. He said it wasn’t a perfect project and he would encourage the city engineer to continue to work with Hennepin County to widen the access onto Shady Oak Road. He thought the developer did a great job in addressing concerns. It was a very different project than what was first shown at the concept review.

Wagner said he was comfortable with the land use from the start. He said he agreed the transit wasn’t sufficient but this area had the best chance in the city to get a bus route. He agreed the design had improved. He said he wouldn’t be on the council today if a previous council had not approved the affordable housing development on Hopkins Crossroad in the mid-1990’s. That was the only reason he lives in Minnetonka. He thought this project presented a great opportunity for all levels in the city from young
people to seniors. The project aligns with all the goals the council has discussed over the past 10 years.

Acomb said she agreed the affordable housing element was very important on this site and for this location. The site was central to a lot of the safety net organizations. She encouraged the developer to continue with the idea of using solar energy.

Schneider said he has been supportive of the land use for the site since the beginning. He probably would have approved the original project because he felt it was important for this site be used for housing. The substantial redesign improved the project. He thought it would be a great asset to the city. The reality was there is going to be a huge need for multi-family housing not only because of the land shortage but the desire of the way people want to live. Looking at a map of the city shows a whole big swath of the city with half acre lots. There wouldn’t be massive changes to the single family neighborhoods. There would be opportunities like this one around other village centers and Ridgedale where the council would look at the future dynamics where they decide a project like this one made sense to do. Apartment buildings are not going to be plopped into the middle of a residential area. He’s heard from people who said that once this gets approved apartment buildings would be appearing everywhere. He said this was way off base. The future changes likely would not be as drastic as the changes that have happened in the past 30 years.

Wagner moved, Allendorf seconded a motion to adopt resolution 2017-111 approving a comprehensive guide plan amendment from commercial to high density residential; to adopt ordinance 2017-15 rezoning the property from B-2 to PUD; and to adopt resolution 2017-112 approving final site and building plans and preliminary and final plat. Wagner, Allendorf, Acomb, Wiersum, Bergstedt, and Schneider voted “yes.” Ellingson voted “no.” Motion carried.

B. Other items concerning Shady Oak Crossings located at 4312 Shady Oak Road:

1) Contract for Private Development
2) Introduction of Ordinance Authorizing Sale of Property

Wagner moved, Bergstedt seconded a motion to adopt resolution 2017-113 approving the Contract for Private Development; and to introduce the ordinance authorizing the sale of the property. Wagner, Allendorf, Acomb, Wiersum, Bergstedt and Schneider voted “yes.” Ellingson voted “no.” Motion carried.
Schneider called a recess at 8:58 p.m.

He called the meeting back to order at 9:09 p.m.

C. Items related to the 2018 preliminary tax levy

1) Resolution setting a preliminary 2017 tax levy and preliminary 2017 HRA levy, collectible in 2018, and preliminary 2018 budget, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority

2) Resolution setting a preliminary 2017 tax levy, collectible in 2018, for the Bassett Creek Watershed Management Tax District

Barone gave the staff report.

Wiersum moved, Bergstedt seconded a motion to adopt resolution 2017-114 setting a preliminary 2017 tax levy and a preliminary 2017 HRA levy, collectible in 2018, and a preliminary 2018 budget, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority; and to adopt resolution 2017-115 setting a preliminary 2017 tax levy, collectible in 2018, for the Bassett Creek Watershed Management Tax District. All voted “yes.” Motion carried.

15. Appointments and Reappointments: None

16. Adjournment

Acomb moved, Wiersum seconded a motion to adjourn the meeting at 9:20 p.m. All voted “yes.” Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk
Minutes
Minnetonka City Council
Monday, October 9, 2017

1. Call to Order

Mayor Terry 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 Bob Ellingson, Patty Acomb, Brad Wiersum, Tim Bergstedt, Tony Wagner, and Terry Schneider were present. Dick Allendorf was excused.

4. Approval of Agenda

Wiersum moved, Acomb seconded a motion to accept the agenda, as presented. 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 council meetings and city events.

8. Citizens Wishing to Discuss Matters not on the Agenda

Jeff Adrian, 2741 Kenneth Court, presented an idea on best practices protocol when a driver is pulled over by a police officer.

9. Bids and Purchases: None

10. Consent Agenda – Items Requiring a Majority Vote:

A. Resolution for Americans with Disabilities Act Transition Plan for Public Right of Way

Wiersum moved, Bergstedt seconded a motion to adopt resolution 2017-116 receiving the Americans with Disabilities Act Transition Plan for Public Right of Way. All voted “yes.” Motion carried.
B. Resolution reaffirming previous preliminary plat approval and approving the final plat of FRETHAM 18TH ADDITION at 12689 and 12701 Lake Street Extension and an unaddressed parcel

Wiersum moved, Bergstedt seconded a motion to adopt resolution 2017-117 reaffirming the previous preliminary plat approval and approving the final plat of FRETHAM 18TH ADDITION. All voted “yes.” Motion carried.

C. Resolution approving a conditional use permit for a religious institution at 15414 Minnetonka Industrial Road

Wiersum moved, Bergstedt seconded a motion to adopt resolution 2017-118 approving a conditional use permit for a religious institution at 15414 Minnetonka Industrial Road. All voted “yes.” Motion carried.

D. Resolution appointing election judges and absentee ballot board for the November 7, 2017 Municipal General Election

Wiersum moved, Bergstedt seconded a motion to adopt resolution 2017-119 appointing the election judges for the November 7, 2017 Municipal General Election. All voted “yes.” Motion carried.

E. Items related to solar garden subscription agreements

Wiersum moved, Bergstedt seconded a motion to:

- approve amendments to solar garden subscription agreements for Big Lake Units 1 and 2.
- approve subscription agreements for Big Lake Units 4 and 5.
- authorize the city manager to manage existing solar garden subscription agreements, including execution of amendments and new agreements to reflect changes in allocated percentages of energy output among specific solar gardens.

All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes:

A. Purchase of equipment related to outsourcing 9-1-1 dispatch services to Hennepin County

Bergstedt moved, Wagner seconded a motion to amend the CIP authorizing the purchase of equipment needed due to outsourcing PSAP
services to Hennepin County and eliminating the previously approved, dispatch related projects. All voted “yes.” Motion carried.

12. Introduction of Ordinances: None

13. Public Hearings:
   
   A. Off-sale liquor license for Fernriver Enterprises, LLC (dba Strong Liquor) at 11048 Cedar Lake Rd

   Barone gave the staff report.

   Schneider closed the public hearing at 6:49 p.m.

   Wagner moved, Wiersum seconded a motion to continue the public hearing from September 11, 2017 and grant the license. All voted “yes.” Motion carried.

14. Other Business:

   A. Resolution for the 2018 Street Rehabilitation project, Woodhill Road area

   City Engineer Will Manchester gave the staff report.

   Bergstedt thanked the engineering staff. He said road projects can be very disruptive. This one hopefully will be less disruptive because no easements needed to be acquired. He said as final design comes into focus, the city staff does a great job in meeting with residents and to minimize impacts.

   Schneider said burying the transmission line was looked at years back but everyone agreed it was cost prohibitive. He suggested taking a second look at if it truly was beneficial to bury the other lines. With the transmission lines so visible he didn’t think people really notice the lines to the east. Unless there was a significant benefit his preference would be to use the money for an area where the lines are much more visible.

   Bergstedt moved, Wagner seconded a motion to adopt resolution 2017-120 receiving the feasibility report, ordering the improvements, authorizing preparation of plans and specifications, and authorizing easement acquisition for the 2018 Street Reconstruction, Woodhill Road area Project No. 18401. All voted “yes.” Motion carried.
15. Appointments and Reappointments:

   A. Appointments to the senior citizen advisory board

      Schneider moved, Wiersum seconded a motion to approve the
      appointments of Miranda Aurelien and Tom O’Reilly to the senior citizen
      advisory board to serve a two-year term effective October 10, 2017 and
      expiring on May 31, 2019. All voted “yes.” Motion carried.

16. Adjournment

      Wiersum moved, Wagner seconded a motion to adjourn the meeting at 7:10 p.m.
      All voted “yes.” Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk
Minutes  
Minnetonka City Council  
Monday, October 23, 2017

1. Call to Order  
Mayor Terry 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, Bob Ellingson, and Terry Schneider were present. Tony Wagner was excused.

4. Approval of Agenda  
Bergstedt moved, Wiersum seconded a motion to accept the agenda with an addendum to item 10C. All voted “yes.” Motion carried.

5. Approval of Minutes: August 28 and September 11, 2017 regular council meetings  
Wiersum moved, Bergstedt seconded a motion to approve the minutes of the August 28, 2017 regular council meeting and the September 11, 2017 regular council meeting, as presented. All voted “yes.” Motion carried.

6. Special Matters:  
A. Proclamation for Extra Mile Day  
Schneider read the proclamation.

B. Proclamation for World Polio Day  
Acomb read the proclamation.

Jacob Millner, president of the Minnetonka Rotary Club, thanked the city for the proclamation. He provided statistics about polio past and present.

7. Reports from City Manager & Council Members  
Assistant City Manager Perry Vetter reported on upcoming council meetings and city events.
Schneider said he received an invitation from the federal United States Department of State to participate in its Experience America program. The program involves ambassadors from around the world visiting different cities. He will attend a welcome reception at the Minnesota History Center.

8. Citizens Wishing to Discuss Matters not on the Agenda

9. Bids and Purchases: None

10. Consent Agenda – Items Requiring a Majority Vote:

A. Resolution adopting the 2018 meeting schedule for the Minnetonka City Council

Allendorf moved, Acomb seconded a motion to adopt resolution 2017-121 approving the 2018 meeting schedule for the Minnetonka city council. All voted “yes.” Motion carried.

B. Ordinance authorizing sale of property located at 4312 Shady Oak Road

Allendorf moved, Acomb seconded a motion to adopt ordinance 2017-16 authorizing the sale of property located at 4312 Shady Oak Road. All voted “yes.” Motion carried.

C. Resolution ordering the abatement of nuisance conditions existing at 1905 Linner Road

Allendorf moved, Acomb seconded a motion to adopt resolution 2017-122 ordering the abatement of the nuisance condition. All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes:

A. Resolution approving a conditional use permit, with a variance, for an outdoor eating area at 15200 State Highway 7

Allendorf moved, Acomb seconded a motion to adopt resolution 2017-123 approving a conditional use permit, with variance, for an outdoor eating area at 15200 State Highway 7. All voted “yes.” Motion carried.
12. Introduction of Ordinances:

A. Ordinance relating to deferred special assessments, amending section 220.010 of the Minnetonka city code

Finance Director Merrill King gave the staff report.

Wiersum said the only thing that gave him pause was that 50 percent AMI changes based on household size and currently the policy is written so that there is one dollar figure for all household sizes. He cited an example of a family of eight with children over the age of 18 living in the household. He asked if they would figure into the calculation. He suggested having one number such as 50 percent of the AMI for a family of four. He said this would be simpler and cleaner.

Schneider said it made sense to him to have one number per household. He asked if that would be simpler to handle administratively. King said it was the council’s prerogative to make that change. It was no different than any of the other housing programs where the range is used. The idea was to be consistent with the other programs. She said for a family of four it was $45,200 which was significantly different from the current ordinance’s threshold of $29,000.

City Attorney Corrine Heine said the provision was limited to homesteaded properties with persons 65 years old or older or those permanently disabled. In many cases these residents do not have large households. Typically the city has seen situations involving one or two person households.

Schneider said it was becoming more common to have households where a grandparent owns the home but there are many family members from different generations living there. He thought having one number was the right way to go.

Wiersum agreed. He thought basing it on a one person household probably made the most sense.

Acomb said she disagreed with taking that approach. She thought a household could be looked at differently depending on the size of the family living there. She didn’t think it would be administratively burdensome to analyze the number of people in a household earning an income. She said it felt a little bit limiting to have a family of four earning $45,200 and not qualifying for something that was not all that generous.
Heine noted the person who received the deferment must be the property owner and it must be homestead property. That person must be 65 years old or older or retired due to disability. The city has the discretion to determine what qualifies as a hardship, and the way the ordinance was written was hardship was determined by the household. King said the same thing was done with other housing programs. Every year the household has to submit tax records to prove incomes. She said if the current threshold is maintained, one specific resident who currently qualifies for the hardship would miss the threshold by $1,400. She would have to pay her assessments next year if the changes are not made.

Acomb noted her father was disabled at the age of 50. There were instances where this involved someone other than a senior without a family.

Heine said she would re-draft the ordinance for the council to review at a future meeting.

Wiersum suggested still introducing the ordinance at this meeting because it could still be modified at a later date.

Allendorf moved, Bergstedt seconded a motion to introduce the ordinance. All voted “yes.” Motion carried.

B. Ordinance amending Section 710 of the city code regarding increases/changes in fees

Community Development Director Julie Wischnack gave the staff report.

Acomb said the staff report indicated temporary liquor licenses were for outdoor events. She asked if indoor events were included as well. Wiersum noted the report indicated a temporary license was $25 but a temporary license for an outdoor event was $150. Wischnack said that was correct.

Wiersum said that recently the council approved a temporary license for Unmapped Brewery for an outdoor event. He asked if an establishment were going to have multiple similar outdoor events if there was an opportunity to charge a lower fee. Wischnack said staff would consider that suggestion. Allendorf said he supported Wiersum’s idea. He asked for clarity on the hazardous analysis control plan, specifically if an applicant going through the process had to pay the state, the county and the city. Wischnack said no, it depended on who regulated the business.
Schneider asked what part of the ordinance nonprofits fell under for temporary liquor licenses. Wischnack said she would research that and provide information when the ordinance came back to the council. Bergstedt said he agreed with Schneider that many of the temporary licenses were for nonprofits.

Bergstedt moved, Wiersum seconded a motion to introduce the ordinance. All voted “yes.” Motion carried.

13. Public Hearings:

A. On-sale wine and on-sale 3.2% malt beverage liquor licenses for Kais Inc. (DBA Kai’s Sushi), at 17420 Minnetonka Blvd.

Wischnack gave the staff report.

Schneider closed the public hearing at 7:13 p.m.

Wiersum moved, Allendorf seconded a motion to grant the licenses. All voted “yes.” Motion carried.

14. Other Business:

A. Concept plan review for iFLY at 12415 Wayzata Boulevard

City Planner Loren Gordon gave the staff report.

Mark Lee, director of development for iFLY, said he was glad to talk about bringing the dream of flight to people visiting Ridgedale. This would be the first and only location of iFLY in Minnesota. He shared a video of what indoor skydiving was. He said it was great watching his brother experience the experience. He couldn’t be more glad to bring indoor skydiving to Minnetonka.

Schneider said the size of the building likely wasn’t an issue but signage could be. Allowing visibility from 394 was important but to have signage around the building might be problematic. He said iFLY could attract a whole different market of people to the mall that would not otherwise come. Over time it would expose the other retailers to a lot broader base given the uniqueness of iFLY. He asked if there was a possibility to link the experience with virtual reality goggles to let users feel like they were skydiving into something other than a glass bubble. Lee said the company was looking into that option although it hadn’t rolled it out in any of its other locations.
Allendorf said he appreciated the concept views of how the building related to its neighboring buildings. He agreed iFLY would open up an entertainment option that currently didn’t exist in the city. He said he too was concerned about the signage. His first inclination was to allow iFLY to have signs all over but then he questioned what that meant for other tenants of the mall. He said it would be a fine line between allowing the proper signage for this business, if the process proceeds, with what that would mean for the other businesses at the mall.

Bergstedt asked Lee to address potential noise issues with restaurants with outdoor seating on either side of the proposed site. Lee said because of the recycling air design, the noise never escapes the building. It was silent from the outside. Inside the chamber ear protection would be worn because of how loud it will be. Bergstedt asked if iFLY was successful in Minnetonka, if the company would look at other Minnesota locations. One of the appeals was it would bring a whole new clientele to Ridgedale. This would be lost if the plan was to saturate the metro area with similar stores. Lee said he saw it likely as a two store market with an east/west strategy. There was nothing currently in the works. Bergstedt noted there was an indoor skydiving facility in Scottsdale, Arizona. He asked if that was owned by iFLY. Lee confirmed it was owned by iFLY. He said some of the older facilities had a louvered system that allowed air in for cooling. Those systems were louder. The Minnetonka facility would have a chiller system that doesn’t need outside air. He noted there would be wall to wall steady air flow so a person couldn’t fall off the stream of air unlike some of the competitors. Bergstedt said he was excited about the use but he too was concerned about balancing the signage.

Acomb said Lee had estimated there would be around 150,000 visitors a year. This would mean around 400 people a day would visit iFLY. She asked if this was based on data from other sites. Lee said the number was based on other sites but was on the high side. He said the Twin Cities was the second largest metro area that iFLY was not in. The only larger city was Boston.

Ellingson asked how many people could fly at a time. Lee said for new flyers there would be only one person in the chamber at a time. There always would be an instructor in the chamber as well.

Wiersum asked for information about the typical customer experience. Lee said most people call ahead or signup online. The experience lasts about an hour and a half. There is a course that teaches people the concepts. The person gears up. The flying experience lasts about a minute. This is longer than a free fall when a person jumps out of a plane. The cost is around $60. Wiersum asked who the target audience was. Lee said it
varies a bit by area but usually it’s those 7 to 17 years old or 9 to 19 years old.

Schneider said one downside was if iFLY left, there wasn’t much of a reuse of the building. Lee said because of the deal structure, iFLY was paying for the building so it was in their best interest to make sure the business succeeds. What would likely happen when the tunnel gets decommissioned, was the entire building would be taken down.

Acomb asked if because the building was a high energy user, solar energy was an option. Lee said he was on an energy call earlier in the week when solar energy was discussed. Nothing has been ruled out. The number one cost is electricity.

Annette Bertelsen, 13513 Larkin Drive, said she was speaking on behalf of a group of residents who live in the Essex Hills neighborhood. The group was thrilled about the use and was looking forward to having an attraction like this at Ridgedale. She said the neighborhood group had questions about the traffic and if an application was submitted, if there would be a traffic study. The group also had questions if the placement of the building was the best location to accommodate future growth. She suggested if there was a neighborhood meeting that representatives from General Growth attend.

15. Appointments and Reappointments: None

16. Adjournment

   Bergstedt moved, Wiersum seconded a motion to adjourn the meeting at 7:53 p.m. All voted “yes.” Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk
Minutes
Minnetonka City Council
Monday, November 13, 2017

1. Call to Order

Mayor Terry Schneider called the meeting to order at 6:39 p.m.

2. Pledge of Allegiance

All joined in the Pledge of Allegiance.

3. Roll Call

Council Members Patty Acomb, Tim Bergstedt, Tony Wagner, Bob Ellingson, Dick Allendorf, and Terry Schneider were present. Brad Wiersum was excused.

4. Approval of Agenda

Allendorf moved, Acomb seconded a motion to accept the agenda with an addendum to item 10E. All voted “yes.” Motion carried.

5. Approval of Minutes: None

6. Special Matters:

A. Recognize 2017 Photo Contest Winners

Schneider recognized the winners.

B. Strategic Branding Update and Implementation Plan

Communications Manager Kari Spreeman presented the plan.

Wagner said as the city started looking at strategic marketing the objective was looking at a way to better tell the story of Minnetonka. He said that would be the next step after the foundational piece.

Schneider said some people in the city question why the city was marketing something that didn’t need to be marketed. He complimented staff for the clear methodology and purpose.
7. **Reports from City Manager & Council Members**

City Manager Geralyn Barone reported on upcoming council meetings and city events. She recognized Betty Johnson’s contributions to the city. Johnson recently passed away.

Bergstedt thanked city staff and the election judges for their work on the recent city election.

8. **Citizens Wishing to Discuss Matters not on the Agenda**

9. **Bids and Purchases: None**

10. **Consent Agenda – Items Requiring a Majority Vote:**

    A. **Announcement of closed meeting to discuss labor negotiation strategies on November 20, 2017 at 5:30 p.m. in the Lone Lake Conference Room**

    Schneider read an announcement indicating the purpose and location of the closed session.

    Allendorf moved, Acomb seconded a motion to adopt the motion to schedule a closed meeting on November 20, 2017, at 5:30 p.m. in the Lone Lake Conference Room at city hall, for the purposes of considering labor negotiation strategies with respect to 2018 wages and benefits for all employees, including all collective bargaining unit members, pursuant to Minnesota Statutes section 13D.03. All voted “yes.” Motion carried.

    B. **Resolution certifying the results of the November 7, 2017 Municipal General Election**

    Allendorf moved, Acomb seconded a motion to adopt resolution 2017-123 certifying the results of the November 7, 2017 Municipal General Election. All voted “yes.” Motion carried.

    C. **2018 fee schedules for consulting engineering services**

    Allendorf moved, Acomb seconded a motion to approve the revised 2018 fee schedules proposed by the city’s general services consulting engineering firms, and authorize the mayor and city manager to execute the Addenda to the Agreements for Professional Services with the following firms: AE2S; American Engineering Testing, Inc.; Barr Engineering Company; Bolton & Menk, Inc.; Hansen Thorp Pellinen Olson, Inc.; In Control, Inc.; ISG, Inc.; Kjolhaug Environmental Services
Co.; Sambatek, Inc.; Short Elliott Hendrickson, Inc.; SRF Consulting Group, Inc.; and WSB & Associates, Inc. All voted “yes.” Motion carried.

D.  Public health mutual aid agreement

Allendorf moved, Acomb seconded a motion to approve the agreement. All voted “yes.” Motion carried.

E.  Resolution ordering the abatement of nuisance conditions existing at 3622 Steele Street

Item was pulled from the agenda with the addendum.

11.  Consent Agenda – Items requiring Five Votes:

A.  Resolution approving a conditional use permit, with a parking variance, for a vision clinic at 13889 Ridgedale Drive

Allendorf moved, Wagner seconded a motion to adopt resolution 2017-124 approving a conditional use permit, with a parking variance, for a vision clinic at 13889 Ridgedale Drive. All voted “yes.” Motion carried.

12.  Introduction of Ordinances: None

13.  Public Hearings: None

14.  Other Business:

A.  Items related to deferred special assessments

City Attorney Corrine Heine gave the staff report.

Acomb said when the ordinance was introduced, staff indicated there was one person who was able to utilize the program but under one of the options, would lose eligibility. She asked if under the proposed ordinance, that resident would be able to use the program. Heine said if the ordinance was not amended the resident would no longer qualify.

Wagner noted he was not at the meeting when the ordinance was introduced but was 100 percent supportive of not having another calculation when an existing calculation made sense. He said he was puzzled about the idea of an administrative burden since all that was involved was a tax return. He was conflicted about a situation where there was one person with no income who asked for a deferral and there was
another person in the same household who made a lot of money. This did not make sense. Similarly there could be a household with two people with a medical hardship who were slightly over the threshold that would not qualify.

Schneider asked how the household income would be calculated for a household with three people, two being wage earners and the other an adult child. Heine said historically the city has used the one number, $17,000 adjusted annually. The applicant provides an application and proof of income. Generally the person has either been single, head of household, or been married filing a joint return. The joint return has been submitted as proof of income. If the ordinance was changed to using household income the applicant would not only have to provide their individual income tax return, but to identify every member of the household and provide income verification for every member of the household. She said while it was theoretically possible an applicant could be requesting a hardship deferment who wasn’t 65 years old or retired due to a disability, this hasn’t occurred in all the years the city has been doing the program. Her research showed no other city was using household income.

Acomb said during the discussion when the ordinance was introduced, she was in favor of using the household income. She said it didn’t seem there would be a big administrative burden since it didn’t happen very often. The housing programs already use the household income.

Wagner said for affordable housing a percentage of AMI is always used. It seemed intuitive to use the household income.

Heine provided language to make the change to household income if the council desired to do that.

Schneider said he agreed that household income was generically understood.

Wagner moved, Bergstedt seconded a motion to adopt ordinance 2017-17 amending section 220.010 of the Minnetonka city code with the changes suggested by the city attorney for item 2, regarding deferred special assessments and resolution 2017-125 amending City Council Policy 2.17, regarding deferred special assessments. All voted “yes.” Motion carried.

B. Ordinance amending Section 710 of the city code regarding increases/changes in fees

Community Development Director Julie Wischnack gave the staff report.
Wagner said temporary signs cause more work from an enforcement standpoint. In the future if the city sees a lot of enforcement involving temporary signs, a fee should be looked at. Wischnack said currently a person has to pay a fee to get the sign back.

Wagner moved, Allendorf seconded a motion to adopt ordinance 2017-18 with the proposed fees. All voted “yes.” Motion carried.

C. Resolution authorizing the certification of delinquent water and sanitary sewer charges to the Hennepin County Auditor

Barone gave the staff report.

Allendorf moved, Acomb seconded a motion to adopt resolution 2017-126 authorizing the certification of delinquent water and sanitary sewer charges to the Hennepin County Auditor. Acomb, Bergstedt, Wagner, Allendorf and Schneider voted “yes.” Ellingson abstained. Motion carried.

D. Resolution authorizing the certification of delinquent fire alarm response fees to the Hennepin County Auditor

Barone gave the staff report.

Bergstedt moved, Wagner seconded a motion to adopt resolution 2017-127 authorizing the certification of fire response fees to the Hennepin County Auditor. All voted “yes.” Motion carried.

E. Resolution amending council policy 1.1 regarding appointments to joint powers organizations and intergovernmental boards

Barone gave the staff report.

Acomb moved, Wagner seconded a motion to adopt resolution 2017-128 amending council policy 1.1 regarding appointments to joint powers organizations and intergovernmental boards. All voted “yes.” Motion carried.

15. Appointments and Reappointments:

A. Resolution designating Alternate Commissioner to the Bassett Creek Watershed Management Commission

Schneider moved, Bergstedt seconded a motion to adopt resolution 2017-129 appointing William Monk as alternate commissioner to the Bassett Creek Watershed Management Commission.
Creek Watershed Management Commission to serve a term of office beginning November 13, 2017 and ending on February 1, 2019. All voted “yes.” Motion carried.

16. Adjournment

Wagner moved, Acomb seconded a motion to adjourn the meeting at 7:29 p.m. All voted “yes.” Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk
City Council Agenda Item #6A  
Meeting of December 4, 2017

**Brief Description:**  Recognition of 9-1-1 dispatchers

**Recommended Action:**  Recognize employees

**Background**

The city of Minnetonka has operated a 24-hour Public Safety Answering Point (PSAP) since 1989. Since inception the city has continuously invested in technology and staff to support the PSAP mission. In 1989, dispatchers processed over 25,000 calls for service. Today, dispatchers process annually over 46,000 calls for service. The dispatch profession has evolved dramatically, becoming more technical and sophisticated causing a significant increase in cost to maintain up-to-date technology and adequate staffing. Recently, the city engaged an independent consultant to examine PSAP operations to determine long term service demands and challenges. At a time when technology is advancing at a rapid pace and staffing challenges continue, the city believed it was in the best interest to transfer PSAP operations to Hennepin County.

Throughout this process and decision, the dispatchers have continued to provide exceptional service to our residents and staff. They have continued to come to work each and every day ready to help in any way they can, even though they knew the dispatch center would be closing. It is this commitment to their profession that describes their character and dedication to this city. These dispatchers have made a career at Minnetonka and they are greatly appreciated! We would like to recognize each of our dispatchers.

Dispatcher Mary Pertler - 26 years of service  
Dispatcher Jean Roehlke - 23 years of service  
Dispatcher Mary McNelis-Guse - 16 years of service  
Dispatcher Heather Strickland - 15 years of service  
Dispatcher Tanya Witschen - 14 years of service  
Dispatcher Dawn Kenyon - 4 years of service  
Dispatcher Danielle Forsman-Earl – 2 years of service

Together, these dispatchers have contributed 100 years of service to the city of Minnetonka and our residents. Thank you!

**Recommendation**

Recognize dispatchers for their service to Minnetonka.

Submitted through:
Geralyn Barone, City Manager

Originated by:
Scott Boerboom, Chief of Police
City Council Agenda Item #10A
Meeting of December 4, 2017

Brief Description: Resolution amending Council Policy 2.1 on investments

Recommended Action: Adopt the resolution

BACKGROUND

The city’s investment policy describes the parameters for investing our government funds and identifies our investment objectives, preferences or tolerance for risk, constraints on the investment portfolio, and how the investment program will be managed and monitored. The document serves as a communication tool for staff, the city council, the public, rating agencies, bondholders, and any other stakeholders on investment guidelines and priorities of the city. It is recognized that an investment policy enhances the quality of decision making and demonstrates a commitment to the fiduciary care of our public funds, making it a critical element in the city’s financial well-being.

Federal, state and local public policy define the rules around local government investing. Our investments are significantly impacted by federal regulation, including that of the Federal Reserve Board, the Securities and Exchange Commission (SEC) and congressional actions such as the Dodd Frank Act. In Minnesota, state statutes strictly regulate the investment of government funds under M.S. 118A. The city of Minnetonka first adopted Council Policy 2.1, “Standards for Investments and Banking Regulations,” in 1986 and has amended it since that time using best practice guidelines of the Government Finance Officers Association (GFOA).

The city council last updated our investment policy in 2003. Since that time, the U.S. economy has experienced substantial market changes and regulatory reforms have significantly altered the investment market. Since the recession in 2008, performance of the city’s portfolio has been hampered not only by these market changes, but also by our policy that was created and amended during a different market environment.

In order to update the city’s investment policy, the city finance director enlisted the assistance of our financial advisor, Springsted, Inc., to develop recommended amendments that address these market changes and ensure the city continues to meet its fiduciary responsibilities. At its study session on November 20, the city council reviewed the recommendations and provided substantive feedback. The proposed new and revised policy is attached, which incorporates council’s direction to add a conflict of interest provision. All other provisions of the recommended policy are the same as presented at the study session.
The proposed investment policy continues to comply with GFOA Best Practices, is fairly representative of the collective good judgement of other surveyed communities in the metro, and is patterned after tried and true experience. Our current investment policy has served the city very well, and the proposed changes as incorporated in the recommended policy continue the city’s traditionally more conservative philosophy regarding investments. The recommended policy updates the city’s current investment policy by providing more specific guidance in needed areas, clarifying constraints and providing a more comprehensive list of allowable investment instruments.

RECOMMENDATION

Staff recommends the council approve the new and revised Council Policy 2.1, “Standards for Investments and Banking Regulations” and authorize limited investment in equity funds through the Minnesota State Board of Investments by adopting the attached resolution.

Submitted through:
    Geralyn Barone, City Manager

Originated by:
    Merrill King, Finance Director
Resolution No. 2017-

Resolution amending Council Policy 2.1, establishing standards for investments and banking relations

Be it resolved by the City Council of the City of Minnetonka, Minnesota as follows:

Section 1. Background.

1.01. The city council has adopted an investment policy to govern the investment of city funds and the process by which the city selects its providers of banking services.

1.02. The city’s investment policy was last revised in 2003. Since that time, substantial changes in the market and in regulations have altered the investment market.

1.03. Recent state legislation has provided additional authority for cities to invest in long-term equity investments.

1.04. It is in the public interest that the city’s investment policy be periodically updated to reflect regulatory and market changes.

Section 2. Council Action.

2.01. Council Policy 2.1, Standards for Investments and Banking Relations, is amended as shown in the attached Exhibit A.

2.02. Council Policy 2.1 authorizes investments to be made in equity investments through the Minnesota State Board of Investments. In accordance with Minnesota Statutes, section 118A.09, the city council makes the following findings:

a. The city council understands that investments in equity funds, including index mutual funds through the Minnesota State Board of Investment, have a risk of loss.

b. At this time, the State Board of Investments offers only one index mutual fund investment option. The city council understands the type of funds that it has authorized to be invested and the specific investment option currently available. If the State Board of Investments were to make additional investment options available in the future, a resolution of the council will be required prior to the city making any investments in those specific investment options.

c. The city council certifies that all funds designated for investment through the State Board of Investment meet the requirements of section 118A.09 and the policies and procedures established by the State Board of Investment.
Adopted by the City Council of the City of Minnetonka, Minnesota, on.

___________________________
Terry Schneider, Mayor

Attest:

___________________________
David E. Maeda, City Clerk

**Action on this resolution:**

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on.

___________________________
David E. Maeda, City Clerk
Policy Number 2.1  
Standards for Investments and Banking Regulations

Purpose of Policy: This policy establishes standards governing the investment of city funds and the process by which the city selects the bank which provides its banking services.

Introduction
It is the city's policy that available funds be invested to the maximum extent possible, at the highest rates obtainable at the time of investment, in conformance with the legal and administrative guidelines outlined herein and that the city receives the highest quality banking services at a competitive rate. This policy applies to all investments made by the city, irrespective of fund.

This policy also applies to the city’s bank accounts which include transactions such as clearing vendor checks, city payroll checks, deposits of tax settlements, utility receipts and other revenue collections. It also includes interest earnings on deposits in those accounts.

Delegation of Authority
The City Council authorizes the finance director to designate depositories and make all investments for the city in accordance with Minnesota Statute 118A.02. The assistant finance director will be authorized to act during the finance director’s absence only upon prior notification of the city manager.

INVESTMENTS

Ethics and Conflicts of Interest
Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the City Council. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Scope of Investments
The city will invest only in the following instruments permitted by Minnesota Statute 118A.03-118A.05:

- United States Treasury Obligations
- Federal Agency Securities
- Commercial Paper
• Certificates of Deposit (CDs)
• Repurchase Agreements (Repos)
• Money-Market Funds

These instruments and procedure for their purchase are defined in the Appendix.

**Investment Objectives**
The city’s investment objective is to preserve capital while attaining a market-average rate yield consistent with cash flow needs.

**Safety.** Safety of principal is the foremost objective. Investments must be undertaken so as to ensure the preservation of capital in the overall portfolio. Diversification is required to limit potential losses to no more than the income generated by the portfolio.

**Liquidity.** The city’s portfolio will be structured to be sufficiently liquid to meet all operating requirements which might be reasonably anticipated. It is essential that money is always available when needed.

**Yield.** The city’s investment portfolio must be designed to attain a market-average rate of return during budgetary and economic cycles, taking into account the city’s investment risk constraint and the cash flow characteristics of the portfolio.

Everyone participating in the investment process must seek to act responsibly as custodians of the public trust. Investment officials must avoid any transaction that might impair public confidence in the city’s ability to govern effectively.

**Scope of Investments**
The city will invest only in instruments permitted by Minnesota Statute 118A and at the discretion of the finance director following the guidelines below when selecting investments:

<table>
<thead>
<tr>
<th>Investment Instrument</th>
<th>Maximum % Holdings</th>
<th>Constraints in addition to statutory constraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Treasury Obligations</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>Federal Agency Securities</td>
<td>70%</td>
<td>No more than 20% of any agency</td>
</tr>
<tr>
<td>Bankers Acceptances</td>
<td>30%</td>
<td>No more than ___% in any issue</td>
</tr>
<tr>
<td>Certificates of Deposit (CDs)</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>City of Minnetonka Obligations</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>
Maintaining Adequate Liquidity and Mitigating Market Risk

The city will invest to match its investments with cash flow needs, while pursuing a reasonable return on invested funds. The city will invest to provide adequate liquidity for short-term cash needs, and use longer term investments for the portion of its portfolio that is not needed short-term using the following strategies:

a) Investments will be made considering the city’s projected cash flow, which will be estimated at the beginning of each budget year and reviewed periodically during the year. Investment will be selected to mature at times that provide adequately for cash flow needs without forced liquidation of securities or anticipating calls.

b) A minimum of 3 months of budgeted operating expenditures will be kept in short-term investments, such as a money market, to provide liquidity.

c) Unless a specific exception is provided, the maximum average life of the portfolio, excluding the amount invested under d) below will be five years.

d) The city’s Community Investment Fund functions as an endowment fund and an equivalent amount of the city’s portfolio may be invested in securities with final maturities in excess of five years.

Portfolio Rebalancing

Fluctuations in the aggregate invested amount could cause the city’s portfolio to contain investments in a particular issuer or investment type, or the average life of the portfolio to exceed the maximums stated from time-to-time. Securities do not need to be liquidated to realign the portfolio; however, subsequent investments should be made so as to bring the portfolio back into alignment as soon as practicable.

<table>
<thead>
<tr>
<th>Investments</th>
<th>Percentage</th>
<th>Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Paper</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Equity Investments</td>
<td>15%</td>
<td>Only by investing with the Minnesota State Board of Investments</td>
</tr>
<tr>
<td>including Index Mutual Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Bonds –</td>
<td>30%</td>
<td>Limited to general obligation and utility revenue obligations. No more than 5% in any one issuer.</td>
</tr>
<tr>
<td>Money Market Funds,</td>
<td>100%</td>
<td>Under ordinary market conditions limited to 50%, but if, and only if, unusual conditions merit it, 100% of portfolio could be held short-term.</td>
</tr>
<tr>
<td>including the 4M Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Repurchase Agreements</td>
<td>30%</td>
<td></td>
</tr>
</tbody>
</table>

These instruments are defined in the Appendix.
**Investment of Tax-exempt Bond Proceeds**

Tax-exempt bond proceeds, including money held for the payment of debt service on such bonds, are subject to federal rules and regulations that can affect the way in which they are invested, including federal safe harbor rules establishing fair market value purchase prices and a variety of arbitrage rules. Prior to investing tax-exempt bond proceeds, the finance director will seek advice as needed to assure compliance with relevant requirements.

**Authorized Financial Institutions and Dealers**

The city will conduct its investment transactions with several legal, competing, reputable investment security dealers, insurance companies, and qualifying banks located within the Twin Cities area. The vendors selected will have a verifiable history of service to governmental entities and familiarity with Minnesota statutes governing investment restrictions. In order to provide an opportunity for local banks to compete for investments, smaller dollar amounts will be offered. The city will obtain a written confirmation from each vendor that such vendor is familiar with Minnesota state statutes regarding municipal investments and the city’s investment policy and agrees to comply with both.

**Safekeeping and Custody**

All investments will be settled on a delivery vs. payment basis and held in the City’s name. The city will maintain a record of all investment activity. If determined to be beneficial, the finance director may choose to employ an independent third-party safekeeping institution.

**Speculative Investments Not Allowed**

The city will not purchase investments that, at the time of investment, cannot be held to maturity. The city will also not invest in securities, other than money-market mutual funds or equity-based investments invested through the State Board of Investment, without a fixed maturity date and fixed interest or discount rate. This does not mean that an investment cannot be sold prior to maturity.

**Maximum Maturities**

The city will attempt to match its investments with cash flow needs. Unless directly matched to a specific cash flow, the city will not invest in securities maturing more than ten years from the date of purchase. Excluding investable funds from the Community Investment Fund, no more than 50 percent of the dollar value of the city’s investments will mature more than two years from the date of purchase.

**Performance Standards**

The investment portfolio should achieve a market average rate of return during a period of stable interest rates. Appropriate benchmarks will be established against which portfolio performance is compared annually. The benchmarks should be chosen to reflect the actual securities purchased and have a similar weighted average maturity and credit profile as the portfolio or appropriate portions of the portfolio.

**Procedures**

Cash management is essential to a good investment program. The finance department has responsibility to organize and establish procedures for effective cash management,
based on the following guidelines:

- Cash flow projections will be prepared at the beginning of each budget year.
- Each morning, cash balances will be prepared based on reviewed cash received the previous day, warrants paid the previous day, and sizeable checks or wire transfers that present an investment opportunity.
- The investment records will be reviewed and updated as investments mature or are purchased.
- Each month, the investment records will be balanced to the financial records.
- Each month, the treasurer will submit a report of the city's investments and cash position to the city council.
- Investments made on a pooled basis, interest earnings will be allocated to the various city funds at least quarterly.
- The General Fund will be allocated a management fee equal to five percent of the investment earnings.
- An investment committee consisting of the city manager, finance director, and any other person so designated by the city manager, must meet quarterly as needed to determine general strategies and to monitor results.

BANKING

Administrative Process
The highest priority in banking relations is for the city to be in a beneficial and competitive banking relationship. This can be done by periodically surveying other cities in the metro area and comparing the level of service and interest rates.

Procedures
The finance director has the responsibility to organize and establish procedures for effective management of the city's checking account, based on the following guidelines:

- Every two years the finance department will survey comparable cities in the Twin Cities area to obtain information on banking services and interest rates.
- After compiling this information, a comparison will be made between the city's current banking services and interest rates and those of the cities surveyed.
- If the results of the survey show that the city is still receiving a competitive banking arrangement, the city will stay with its current bank.
- If the results of the survey show that the city is not receiving competitive services, staff will immediately put together a Request for Professional Services for the city's general banking services.
• The city will then solicit proposals for banking services from banks located within the community.

• The Investment Committee will evaluate proposals and interview banks in order to recommend a new bank to handle the city's banking services.

Adopted by Resolution No.86-8106
Council Meeting of June 15, 1986

Amended by Resolution No. 91-9258
Council Meeting of August 19, 1991

Amended by Resolution No. 96-190
Council Meeting of December 2, 1996

Amended by Resolution No. 2003-077
Council Meeting of August 25, 2003

Amended by Resolution No. 2017-___
Council Meeting of December ___ , 2017
APPENDIX

Eligible Instruments for City Investment

United States Treasury Obligations. These securities are issued as bills, notes and bonds. Treasury bulls are sold on a discount basis with maturities of under one year. Treasury notes are issued for maturities of one to seven years. The original maturity on Treasury bonds is over seven years. Both notes and bonds pay periodic interest. In general, Treasury securities are the safest and most marketable securities, but have the lowest yield for investments of a given maturity.

(MN Statutes 118A.04, Subd. 2)

Federal Agency Securities. These are obligations.

"Agencies" is a term used to describe two types of various bonds: (1) bonds issued or guaranteed by U.S. federal government agencies; and (2) bonds issued by government-sponsored enterprises (GSEs)—corporations chartered by created by Congress to foster a public purpose, such as affordable housing.

Bonds issued or guaranteed by Federal Government agencies such as the federal government and guaranteed by Small Business Administration, the agency issuing Federal Housing Administration and the security. Principal agencies issuing securities are the federal land banks, the Federal Home Loan banks, the Federal Government National Mortgage Association ("Fannie Mae"). the Government (Ginnie Mae) are backed by the full faith and credit of the U.S. government, just like U.S. Treasury Bonds.* Full faith and credit means that the U.S. government is committed to pay interest and principal back to the investor at maturity. Because different bonds have different structures, bonds issued by federal government agencies may have call risk. In addition, agency bonds issued by Federal Government agencies are less liquid than Treasury bonds and therefore this type of agency bond may provide a slightly higher rate of interest than Treasury bonds.

Bonds issued by GSEs such as the Federal National Mortgage Association ("Ginnie Mae"), and the banks for cooperatives. Maturities of these (Fannie Mae, the Federal Home Loan Mortgage (Freddie Mac) and The Federal Agricultural Mortgage Corporation (Farmer Mac) are not backed by the full faith and credit of the U.S. government, unlike U.S. Treasury bonds. These bonds have credit risk and default risk and the yield on these bonds is typically slightly higher than on U.S. Treasury bonds.

Examples of Federal Agency Securities

<table>
<thead>
<tr>
<th>Guaranteed by U.S.</th>
<th>Issued by GSEs</th>
</tr>
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<tbody>
<tr>
<td>Small Business Administration</td>
<td>Freddie Mac</td>
</tr>
<tr>
<td>Federal Housing Administration</td>
<td>Fannie Mae</td>
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<tr>
<td>Ginnie Mae</td>
<td>Federal Home Loan Bank</td>
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<td></td>
<td>Farmer Mac</td>
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<td></td>
<td>Farm Credit Bank</td>
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<td></td>
<td>REFCORP- Resolution Funding</td>
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</tbody>
</table>
Bankers Acceptances. A banker's acceptance is a short-term debt instrument issued by a company that is guaranteed by a commercial bank. Banker's acceptances are issued as part of a commercial transaction. These instruments are similar to T-Bills, are frequently used in money market funds and are traded at a discount from face value on the secondary market, which can be an advantage because the banker's acceptance does not need to be held until it matures.

Banker's acceptances vary in amount according to the size of the commercial transaction. The date of maturity typically ranges between 30 and 180 days from the date of issue, which generally classifies the banker's acceptance as a short-term negotiable instrument. When traded, the instrument is sold below its face value to provide an investor the opportunity to generate a profit from the deal, similar to the trading strategy behind zero-coupon bonds. Banker's acceptances are considered to be relatively safe investments since the bank and the borrower are liable for the amount that is due when the instrument matures.

Certificates of Deposit (CDs). A certificate of deposit (CD) is a savings certificate with a fixed maturity date, specified fixed interest rate and can be issued in any denomination aside from minimum investment requirements. A CD restricts access to the funds until the maturity date of the investment. CDs are generally issued by commercial banks and are insured by the FDIC up to $250,000. Yields on CDs tend to be higher than on Treasury bills of comparable maturity. The city will purchase certificates of deposit from vendors based on the following criteria:

- The rate should match or exceed other investment options.
- Collateral of government securities should be provided in the amount of 110% of the excess over the FDIC insurance amount.

City of Minnetonka Obligations. The City is able to purchase certain of its own obligations as permitted under statute.

Commercial Paper. This is an unsecured promissory note issued by large companies for general financing purposes. Commercial Paper is normally sold at a discount from face value.

- Commercial Paper must be restricted to issues range upward which mature in 270 days or less with a rating of A-1 (Moody's), P-1 (Standard & Poor's), or F-1 (Fitch) among at least two of the three rating agencies.
• Commercial Paper must be purchased only from a monthdealers who report to approximately fifteen years. They generally have a higher the Federal Reserve Bank of New York or from qualifying banks.

• Commercial paper shall not be purchased unless the yield is greater than United States Treasury obligations or Federal agency issues.

(MN Statutes 118A.04, Subd. 4)

Index Mutual Funds. An index fund is a type of mutual fund with a portfolio constructed to match or track the components of a market index, such as the Standard & Poor's 500 Index (S&P 500). An index mutual fund is said to provide broad market exposure, low operating expenses and low portfolio turnover. Investing in an index fund is a form of passive investing. The primary advantage to such a strategy is the lower management expense ratio on an index fund. The City may invest directly in an index mutual fund under statute, but chooses to make such investments only through the Minnesota State Board of Investment. Statute requires that only certain long-term funds are eligible for this type of investment and only up to 15% of unassigned cash, cash equivalents, deposits, and investments.

(MN Statutes 118A.09)

Money Market Funds. These are short term, high quality investments, sold by investment companies. These instruments include Treasury bills and notes, certificates of deposit, commercial paper, banker’s acceptances, and Eurodollar instruments. In order to ensure maximum security, only those Money Market Funds with portfolios consisting solely of United States Treasury Obligations and/or Federal Agency Issues will be considered for investment.

(MN Statutes 118A.05, Subd. 4)

Municipal Bonds. A municipal bond is a bond issued by a local government or territory, or one of their agencies. Minnesota Statutes provide that City funds can be invested in:

• Any general obligation of any state or local government with taxing powers which is rated “A” or better by a national bond rating service

• Any revenue obligation of any state or local government which is rated “AA” or better by a national bond rating service

• A general obligation of the Minnesota Housing Finance Agency rated “A” or better by a national bond rating service and which is a moral obligation of the State

• An obligation of a school district with a maturity of 12 months or less and either rated in the highest category by a national bond rating service or enrolled in the credit enhancement program of the State.

(MN Statutes 118A.04, Subd. 3)
Repurchase Agreements (Repos). These provide for the sale of short-term securities by a securities dealer to investors, such as cities, with an agreement to repurchase the securities at a specified future date. The investor receives a yield while holding the security and the repurchase price is guaranteed in advance. The length of the holding period is tailored to the needs of the investor, but is usually of very short duration. Rates are similar to the rates on Treasury bills, federal funds, and loans to government security dealers by commercial banks. Repos will be subject to the following procedures:

- The city will only invest in Perfected Collateral Repos, which are considered secured loans with securities as underlying collateral. Perfection is the means by which the city’s right to the collateral, in a loan in the event that a debtor defaults, is secured. With perfection there is less risk for the city since the claim against the collateral is superior in relation to those of other parties.

- For Repos with maturities of 21 days or less, collateral is considered perfected without security delivery. For Repos with maturities extending past 21 days, perfection occurs only by taking possession of securities. The city will take delivery of the collateral for Repo transactions greater than 21 days.

- The city will purchase Repos from vendors who meet the following criteria:
  - Reporting dealers monitored by the New York Federal Reserve Bank.
  - Nationally supervised commercial banks whose combined capital and surplus equals or exceeds $25,000,000.
  - Local designated depository banks issuing Repos in amounts of $500,000 or less and scheduled to mature in seven days or less.

- The qualifying bank or dealer must have demonstrated over a significant period of time, a successful, profitable, and reliable operation. The qualifying bank or dealer must have an established managerial component and knowledgeable professional staff capable of ensuring the continued success of the enterprise.

Certificates of Deposit (CDs). This is a deposit of funds at a commercial bank for a specified period of time and at a specified rate of interest. Yields on CDs tend to be higher than on Treasury bills of comparable maturity. The city will purchase certificates of deposit from vendors based on the following criteria:

- The rate should match or exceed other investment options.

- Collateral shall be government securities in the amount of 110 percent of the excess over the FDIC insurance amount ($100,000 under current law).

Commercial Paper. This is an unsecured promissory note issued by large companies for general financing purposes. Commercial Paper is normally sold at a discount from face value.

- Commercial Paper must be restricted to issues which mature in 270 days or less with a rating of A-1 (Moody's), P-1 (Standard & Poor's), or F-1 (Fitch) among at
least two of the three rating agencies.

- Commercial Paper must be purchased only from dealers who report to the Federal Reserve Bank of New York or from qualifying banks.

- Commercial paper shall not be purchased unless the yield is greater than United States Treasury obligations or Federal agency issues.

Money Market Funds. These are short term, high-quality investments, sold by investment companies. These instruments include Treasury bills and notes, certificates of deposit, commercial paper, banker’s acceptances, and Eurodollar instruments. In order to ensure maximum security, only those Money Market Funds with portfolios consisting solely of United States Treasury Obligations and/or Federal Agency Issues will be considered for investment. *(MN Statutes 118A.05, Subd. 2)*
City Council Agenda Item #10B
Meeting of December 4, 2017

Brief Description: 2018 general liability insurance and workers’ compensation renewals

Recommended Action: Authorize renewal of policies as outlined

Background
The city council is being asked to review the proposed insurance package for the city’s 2018 policy term, and formally authorize the coverage options for the package policies and workers’ compensation policy as outlined by staff.

LMCIT Program
The city has been with the League of Minnesota Cities Insurance Trust (LMCIT) since the early 1980s. The program continues to offer the broadest coverage for municipal operations at very reasonable rates. LMCIT also offers a program for return of excess premiums based on successful experience ratings, and the city continues to receive dividends for the general liability program. Staff recommends that the city remain in the LMCIT program.

Package Policies
The coverage provided by the package policies are:

General Liability, which provides coverage when the city is liable for incidents such as sewer backups, injuries incurred on city property, employee actions, errors and omissions for elected officials, Open Meeting Law, and Inland Marine (coverage for vehicles not licensed for road use, such as the Zamboni).

Property, which provides coverage for physical losses to city-owned facilities. Coverage is purchased for replacement of structures and contents due to damage by fire or acts of nature.

Automobile, which provides liability and physical damage coverage for all city vehicles.

Premiums and Recommended Coverage

Premiums
The city’s general liability premium decreases from $345,912 to $331,670. The primary factor for the decrease was a drop in the city’s liability rating. This rating is based on the actual cost of the city’s liability claims during a three year period. The League has indicated it expects liability premiums to increase statewide in the coming years due to the increase in police related claims.

Staff recommends the city stay with the $25,000 per claim and $150,000 annual deductibles.
Open Meeting Law
Staff recommends that the city continue with the Open Meeting Law coverage at 100% coverage.

Waiver of Statutory Limits
LMCIT writes its coverage to mirror the liability caps for governmental agencies. Staff continues to recommend that the city not waive those statutory limits.

These premiums are paid from the Insurance Fund, and a sufficient balance is maintained in that fund for these expenses.

Workers’ Compensation

The premium quotation for renewal of the city’s worker’s compensation for the upcoming insurance year through LMCIT, minus credits for a $10,000 deductible is $645,930. The workers compensation premium in 2017 was $582,285. The increase was due in part to the city’s mod factor increasing from 0.96 to 0.98 and an increase in the LMCIT’s worker compensation rate. The mod factor relates to the frequency and severity of an employer’s claims over a three-year period, and it is used to calculate the premium. A mod factor of 1.00 is considered average for an employer’s particular industry. The premium increase was also due to an increase in the city’s payroll.

The workers’ compensation premium fits within the budget allocation for the year.

Recommendation

Staff recommends that the city council renew the city’s insurance policies through LMCIT for package policies with the following options:

- $25,000/$150,000 deductible for the package policies
- 100% Open Meeting law coverage
- No waiver of statutory limits

Staff recommends that the council also authorize renewal of the LMCIT workers’ compensation policy with a $10,000 deductible.

Submitted through:
Geralyn Barone, City Manager
Perry Vetter, Assistant City Manager

Originated by:
David Maeda, City Clerk
City Council Agenda Item #10C  
Meeting of December 4, 2017

Description
Resolution reaffirming the 2016 preliminary plat approval of TONKAWOOD FARMS FIRST ADDITION, with lot width at setback variances, at 15014 Highwood Drive

Recommendation
Adopt the resolution reaffirming the previous approval

Background
On October 10, 2016, the city council approved the preliminary plat of TONKAWOOD FARMS FIRST ADDITION. In addition to the plat, three lot-width-at-setback variances were proposed to allow the existing lot to be subdivided into three single-family residential lots. Staff recommended approval of the preliminary plat and variances finding:

1. The existing lot is the largest residential lot within the Highwood Drive and Highland Road neighborhoods. The requested lot width variances would allow for three new lots that have lot areas more similar to the existing lots in the neighborhood.

2. The proposal would not negatively impact neighborhood character. The Highwood Drive and Highland Road neighborhood have a number of properties, which have substandard widths at setback and at the right-of-way. The proposed lot width variances would allow for lots that are more similar in size to the existing lots within the neighborhood.

3. The existing lot could be divided without a variance. However, a conforming plat would include construction of a cul-de-sac thereby resulting in significantly increased amount of site disturbance, impervious surface and public utilities.

Staff Analysis
The applicant has requested that the city council reaffirm its 2016 approval, as:

- There have been no changes to city code or policy that would affect the previous approval.
- Reaffirming the approval would not adversely impact the surrounding properties.

Staff Recommendation
Approve the resolution reaffirming the preliminary plat approval.
Submitted through:
  Geralyn Barone, City Manager
  Julie Wischnack, AICP, Community Development Director
  Loren Gordon, AICP, City Planner

Originated by:
  Ashley Cauley, Senior Planner
Brief Description
Resolution approving TONKAWOOD FARMS FIRST ADDITION, a 3-lot subdivision, with lot width at setback variances, at 15014 Highwood Drive

Recommendation
Adopt the resolution approving the request

Proposal
R&R Construction of Minneapolis, Inc. is proposing to subdivide the subject property at 15014 Highwood Drive into three lots. The existing home and detached structures would be removed and three new homes would be constructed. The proposal requires approval of preliminary plat with three lot width at setback variances.

Planning Commission Hearing
The planning commission considered the request on September 22, 2016. The commission report plans may be found at TONKAWOOD FARMS, beginning on page 31. Staff recommended approval of the preliminary plat noting that the subdivision was reasonable for a variety of reasons:

1. The existing lot is the largest residential lot within the Highwood Drive and Highland Road neighborhood. The requested lot width variances would allow for three new lots that have lot areas more similar to existing lots within the neighborhood.

2. The proposal would not negatively impact neighborhood character. The Highwood Drive and Highland Road neighborhood have a number of properties which have substandard lot widths at setback and at the right-of-way. The proposed lot width variances would allow for lots that are more similar in size to the existing lots within the neighborhood.

3. The existing lot could be divided without a variance. However, a conforming plat would include construction of a cul-de-sac thereby resulting in: significantly increased amount of site disturbance, impervious surface, and public utilities.

At the meeting, a public hearing was opened to take comment; no one appeared to speak. Following the public hearing, the commission asked questions about the city’s slope and tree ordinances. The planning commission expressed their preference for the preservation of the two high-priority trees south of the building pad on Lot 2.

Planning Commission Recommendation
On a 6-0 vote, the commission recommended that the city council approve the proposal.
Meeting minutes can be found at September 22, 2016 minutes, beginning on page 2.

Since Planning Commission Hearing

There have been no changes to the proposal or additional information received since the planning commission’s meeting on this item.

Staff Recommendation

Staff recommends the city council adopt the attached resolution approving TONKAWOOD FARMS FIRST ADDITION.

Through: Geralyn Barone, City Manager
        Julie Wischnack, AICP, Community Development Director
        Loren Gordon, AICP, City Planner

Originator: Ashley Cauley, Senior Planner
Brief Description  Preliminary plat, with lot width at setback variances, for TONKAWOOD FARMS FIRST ADDITION, a 3-lot subdivision at 15014 Highwood Drive

Recommendation  Recommend the city council approve the proposal

Introduction

The applicant, R&R Construction of Minneapolis, Inc. has submitted an application to subdivide the subject property into three lots. The existing home and detached structures would be removed to accommodate three new homes. The proposal requires approval of preliminary plat with three lot width at setback variances. (See pages A1-A6.)

Proposal Summary

The following is intended to summarize the applicant’s proposal. Additional information can be found in the “Supporting Information” section of this report.

- **Existing site features.** The subject property is located north of Highwood Drive and Highway 7 and west of Williston Road. The property is approximately 1.7 acres in size and is improved with a single family home and several detached accessory structures. The existing property generally slopes “downward” from Highwood drive to the north. The grade change is quite minimal until the northern third of the property, where a 15-foot grade change occurs within 40 feet. While this area of the property has significant topography change, it is not regulated as a “steep slope” by city ordinance. There are 22 high priority trees on site. Other large existing trees are excluded from the high priority classification due to their condition or species.

- **Proposal.** The existing home and accessory structures would be removed in order to construct three new homes. The site would be graded to accommodate the homes and to accommodate an infiltration basin on the north side of the property. The applicant is proposing to remove 9 - or 41 percent – of the high priority trees on site. However, minor grading adjustments could be made to preserve a minimum of two additional high priority trees and would bring the proposal into compliance with the city’s tree protection ordinance.

The three lots would meet minimum lot area requirements as outlined in the subdivision ordinance. However, a variance is required to reduce the lot width at the building setback line from 110 feet to 104 feet on all three lots.
### Primary Questions and Analysis

A land use proposal is comprised of many details. In evaluating a proposal, staff first reviews these details and then aggregates them into a few primary questions or issues. The following outlines both the primary questions associated with the proposal and staff's findings.

- **Are the proposed lots and requested variances reasonable?**

  Yes. The city's subdivision ordinance outlines minimum area and dimensional standards for single-family residential lots. While the proposed lots would meet and exceed minimum R-1 requirements for lot area, the lots require lot width at setback variances. Staff finds that the requested lot width at setbacks are reasonable.

  When a subdivision requires a variance, the city has a broad discretion in the approval or denial of the proposal. The subdivision ordinance states that variances "may be granted but not mandated," when an applicant meets the burden of proof proving that:

  **Reasonableness and Unique Circumstance:** The existing property is 1.7 acres in size and has a lot depth of over 240 feet. These existing conditions far exceed what is required by ordinance. In fact, the lot is the largest residential lot within the Highwood Drive and Highland Road neighborhood. (See page A7.) The requested lot width variances would allow for three new lots that have lot areas _more_ similar to those within the existing neighborhood. Further, the Highwood Drive and Highland Road neighborhood have a number of lots with varying degrees of non-conforming lot widths at the building setback line or at the right-of-way.

  The ordinance allows the city to consider variances to lots with substandard lot widths when the property could be developed in a manner that would meet all minimum lot requirements. At the request of staff, the developer prepared two exhibits for consideration. These exhibits illustrate how the property could be subdivided without the need for a variance. While the "conforming" exhibits

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<tr>
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<th>Required</th>
<th>Lot 1</th>
<th>Lot 2</th>
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<td><strong>Total area</strong></td>
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<td><strong>Width at setback</strong></td>
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<td>104 ft *</td>
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<tr>
<td><strong>Depth</strong></td>
<td>125 ft</td>
<td>240 ft</td>
<td>240 ft</td>
<td>250 ft</td>
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</tbody>
</table>

*Requires a lot width at setback variance*
would meet all ordinance standards without the need for variances, the cul-de-sac construction and utility installation would result in an increased amount of disturbance and future city maintenance. (See pages A9-A10.)

**Character of the Neighborhood:** The variances would not adversely affect or alter the essential character of the neighborhood. The Highwood Drive and Highland Road neighborhood have a number of properties which have substandard lot widths at setback and at the right-of-way. The proposed lot width variances would allow for lots that are more similar in size to the existing lots within the neighborhood.

- **Would the proposal meet the tree ordinance?**

  Generally, yes. As proposed, nine high priority trees would be removed. While this would exceed the maximum allowed by ordinance, staff finds that minor changes to the proposed grading could preserve a minimum of two additional high priority trees. By doing so, the proposal would be in compliance with the city’s tree protection ordinance.

- **Would the proposal negatively impact existing drainage patterns of the surrounding area?**

  No. The city is aware that a number of drainage concerns exist within the Highwood Drive and Highland Road area, particularly within the neighborhood directly north of the subject property. Staff has reviewed the plans and has determined that the proposal would not exacerbate any pre-existing drainage conditions. Rather, the proposal would likely improve the drainage conditions of the area by adequately containing runoff generated onsite with the inclusion of sufficient stormwater management practices.

**Staff Recommendation**

Recommend the city council adopt the resolution on pages A13-A23, approving a preliminary plat with lot width at setback variances at 15014 Highwood Drive.

Originator: Ashley Cauley, Senior Planner
Through: Loren Gordon, AICP, City Planner
Supporting Information

**Project No.**  05039.16a

**Property**  15014 Highwood Drive

**Applicant**  Ben Wikstrom, on behalf of R&R Construction of Minneapolis, Inc

**Surrounding Land Uses**

Northerly: single family homes, zoned R-1
Easterly: single family homes, zoned R-1
Southerly: offices and a service garage, zoned B-2 and PUD respectively.
Westerly: single family homes, zoned R-1

**Planning**

Guide Plan designation: low density residential
Zoning: R-1

**R-1A Rezoning**

In 2014, the city adopted an ordinance establishing a new zoning district. The R-1A, residential alternative, zoning district allows opportunities for smaller lots while establishing clear development expectations.

By ordinance an R-1A zoning district can only occur when the development would be appropriately integrated into its surroundings and would meet one of the following conditions:

1. Be located in an area where at least 60 percent of the lots within 400 feet of the development, and along 1000 feet of the same street, have lot areas less than the R-1 standards outlined in city code; or

2. When all lots within the development would be served by a new street.

While the proposed lots themselves would meet the design standards outlined in city code, the proposal would not be eligible for an R-1A rezoning as:

1. Of the 34 R-1 properties in the surrounding area, only 23-percent have lot areas of less than the R-1 standards outlined in city code; and

2. The newly created lots would not be served by a new street.
The developer has submitted two alternative exhibits to illustrate how the property could be subdivided into three lots without the need for any variances to lot standards. (See pages A9-A10.) The city would prefer the proposed plat, with variances, over the conforming exhibits as:

1. The conforming plat would require a significantly increased amount of infrastructure to provide the same level of services. This includes the construction of a cul-de-sac, extension of water and sewer mains into the cul-de-sac to provide water and sewer service, and signage.

2. Construction of the cul-de-sac would result in a significantly increased amount of disturbance on site.

3. A cul-de-sac would increase the amount of impervious surface on site. Subsequently, this would increase the stormwater management needs of the proposal.

4. A cul-de-sac would increase the amount of drainage directed towards Highwood Drive.

The applicant has not clearly identified the location of the proposed utilities on the plans. However, the property currently has three sets of sewer and water stubs from Highwood Drive. As a condition of approval, the applicant must confirm that the existing lines are adequate and submit a final utility plan which does not result in the removal of any additional high priority trees.

Under the city’s stormwater rule, stormwater management is required when a property is divided into three or more lots. This management mechanism must control for runoff rate, volume and quality.

Best management practices must be followed during the course of site preparation and construction activities. This would include installation and maintenance of a temporary rock driveway, erosion control, and tree protection fencing. As a condition of approval the applicant must submit a construction management plan detailing these management practices.

The planning commission makes a recommendation to the city council, which has final authority to approve or deny the request.

The planning commission has the following options:
1. Concur with staff’s recommendation. In this case, a motion should be made recommending the city council approve the proposal based on the findings outlined in the staff-drafted resolution.

2. Disagree with staff’s recommendation. In this case, a motion should be made recommending the city council disagree the proposal. The motion should include findings for denial.

3. Table the request. In this case, a motion should be made to table the item. The motion should include a statement as to why the request is being tabled with direction to staff, the applicant or both.

**Neighborhood Comments**

The city sent notices to 49 area property owners and received one comment. (See page A11.)

**Deadline for Decision**

October 22, 2016
Location Map

Project: Tonkawoods Farms First Addition
Applicant: Ben Wikstrom
Address: 15014 Highwood Dr
Project No. 05039.16a

This map is for illustrative purposes only.
**PRACTICAL DIFFICULTIES WORKSHEET**

By state law, variances may be granted from the standards of the city's zoning ordinance only if:

1) The proposed variance is in harmony with the general purpose and intent of the zoning ordinance;

2) The proposed variance is consistent with the comprehensive plan; and

3) An applicant establishes that there are practical difficulties in complying with the ordinance standard from which they are requesting a variance. Practical difficulties means:
   - The proposed use is reasonable;
   - The need for a variance is caused by circumstances unique to the property, not created by the property owner, and not solely based on economic considerations; and
   - The proposed use would not alter the essential character of the surrounding area.

### PRACTICAL DIFFICULTIES

<table>
<thead>
<tr>
<th>Describe why the proposed use is reasonable</th>
<th>The proposed lot widths are similar in size and the lots will be similar in character to the existing neighborhood lots. The proposed lots exceed the required lot size by more than 3,000 square feet per.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe:</td>
<td>The depth of the existing lot, as platted, allows two lots with widths that meet the City minimum, but each of those would be 37,000+ square feet. By granting the variance, the City would allow development at the intended density for the R-1 zone with only a 6-foot width variance, in character with existing conditions. The existing, platted lot predates the current ordinance.</td>
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<tr>
<td>Describe why the variance would not alter the essential character of the neighborhood</td>
<td>There are many lots in the neighborhood, especially to the west, that do not meet the width of what is being proposed. The owner was required to pay for utility stub-ins for three lots during a street reconstruction, so the property seems to be intended for use as three single-family lots meeting the minimum lot size.</td>
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VARIANCE APPLICATIONS WILL NOT BE ACCEPTED IF THIS WORKSHEET IS NOT COMPLETE
Written Narrative

Preliminary Plat and Variance Application – 15014 Highwood Drive

Please accept the attached applications for a Preliminary Plat and Lot Width Variance at 15014 Highwood Drive. R & R Construction, on behalf of the property owners, is seeking approval of a plat that would create three lots, and a variance to allow lot widths not meeting the City’s required 110-foot minimum.

The property, currently a single-family residence on one lot, is approximately 1.74 acres. The proposed subdivision would result in three lots, each more than 25,000 square feet in size, with lot widths exceeding 104’ per lot. The existing structures would be removed, clearing the way for three new single-family homes.

The character of the neighborhood would not be impacted by the proposed subdivision, as there are a number of substandard lot widths – even flag lots or lot-behind-lot configurations, which is not part of this proposal - along Highwood Drive, west of the subject property. Citing the neighborhood character and the fact that each of these lots would comfortably exceed the required lot size minimum in the R-1 Zoning District without being too deep, we feel that granting lot-width variances for lots of 104’+ in width would be a reasonable use of the property.

The applicant could, in theory, install a cul-de-sac bulb off of Highwood Drive and still have enough square footage to create three single-family lots of conforming width, depth, and size, but we feel that that layout and the extra impervious surface (along with the utilities, maintenance, etc. that come with a new public street) is less desirable than the proposed subdivision. The evident practical difficulty is simply the depth of the lot; as can be seen when looking at the properties on the next block to the west, lots of the same depth and similarly substandard width have been approved in the past. In fact, this property already has three utility stubs in place, required to be paid for by the owner during a previous street reconstruction.

Please consider our request for approval of a preliminary plat and lot width variance, as submitted. If you have any questions or need more information prior to the public hearing or subsequent meetings, contact me at the phone number or email address listed below. Thank you for your time and consideration of our proposed project.

Sincerely,

Ben Wikstrom, Planning Consultant
612.801.7992
benwikstrom@gmail.com
<table>
<thead>
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<th>Tree Type</th>
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Conforming Plat Exhibits
Hi Ashley
I’m writing in regards to the upcoming meeting to discuss Tonkawood Farms. We are unable to attend the meeting.

I would simply ask that you very carefully consider the impact the project might have on creating additional runoff water for the homes on Woods Edge (adjacent and just north of the proposed development). We currently have an issue with standing water if we get even moderate rainfalls. We had a city engineer come out to assess the problem and subsequently dug “Venice Trenches” to help redirect the existing runoff. And while I understand they are proposing two ponds to handle runoff, if that isn’t sufficient, any additional water would pose a significant problem for the homes on our street.

Our neighbor, Dave Murphy, sent in pictures and a video, capturing the problem. I hope you’ve had an opportunity to review both of them. If not, please let me know and I’ll resend them to you.

Thank you for your time and consideration.

With warm regards,

Karen Newcomer
15011 Woods Edge
Minnetonka, MN  55345
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Resolution No. 2016-108

Resolution approving the preliminary plat of TONKAWOOD FARMS FIRST ADDITION, with lot width at setback variances at 15014 Highwood Drive

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 R&R Construction of Mpls, Inc. has requested preliminary plat approval for TONKAWOOD FARMS FIRST ADDITION, a three-lot subdivision with lot width at setback variances (Project 05039.16a.)

1.02 The property is located at 15014 Highwood Drive. It is legally described as follows:

That part of Lot 7, Block 1, Tonkawood Farms lying east of the west 312.63 feet. Except roads. Hennepin County, Minnesota.

1.03 On September 22, 2016, the planning commission held a hearing on the proposed plat. The applicant was provided the opportunity to present information to the commission. The commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council grant preliminary plat approval.

Section 2. General Standards.

2.01 City Code §400.030 outlines general design requirements for residential subdivisions. These standards are incorporated by reference into this resolution. One design standard requires that lots be at least 110 feet wide at the required front yard setback. The applicant is proposing lot widths at setback of 104 feet for all three lots.
2.02 By City Code §400.055, a variance from the subdivision requirements may be granted but not mandated, when the applicant meets a burden of proving that: (1) the proposed variance is a reasonable use of the property, considering things such as functional and aesthetic justifications for the variance and improvement to the appearance and stability of the property and neighborhood; (2) the circumstances justifying the variance are unique to the property, are not caused by the landowner, are not solely for the landowner’s convenience, and are not solely because of economic considerations; and (3) the variance would not adversely affect or alter the essential character of the neighborhood.

Section 3. Findings.

3.01 But for lot widths at setback, the preliminary plat would meet the design standards as outlined in City Code §400.030.

3.02 The proposed preliminary plat would meet the variance standards as outlined in City Code §400.055:

1. Reasonableness and Unique Circumstance:

   a) The existing property is 1.7 acres in size and has a lot depth of over 240 feet. These existing conditions far exceed what is required by ordinance. In fact, the lot is the largest residential lot within the Highwood Drive and Highland Road neighborhood. The requested lot width variances would allow for three new lots that have lot areas more similar to those within the existing neighborhood. Further, the Highwood Drive and Highland Road neighborhood have a number of lots that have varying degrees of non-conforming lot widths at the building setback line or at the right-of-way.

   b) The subdivision ordinance allows the city to consider variances to lots with substandard lot widths when the property could be developed in a manner that would meet all minimum lot requirements. The property could be subdivided without the need for variances. While the “conforming” plat would not require lot variances, the construction of the cul-de-sac and utility installation would result in an increased amount of disturbance and future city maintenance.
2. Neighborhood character: The lot width at setback variances would not adversely affect or alter the essential character of the neighborhood. The Highwood Drive and Highland Road neighborhood have a number of properties that have substandard lot widths at setback and at the right-of-way. The proposed lot width variances would allow for lots that are similarly sized to existing lots within the neighborhood.


4.01 The above-described preliminary plat of TONKAWOOD FARMS FIRST ADDITION is hereby approved, subject to the following conditions:

1. Final plat approval is required. A final plat will not be placed on a city council agenda until a complete final plat application is received.

   a) The following must be submitted for a final plat application to be considered complete:

      1) A final plat drawing that clearly illustrates the following:

         1. A minimum 10-foot wide drainage and utility easements adjacent to the public right-of-way(s) and minimum 7-foot wide drainage and utility easements along all other lot lines.

         2. Utility easements over existing or proposed public utilities, as determined by the city engineer.

         3. Drainage and utility easements over wetlands, floodplains, and stormwater management facilities, as determined by the city engineer.

      2) A utility plan. This plan must indicate if the existing services will be used or indicate the new service location.

      3) Title evidence that is current within thirty days before release of the final plat for the city attorney’s review and approval.

2. Prior to final plat approval:
a) This resolution must be recorded with Hennepin County.

b) The documents outlined in section 4.01(1)(a)(3) above must be approved by the city attorney.

3. Prior to release of the final plat for recording:

a) Submit the following:
   1) Two sets of mylars for city signatures.
   2) An electronic CAD file of the plat in microstation or DXF.
   3) Park dedication fee of $10,000.

4. Subject to staff approval, TONKAWOOD FARMS FIRST ADDITION must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:

   • Concept plan dated May 1, 2014
   • Preliminary plat dated May 4, 2015
   • Grading and utility plan dated May 4, 2015
   • Tree preservation plan dated May 4, 2015

5. A grading permit is required for construction of all proposed stormwater management facilities prior to construction of any new home. Unless authorized by appropriate staff, no site work may begin until a complete grading permit application has been submitted, reviewed by staff, and approved.

a) The following must be submitted for the grading permit to be considered complete.

   1) Evidence of filing the final plat at Hennepin County and copies of all recorded easements and documents as required in section 4.01(1)(a)(2) of this resolution.

   2) An electronic PDF copy of all required plans and specifications.
3) Three full size sets of construction drawings and sets of project specifications.

4) Final site, grading, drainage, utility, landscape, and tree mitigation plans, and a stormwater pollution prevention plan (SWPPP) for staff approval.

   a. Final grading plan must:

      • Not result in the removal of more than 7 of the site's 22 high priority trees.

   b. Final drainage plan must:

      • Provide stormwater management for the entire site's impervious surface. A stormwater management plan must accompany the plan and must include calculations to show conformance with the city’s rate, volume and water quality criteria.

   c. Final utility plan must:

      • Confirm 1-inch service size is adequate to service the homes.

      • Illustrate removal of the existing services their entirety to the respective main, if new services are proposed. Water lines must be cut off at the corporation stop and the corporation stop must be turned off.

      • Include a note that, if multiple street disturbances are needed for utility connections, a full width mill and overlay of the street may be required rather than individual street patches.

   d. Final landscaping and tree mitigation plans must meet minimum landscaping and mitigation requirements as outlined in the ordinance.
However, at the sole discretion of natural resources staff, mitigation may be adjusted based on site conditions.

5) Individual letters of credit or cash escrow for 125% of a bid cost or 150% of an estimated cost to construct streets and utility improvements, comply with grading permit, tree mitigation requirements, and to restore the site. One itemized letter of credit is permissible, if approved by staff. The city will not fully release the letters of credit or cash escrow until: (1) as-built drawings have been submitted; (2) a letter certifying that the streets and utilities have been completed according to the plans approved by the city has been submitted; (3) vegetated ground cover has been established; and (4) required landscaping or vegetation has survived one full growing season.

6) A construction management plan. The plan must be in a city approved format and must outline minimum site management practices and penalties for non-compliance.

7) A copy of the approved MPCA NPDES permit.

8) Evidence of closure/capping of any existing wells, septic systems, and removal of any existing fuel oil tanks.

9) All required administration and engineering fees.

10) Evidence that an erosion control inspector has been hired to monitor the site through the course of construction. This inspector must provide weekly reports to natural resource staff in a format acceptable to the city. At its sole discretion, the city may accept escrow dollars, in amount to be determined by natural resources staff, to contract with an erosion control inspector to monitor the site throughout the course of construction.

11) Cash escrow in an amount to be determined by city staff. This escrow must be accompanied by a
document prepared by the city attorney and signed by the builder and property owner. Through this document the builder and property owner will acknowledge:

- The property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other conditions of approval, or city code standards; and

- If compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.

b) Prior to issuance of the grading permit, install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures identified on the SWPPP for staff inspection. These items must be maintained throughout the course of construction.

c) Permits may be required from other outside agencies including, Hennepin County, and the MPCA. It is the applicant’s and/or property owner’s responsibility to obtain any necessary permits.

6. Prior to issuance of a building permit for the first new house within the development, submit the following documents:

a) A letter from the surveyor stating that boundary and lot stakes have been installed as required by ordinance.

b) Proof of subdivision registration and transfer of NPDES permit.

c) The stormwater management facilities must be constructed.

7. Prior to issuance of a building permit for any of the lots within the development:

a) Submit the following items for staff review and approval:

1) A construction management plan. This plan must be in a city approved format and outline minimum site
management practices and penalties for non-compliance. If the builder is the same entity doing grading work on the site, the construction management plan submitted at the time of grading permit may fulfill this requirement.

2) Final grading and tree preservation plan for the lot. The plan must:


b. Final house, drive, and associated grading must be located to maximize tree preservation on each lot.

c. No more than seven of the site's 22 high priority trees identified by staff can be removed.
   - Five high priority trees may be removed from proposed Lot 2.
   - One high priority tree may be removed from Lot 1.
   - One high-priority tree may be removed from Lot 3.

d. The city may allow for adjustments in the allocations of the number of high priority trees to be removed on each lot only when the provided plan is still in general conformance with the approved plan and the total number of high priority trees to be removed does not exceed seven. The city may require an updated plan for all three lots prior to approval of any reallocations of the trees on any of the lots.

e. Provide protection for the large oaks on the north side of the site. These oaks must be protected through the course of construction
and may not be removed unless confirmed dead or unsound by the city prior to removal.

f. Show sewer and water services to minimize impact to any significant or high-priority trees. No trees may be removed for installation of services.

g. All efforts should be made in the house design for two eastern lots to preserve tree 1132 (24-inch oak) due to its location adjacent to the lot line. However, the removal of this tree may be approved if the total number of high priority trees to be removed does not exceed seven.

3) A tree mitigation plan. The plan must meet minimum mitigation requirements as outlined in the ordinance. However, at the sole discretion of staff, mitigation may be decreased.

4) Cash escrow in an amount to be determined by city staff. This escrow must be accompanied by a document prepared by the city attorney and signed by the builder and property owner. Through this document the builder and property owner will acknowledge:

- The property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other conditions of approval, or city code standards; and

- If compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.

If the builder is the same entity doing grading work on the site, the cash escrow submitted at the time of grading permit may fulfill this requirement.

b) Install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures identified on the SWPPP for staff inspection. These items must be maintained throughout the course of construction.
c) Install and maintain adequate protection of the stormwater management facility during construction of the new home.

d) Submit all required hook-up fees.

8. All lots and structures within the development are subject to the all R-1 zoning standards. In addition:

a) All lots within the development must meet all minimum access requirements as outlined in Minnesota State Fire Code Section 503. These access requirements include road dimension, surface, and grade standards. If access requirements are not met, houses must be protected with a 13D automatic fire sprinkler system or an approved alternative system.

9. During construction, the streets must be kept free of debris and sediment.

10. No tree removal can occur prior to issuance of a building permit for each lot.

11. The property owner is responsible for replacing any required landscaping that dies.

12. The city must approve the final plat within one year of preliminary approval or receive a written application for a time extension or the preliminary approval will be void.

Adopted by the City Council of the City of Minnetonka, Minnesota, on October 10, 2016.

Terry Schneider, Mayor

Attest:

David E. Maeda, City Clerk
Action on this resolution:

Motion for adoption: Allendorf
Seconded by: Acomb
Voted in favor of: Wagner, Ellingson, Allendorf, Acomb, Wiersum, Bergstedt, Schneider
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on October 10, 2016.

__________________________
David E. Maeda, City Clerk
A. Preliminary plat with lot width at setback variances for Tonkawood Farms First Addition, a three-lot subdivision, at 15014 Highwood Drive.

Chair Kirk introduced the proposal and called for the staff report.

Cauley reported. She recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

In response to O'Connell’s question, Colleran explained the two-year, look-back clause in the tree ordinance.

Ben Wickstrom, representing the applicant, stated that two more high-priority trees could be saved by shifting the driveways. The proposed lot width would be larger than any in the neighborhood and a reasonable match to the character of the neighborhood. He was available for questions. He thanked staff for their help.

Calvert confirmed with Cauley that two large trees may not survive grading of the site. Wickstrom added that the house shapes could be modified to save the trees. He will try to save the trees, but the neighbors do not want the houses pushed further back. Calvert appreciated the effort to save the trees.

Chair Kirk asked about stormwater management. Wickstrom pointed out the location of the basins and swale. The site’s water management would be improved.

Powers asked if there would be a way to save all of the trees in the center. Wickstrom stated that four of the six may be able to be saved. It would be known once the footprint of the house would be determined. Powers would appreciate saving as many trees as possible.

In response to O'Connell’s question, Cauley explained that the proposal is better than a plan with a cul-de-sac because a conforming plat would require a significant amount of increased infrastructure, grading, and construction for no gain.

The public hearing was opened. No testimony was submitted and the hearing was closed.

Powers moved, second by O'Connell, to recommend that the city council adopt the resolution on pages A13-A23 of the staff report approving a preliminary plat with lot width at setback variances at 15014 Highwood Drive.
O'Connell, Odland, Powers, Calvert, Hanson, and Kirk voted yes. Knight was absent. Motion carried.
B. Resolution approving Tonkawood Farms First Addition, a three-lot subdivision, with lot width at setback variances, at 15014 Highwood Drive.

Allendorf moved, Acomb seconded a motion to adopt resolution 2016-108 approving Tonkawood Farms First Addition. All voted “yes.” Motion carried.
R&R Construction of Minneapolis, LLC
14525 Highway 7, Suite 265
Minnetonka, MN  55345

October 23, 2017

Susan Thomas, Assistant City Planner
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, Minnesota  55345

RE:  Extension Request for Final Plat Application – Tonkawood Farms 2nd Addition

Dear Susan,

Please accept this letter as a request for extension of the submittal deadline for the Final Plat application for Tonkawood Farms 2nd Addition. The Preliminary Plat was conditionally approved last October 27th; we are working on figuring out the required signature blocks on the Final Plat for family members around the country, as the title work was complicated. We expect to be ready to submit in the next month or two.

Please let us know if you have questions or need more information. Thank you.

Respectfully submitted,

[Signature]

Bob Rehberg
Chief Manager
R&R Construction of Minneapolis, LLC
Reaffirmation Resolution
Resolution No. 2017-

Resolution reaffirming the preliminary plat of TONKAWOOD FARMS FIRST ADDITION, with lot width at setback variances at 15014 Highwood Drive

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 On October 16, 2016, the city council approved preliminary plat approval for TONKAWOOD FARMS FIRST ADDITION, a three-lot subdivision with lot width at setback variances (Project 05039.16a.)

1.02 The property is located at 15014 Highwood Drive. It is legally described as follows:

That part of Lot 7, Block 1, Tonkawood Farms lying east of the west 312.63 feet. Except roads. Hennepin County, Minnesota.

1.03 As a condition of 2016 approval, the city must approve the final plat by October 16, 2017 unless the city granted a time extension. To date, the final plat has not been approved.

Section 2. General Standards.

2.01 The city code does not include any specific conditions under which previous approvals may be reaffirmed. Nevertheless, the city has generally considered:

1. Whether there have been any changes to city code or policy that would affect the previous approvals; and

2. Whether such an affirmation would adversely affect the interest of
the neighboring property owners.

Section 3. Findings.

3.01 The reaffirmation would meet the general city considerations, as:

1. There have not been any changes the city code and policy that affect the site and building plans.

2. Reaffirming the site and building plans would not impact the interests of neighboring properties.


4.01 Resolution No. 2016-108 is reaffirmed, approving the preliminary plat of TONKAWOOD FARMS FIRST ADDITION, a three-lot subdivision with lot width at setback variances.

4.02 Reaffirmation is subject to the following condition: the city must approve the final plat or receive a written application for a time extension, by December 3, 2018, or the preliminary approval will be void.

Adopted by the City Council of the City of Minnetonka, Minnesota, on December 3, 2017.

________________________________________
Terry Schneider, Mayor

Attest:

________________________________________
David E. Maeda, City Clerk
Action on this resolution:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on December 3, 2017.

_________________________________________
David E. Maeda, City Clerk
City Council Agenda Item #10D
Meeting of December 4, 2017

Brief Description: Resolution to adjust 2018 non-union employee salaries and benefits

Recommended Action: Adopt the resolution

Background

Listed below are the recommended adjustments to salaries and benefits for the city’s non-union employees in 2018. This employee group includes the city’s management, supervisory, confidential, office, technical and non-supervisory personnel.

Wages

It is recommended that base wages for the non-union employee group be increased by 1.5% in 2018. If appropriate, market adjustments would also be made in accordance with the city’s MERIT program.

Benefits

The city’s monthly contribution toward the cafeteria plan will increase to $970 for those electing Single Coverage; $1,100 for Employee plus Spouse; $1,205 for Employee plus Child(ren) Coverage; or $1,250 for Family Coverage. The incentive for employees who complete the city’s wellness program, HealthRewards, will remain the same in 2018. Employees who complete the requirements of the 2017 wellness program and enroll in the city’s health insurance program receive $100 per month in 2018. Employees who complete the requirements of the 2017 wellness program and “opt-out” of the city’s health insurance program will receive $50 a month. The program includes a range of options including educational classes, exercise and fitness activities, and a health initiation program offered by the city’s insurance provider.

Recommendation

Adopt the attached resolution authorizing the 2018 non-union employee salary and benefit adjustments.

Submitted through:
   Geralyn Barone, City Manager

Originated by:
   Perry Vetter, Assistant City Manager
Resolution No. 2017-
Resolution relating to the 2018 non-union employee wages and benefits adjustments

Be it resolved by the City Council of the City of Minnetonka, Minnesota as follows:

Section 1. Background.

1.1. The city of Minnetonka has 129 full-time and part-time employees who are classified as management, supervisory, confidential, office, technical and non-supervisory personnel. This employee group is not represented by a bargaining unit.

1.2. The city manager annually recommends to the city council adjustments to salaries and benefit levels for these employees.

Section 2. Council Action.

2.1. The city manager is authorized to grant base wage increases of up to 1.5% and market adjustments according to the city’s MERIT Program in 2018 for the city of Minnetonka’s non-union employees.

2.2. The city manager is authorized to grant a city contribution for the cafeteria benefits plan of $970 for those electing Single Coverage; $1,100 for Employee plus Spouse; $1,205 for Employee plus Child(ren) Coverage; or $1,250 for Family Coverage. Employees who complete the requirements of the 2017 wellness program and enroll in the city’s health insurance plan receive $100 per month in 2018.

2.3. Eligible employees not selecting health coverage through the city’s insurance plan may receive up to $230 per month to purchase additional benefits offered by the city. Employees not selecting health coverage who complete the requirements of the 2017 wellness program will receive $50 a month.

Adopted by the City Council of the City of Minnetonka, Minnesota, on December 4, 2017.

Terry Schneider, Mayor

Attest:

David E. Maeda, City Clerk
Action on this resolution:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on December 4, 2017.

__________________________________________
David E. Maeda, City Clerk
City Council Agenda Item #10E
Meeting of December 4, 2017

Description
Twelve-month time extension of site and building plan and conditional use permit approval for Bauer’s Custom Hitches at 13118 Excelsior Boulevard

Recommendation
Approve the extension

Background
In 2014, the city considered a proposal by Margaret and Michael Bauer to make improvements to the Bauer’s Custom Hitches building and site. The proposed improvements included: (1) demolition of a portion of the convenience store; (2) construction of a building addition and a new gas canopy; and (3) construction/use of a drive-up window. The city council approved the proposal, adopting resolutions 2014-105 and 2014-106, which approved final site and building plans and a conditional use permit (CUP) respectively. (See attached). As a condition of the site and building plan resolution, construction was to begin by December 31, 2015, unless a time extension was granted. Similarly, a CUP expires if the normal operation of a conditional use is discontinued for 12 or more months.

In 2015, the new gas canopy was installed and new branding of building and associated signs occurred. However, the new building was not constructed and, as such, the conditionally-permitted drive-up window was not used.

On January 25, 2016, the city council approved a 12-month extension for construction of the building and commencement of operation of a drive-up window. The deadline was set at December 31, 2016.

On December 5, 2016, the city council approved a 12-month extension for construction of the building and commencement of operation of a drive-up window. The deadline was set at December 31, 2017.

Current Extension Request
On November 1, 2016, the city received a request from Mr. and Ms. Bauer to extend the deadline an additional 12 months.
Staff Analysis

In evaluating extension requests, the city has generally considered: (1) whether there have been changes to city code or policy that would affect the previous approvals; and (2) whether such extension would adversely affect the interests of neighboring property owners. Staff finds that the approval of this extension request is reasonable as:

- There have been no changes to city code that would affect the previous approvals; and,
- The requested extension would not adversely affect the interests of neighboring property owners.

Staff Recommendation

Approve the twelve-month time extension.

Submitted through:
  Geralyn Barone, City Manager
  Julie Wischnack, AICP, Community Development Director
  Loren Gordon, AICP, City Planner

Originated by:
  Susan Thomas, AICP, Assistant City Planner
Location Map
Project: Bauer's Custom Hitches
Applicants: Margaret & Michael Bauer
Address: 13118 Excelsior Blvd
(89165.14a)

This map is for illustrative purposes only.
Resolution No. 2014-105

Resolution approving final site and building plans with setback variance for a building addition and gas canopy at 13118 Excelsior Boulevard

Be it resolved by the Planning Commission of the City of Minnetonka, Minnesota, as follows:

Section 1.  Background.

1.01 Margaret and Michael Bauer and Bauer Capital Corporation have requested approval of final site and building plans for a building addition and new gas canopy. (Project No. 86165.14a)

1.02 The property is located at 13118 Excelsior Boulevard. It is legally described on Exhibit A and Exhibit B.

1.03 The applicants' proposal requires final site and building plan review for a building addition and new gas canopy.

1.04 The gas canopy requires a setback variance from 20 feet to 10 feet from the property line along Excelsior Boulevard.

1.05 On August 28, 2014, the Planning Commission held a hearing on the proposal. The applicant was provided the opportunity to present information to the Planning Commission. The Planning Commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution.

Section 2.  General Standards.

2.01 City Code §300.27, Subd. 5, states that in evaluating a site and building plan, the city will consider its compliance with the following:
1. Consistency with the elements and objectives of the city's development guides, including the comprehensive plan and water resources management plan;

2. Consistency with the ordinance;

3. Preservation of the site in its natural state to the extent practicable by minimizing tree and soil removal and designing grade changes to be in keeping with the general appearance of neighboring developed or developing areas;

4. Creation of a harmonious relationship of buildings and open spaces with natural site features and with existing and future buildings having a visual relationship to the development;

5. Creation of a functional and harmonious design for structures and site features, with special attention to the following:
   a) an internal sense of order for the buildings and uses on the site and provision of a desirable environment for occupants, visitors and the general community;
   b) the amount and location of open space and landscaping;
   c) materials, textures, colors and details of construction as an expression of the design concept and the compatibility of the same with the adjacent and neighboring structures and uses; and
   d) vehicular and pedestrian circulation, including walkways, interior drives and parking in terms of location and number of access points to the public streets, width of interior drives and access points, general interior circulation, separation of pedestrian and vehicular traffic and arrangement and amount of parking.

6. Promotion of energy conservation through design, location, orientation and elevation of structures, the use and location of glass in structures and the use of landscape materials and site grading; and

7. Protection of adjacent and neighboring properties through reasonable provision for surface water drainage, sound and sight
buffers, preservation of views, light and air and those aspects of design not adequately covered by other regulations which may have substantial effects on neighboring land uses.

2.02 By City Code §300.07 Subd. 1, a variance may be granted from the requirements of the zoning ordinance when: (1) the variance is in harmony with the general purposes and intent of this ordinance; (2) when the variance is consistent with the comprehensive plan; and (3) when the applicant establishes that there are practical difficulties in complying with the ordinance. Practical difficulties means: (1) The proposed use is reasonable; (2) the need for a variance is caused by circumstances unique to the property, not created by the property owner, and not solely based on economic considerations; and (3) the proposed use would not alter the essential character of the surrounding area.

Section 3. Findings.

3.01 The proposal would meet site and building plan standards outlined in the City Code §300.27, Subd. 5.

3.02 The proposal meets the variance standard outlined in City Code §300.07 Subd. 1(a):

1. PURPOSE AND INTENT OF THE ZONING ORDINANCE: The proposed setback variance is consistent with the purpose and intent of the zoning ordinance. The intent of the setback requirement is to provide adequate space and separation between structures and and property lines. In this case, there is 50 to 60 feet of right-of-way between the paved surface of Excelsior Boulevard and the property line. The right-of-way distance is larger than typical, and provides significant separation between the canopy and the public street.

2. CONSISTENT WITH COMPREHENSIVE PLAN: The proposed gas canopy is consistent the the commercial land use designation of the property in the city’s comprehensive plan, and of the existing conditional use permit for the automobile service use.

3. PRACTICAL DIFFICULTIES: There are practical difficulties in complying with the ordinance:

   a) REASONABLENESS: The proposed gas canopy would be set back further from the property line than the existing gas
canopy on the property, and the proposed canopy is located in a better location for site circulation.

b) UNIQUE CIRCUMSTANCE: The setback of the existing gas canopy and the significant distance between the paved edge of Excelsior Boulevard and the property line are circumstances unique to this property.

c) CHARACTER OF LOCATILTY: The proposed gas canopy would not adversely impact the character of the locality. The proposed gas canopy would be set back further from the property line than the existing gas canopy.


4.01 The above-described site and building plans and setback variance are approved, subject to the following conditions:

1. Subject to staff approval, the site must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:

   - Site plan dated July 17, 2014
   - Grading, drainage, and erosion control plan dated July 17, 2014

2. Prior to issuance of a building permit:

   a) Submit the following for review and approval by city staff:

      1) Final site, grading, drainage, utility, landscape, and tree mititigation plans, and a stormwater pollution prevention plan (SWPPP) for staff approval.

      a. Final site plan must:

         - The parking stalls constructed on the back of the building must be angled, with a minimum drive aisle width of 24 feet. The new drive aisle and parking stalls must also be set back a minimum of 20 feet from the property line along Baker Road.
• The gas canopy must be reduced in size to a maximum of 40 feet by 48 feet. The canopy must be moved to the west, closer to Baker Road, and must maintain a minimum set back of 10 feet from property line along Excelsior Boulevard, and a minimum drive aisle width of 22 feet on the west side of the canopy. The parking lot edge on the west side cannot extend any closer to the property line along Baker Road than the existing drive aisle.

• The parking stalls on the southwest corner of the site must not be striped unless there is a demonstrated parking need, as determined by the city. If the city requires striping of the parking stalls, a minimum 12-foot drive aisle must be maintained around the gas canopy.

• The parking lot and drive aisles must have curb and gutter along the entire perimeter.

b. Final utility plan:

• All water service leads that are not being used should be removed back to the point of origin. As depicted and documented, the water service comes from the main, crosses the road, and then branches out into two services. The service removal should be made to the main, or to the service branch if the other branch is to continue providing active service.

• Confirm if a new water service needs to be constructed in order to adequately provide water service to the building as well as to provide the fire protection that is proposed. The existing service is 1-inch. If the service is upsized, the work needs to be coordinated with the County.

2) Final landscaping and tree mitigation plan. The plan
must meet minimum landscaping and mitigation requirements as outlined in ordinance. However, at the sole discretion of natural resources staff, mitigation may be decreased based on any of the following: the health of trees removed; the ability to appropriately install trees and other shrubbery given existing vegetation and topography.

3) Individual letters of credit or cash escrow for 125% of a bid cost or 150% of an estimated cost to construct utility improvements, comply with tree mitigation requirements, and to restore the site. One itemized letter of credit is permissible, if approved by staff. The city will not fully release the letters of credit or cash escrow until: (1) as-built drawings have been submitted; (2) a letter certifying that the utilities have been completed according to the plans approved by the city has been submitted; (3) vegetated ground cover has been established; and (4) required landscaping or vegetation has survived one full growing season.

4) A construction management plan. This plan must be in a city approved format and outline minimum site management practices and penalties for non-compliance.

5) A copy of the approved MPCA NPDES permit.

6) Evidence of closure/capping of any existing wells, septic systems, and removal of any existing fuel oil tanks.

7) Cash escrow in an amount to be determined by city staff. This escrow must be accompanied by a document prepared by the city attorney and signed by the builder and property owner. Through this document the builder and property owner will acknowledge:

- The property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other
conditions of approval, or city code standards; and

- If compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.

b) This resolution must be recorded at Hennepin County.

c) Install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures indentified on the SWPPP for staff inspection. These items must be maintained throughout the course of construction.

3. Permits may be required from other outside agencies including, Hennepin County, the Nine Mile Creek Watershed District, and the MPCA. It is the applicant's and property owner's responsibility to obtain any necessary permits.

4. The property owner is responsible for replacing any required landscaping that dies.

5. The signs as shown on the plans are not approved as part of the site and building plan review application. Separate sign permits are required that comply with the zoning regulations.

6. All rooftop and ground-mounted mechanical equipment, and exterior trash and recycling storage areas, must be enclosed with materials compatible with the principal structure, subject to staff approval. Low profile, self-contained mechanical units that blend in with the building architecture are exempt from the screening requirement.

7. Construction must begin by December 31, 2015, unless the planning commission grants a time extension.

Adopted by the City Council of the City of Minnetonka, Minnesota, on September 15, 2014.

Tony Wagner, Acting Mayor
Action on this resolution:

Motion for adoption: Allendorf
Seconded by: Acomb
Voted in favor of: Bergstedt, Wagner, Ellingson, Allendorf, Acomb, Wiersum
Voted against:
Abstained: Schneider
Absent:

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on September 15, 2014.

David E. Maeda, City Clerk
Exhibit A

That part of Tract B, Registered Land Survey No. 937, lying Southwesterly of a line and its Northwesterly extension described as commencing at the Northwest corner of said Tract B; thence South 88 degrees 25 minutes 00 seconds East, assumed bearing along the North line of said Tract B a distance of 90.75 feet to an angle point in said North line; thence South 24 degrees 00 minutes 29 seconds East a distance of 112.47 feet; thence South 48 degrees 12 minutes 23 seconds East a distance of 130.16 feet to the Southeasterly line of said Tract B and there terminating. Except that part thereof lying Southerly of a line drawn from a point in the Westerly line of said Tract B, distant 261.86 feet North from the most Southerly corner thereof to a point in the Southeasterly line of said Tract B, distance 279.10 feet Northeasterly from said most Southerly corner.

Certificate Number: 1111474.5
EXHIBIT B

That part of Tract B lying Southerly of a line drawn from a point in the Westerly line of said Tract B distant 261.86 feet North from the most Southerly corner thereof to a point in the Southeasterly line of said Tract B distant 275.1 feet Northeasterly from said most Southerly corner of said Tract B, Registered Land Survey No. 937 Hennepin County, Minnesota

Certificate Number: 1111475
Resolution No. 2014-106

Resolution approving a conditional use permit for a drive-up window at 13118 Excelsior Boulevard

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 Margaret and Michael Bauer and Bauer Capital Corporation have requested a conditional use permit for a drive-up window.

1.02 The property is located at 13118 Excelsior Boulevard. It is legally described on Exhibit A and Exhibit B.

1.03 On August 28, 2014, the planning commission held a hearing on the proposal. The applicant was provided the opportunity to present information to the planning commission. The planning commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council approve the permit.

Section 2. General Standards.

2.01 City Code §300.21 Subd. 2 lists the following general standards that must be met for granting a conditional use permit:

1. The use is consistent with the intent of the ordinance;

2. The use is consistent with the goals, policies and objectives of the comprehensive plan;

3. The use does not have an undue adverse impact on governmental facilities, utilities, services or existing or proposed improvements;
4.  The use is consistent with the city's water resources management plan;

5.  The use is in compliance with the performance standards specified in §300.28 of the ordinance; and

6.  The use does not have an undue adverse impact on the public health, safety or welfare.

Section 3.  Specific Standards.

3.01  City Code §300.12 Subd. 4(d) lists the following specific standards that must be met for granting a conditional use permit for uses having a drive-up window.

1.  Drive-up windows and stacking areas shall not be located adjacent to any residential parcel;

2.  Stacking areas shall provide for a minimum of six cars per aisle; and

3.  Public address system shall not be audible from any residential parcel.

Section 4.  Findings.

4.01  The proposal meets the conditional use permit standards.

1.  The drive-up window would be adjacent to Baker Road and the stacking would wrap around the back of the building. The window would not be adjacent to a residential parcel.

2.  Stacking would be provided for six stalls in the drive-up lane.

3.  The applicant is not proposing to use a public address system. This is included as a condition of approval for any future changes.

Section 5.  Council Action.

5.01  The above-described conditional use permit is approved, subject to the following conditions:
1. Subject to staff approval, the property must be developed and maintained in substantial conformance with the site plan dated July 17, 2014, and as amended by the city council Resolution No. 2014-105 approving final site and building plans.

2. Prior to issuance of a building permit, this resolution must be recorded with Hennepin County.

3. Public address system shall not be audible from any residential parcel.

4. The city council may reasonably add or revise conditions to address any future unforeseen problems.

5. Any change to the approved use that results in a significant increase in traffic or a significant change in character would require a revised conditional use permit.

Adopted by the City Council of the City of Minnetonka, Minnesota, on September 15, 2014.

Tony Wagner, Acting Mayor

Attest:

David E. Maeda, City Clerk

Action on this resolution:

Motion for adoption: Allendorf
Seconded by: Acomb
Voted in favor of: Bergstedt, Wagner, Ellingson, Allendorf, Acomb, Wiersum
Voted against:
Abstained: Schneider
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on September 15, 2014.

David E. Maeda, City Clerk
Exhibit A

That part of Tract B, Registered Land Survey No. 937, lying Southwesterly of a line and its Northwesterly extension described as commencing at the Northwest corner of said Tract B; thence South 88 degrees 25 minutes 00 seconds East, assumed bearing along the North line of said Tract B a distance of 90.75 feet to an angle point in said North line; thence South 24 degrees 00 minutes 29 seconds East a distance of 112.47 feet; thence South 48 degrees 12 minutes 23 seconds East a distance of 130.16 feet to the Southeasterly line of said Tract B and there terminating. Except that part thereof lying Southerly of a line drawn from a point in the Westerly line of said Tract B, distant 261.66 feet North from the most Southerly corner thereof to a point in the Southeasterly line of said Tract B, distance 275.10 feet Northeasterly from said most Southerly corner.

Certificate Number: 1111474.5
EXHIBIT B

That part of Tract B lying Southerly of a line drawn from a point in the Westerly line of said Tract B distant 281.86 feet North from the most Southerly corner thereof to a point in the Southeasterly line of said Tract B distant 275.1 feet Northeasterly from said most Southerly corner of said Tract B, Registered Land Survey No. 837 Hennepin County, Minnesota

Certificate Number: 1111475
council support, fiscal management, community relations, and strategic planning. He said the council again determined Barone met or exceeded expectations in all those areas. The council approved the 2016 performance goals in the various areas.

Wagner reported there was a meeting the previous week of the Southwest Community Works Steering Committee. One agenda item was receiving and discussing the Southwest Corridor Housing Strategy document. This document would help set the stage for the city's comprehensive plan discussion. He said there was also some discussion about the naming of the stations.

Schneider presented Community Development Director Julie Wischnack and City Planner Loren Gordon an Economic Development Association of Minnesota award the city received for the work in the redevelopment of the Ridgedale area.

8. Citizens Wishing to Discuss Matters not on the Agenda

Tristan Lundblad, 1801 Welland Avenue, said he wished to make comments about poor people in the city including himself. He pays over ten dollars a day in property taxes in order to live in the city. He lives in a single income home. His girlfriend stays at home to take care of their child. The couple have a one acre farm. He said he doesn't have any debt other than his mortgage. He struggles to become part of the community and one thing that upsets him are the fees charged at the Williston Fitness Center. It costs $700 for a family. He can't afford to pay that amount. He noted there are discounts for seniors. He said there are poor people who need discounts as well. There are scholarships for individual programs but not an overall scholarship for joining. He asked the council to remember a time in their life when they were poor and to keep that in mind when decisions are being made.

9. Bids and Purchases: None

10. Consent Agenda – Items Requiring a Majority Vote:

A. Twelve-month time extension of site and building plan and conditional use permit approval for Bauer’s Custom Hitches at 13118 Excelsior Boulevard

   Allendorf moved, Acomb seconded a motion to approve the twelve-month time extension. All voted "yes." Motion carried.
Schneider said one of the characteristics of a county commissioner is persistence and patience and that Callison had earned her stripes for her work on the SWLRT.

Ben Jacobs, coach of Rolling Thunder, said the Minnetonka club began in March. Jay, a club member, spoke about his experiences in the club. He thanked the city for supporting Rolling Thunder and providing the Lindbergh Center as the club's practice facility. Jacobs presented a plaque to Schneider.

9. **Bids and Purchases:** None

10. **Consent Agenda – Items Requiring a Majority Vote:**

   A. **General services agreements with consulting engineering firms for the period of 2017-2019**

   Allendorf moved, Acomb seconded a motion to authorize mayor and city manager to enter into general services agreements for the three-year period of 2017-2019 with Bolton & Menk, Inc.; Hansen Thorp Pellinen Olson, Inc.; Sambatek; Short Elliott Hendrickson, Inc.; SRF Consulting Group, Inc.; WSB & Associates, Inc.; Barr Engineering Company; ISG, Inc.; Kjolhaug Environmental Services Company; American Engineering Testing, Inc.; Advanced Engineering and Environmental Services, Inc.; and In-Control, Inc. All voted “yes.” Motion carried.

   B. **Twelve-month time extension of site and building plan and conditional use permit approval for Bauer's Custom Hitches at 13118 Excelsior Boulevard**

   Allendorf moved, Acomb seconded a motion to approve the twelve-month time extension. All voted “yes.” Motion carried.

   C. **Order for tobacco license violation for Scoreboard, Inc. (dba Scoreboard Grill & Bar)**

   Allendorf moved, Acomb seconded a motion to approve issuing the Finding of Fact, Conclusion, and Order. All voted “yes.” Motion carried.

   D. **Resolution to adjust 2017 non-union employee salaries and benefits**

   Allendorf moved, Acomb seconded a motion to adopt resolution 2016-131 authorizing the 2017 non-union employee salary and benefit adjustments. All voted “yes.” Motion carried.
Hi Susan,

Hope you have had a good year. I cannot believe 2017 is ending already.

While we have not been able to rebuild our Minnoco convenience store (yet!), we have made substantial progress in plans and contacts. We have been working with Tim Igo, Suntide Commercial Realty and David Kordonowy, Steiner Development, here in Minnetonka who are helping us create an overall plan for our corner and the best use of our property for the community. This may need further approval from the City if the project scope changes beyond what our current CUP's allow. As you know, commercial development planning is not a swift process and though, we had hoped to be done with construction before the end of 2017, we do need to ask for an extension of our building plan.

Therefore, we formally request:

"A Twelve-month time extension of site and building plan and conditional use permit approval for Bauer’s Custom Hitches at 13118 Excelsior Boulevard, Minnetonka, MN 55343, Resolutions No. 2014-105 & 2014-106."

Please confirm receipt and let me know if you need anything further.

 Regards,

Margaret & Michael Bauer

Minnetonka Minnoco & U-Haul

Bauer’s Custom Hitches

13118 Excelsior Blvd

Minnetonka, MN 55343

[Minnoco logo]
City Council Agenda Item #11A  
Meeting of December 4, 2017

**Brief Description**  
Applications for renewed liquor licenses for 2018

**Recommendation**  
Approve the licenses

**Background**

The city has received applications for renewed on-sale and Sunday on-sale intoxicating liquor licenses, off-sale intoxicating liquor licenses, on-sale wine licenses, on-sale 3.2 malt beverage licenses, and off-sale 3.2 malt beverage liquor licenses as follows:

**On-sale and Sunday On-sale Intoxicating Liquor Licensees**

There are twenty-three applicants requesting renewals of on-sale and Sunday on-sale liquor for 2018. RS Sports Grill closed in 2017. Below is a list of those establishments requesting to renew their license for 2018:

- **Avenida**  
  11390 Wayzata Boulevard

- **Bacio**  
  1571 Plymouth Road

- **Bar Louie**  
  12401 Wayzata Boulevard

- **Big Bowl**  
  12649 Wayzata Boulevard

- **Blvd Kitchen and Bar**  
  11544 Wayzata Boulevard

- **Champps**  
  1641 Plymouth Road

- **Christos Greek Restaurant**  
  15600 State Highway 7

- **Crossroads Delicatessen**  
  2795 Hedberg Drive

- **Famous Dave’s BBQ Shack**  
  14601 State Highway 7

- **Gold Nugget Tavern and Grille**  
  14401 Excelsior Boulevard

- **Ike’s Minnetonka**  
  17501 State Highway 7

- **Jimmy’s Food and Cocktails**  
  11000 Red Circle Drive

- **Kona Grill**  
  12401 Wayzata Boulevard

- **Lake Shore Grill (Macy’s)**  
  12411 Wayzata Boulevard

- **Lone Spur Grill & Bar**  
  11032 Cedar Lake Road

- **Marriott Minneapolis Southwest**  
  5801 Opus Parkway

- **Nordstrom Ruscello**  
  12441 Wayzata Boulevard

- **Redstone American Grill**  
  12241 Wayzata Blvd

- **Scoreboard Bar & Grill**  
  5765 Sanibel Drive

- **Sheraton Minneapolis West Hotel**  
  12201 Ridgedale Drive

- **SPASSO**  
  17523 Minnetonka Boulevard

- **The Cheesecake Factory (2017)**  
  12735 Wayzata Boulevard

- **Zuhrah Shriners (Club License)**  
  6120 Blue Circle Drive
Off-Sale Intoxicating Liquor Licensees

There are eleven applicants requesting renewals of off-sale intoxicating liquor. Total Wine opened November 16. As part of the approval of the license for Total Wine, two licenses were surrendered with the buyout of Big Top Liquors and US Liquor & Wine. Below is a list of those establishments requesting to renew for 2018:

- Glen Lake Wine & Spirits 14704 Excelsior Boulevard
- Haskell's 12900 Wayzata Boulevard
- Lunds & Byerly's Wines & Spirits 13081 Ridgedale Drive
- Unmapped Brewing & On-Sale Taproom 14625 Excelsior Blvd
- MGM Wine & Spirits 4795 Co Rd 101
- Strong Liquor 11048 Cedar Lake Road
- Sundial Wine & Spirits 5757 Sanibel Drive
- The Wine Shop 17521 Minnetonka Boulevard
- Tonka Bottle Shop 17616 Minnetonka Boulevard
- Total Wine & More 14200 Wayzata Boulevard
- Trader Joe’s 11220 Wayzata Boulevard

On-Sale Wine Licensees

There are fifteen applicants requesting renewals of on-sale wine licenses. Kai Sushi was approved for a license in 2017, but will not open until 2018. Field Day and both Noodles & Company remain open but decided not to renew their liquor licenses for 2018. Below is a list of those establishments requesting to renew for 2018:

- Big Thrill Factory 17501 State Highway 7
- Bukhara Indian Bistro 15718 Wayzata Boulevard
- Cheers Pablo 13027 Ridgedale Drive
- Chipotle Mexican Grill 12509 Wayzata Boulevard (Ridgedale)
- Chipotle Mexican Grill 4717 Co Rd 101
- Davanni’s Pizza & Hot Hoagies 15200 State Highway 7
- Dragon Jade Restaurant 14406 Excelsior Boulevard
- Dunn Bros Coffee 14525 State Highway 7
- Farm + Vine (2017) 1700 Plymouth Road
- General Store 14401 State Highway 7
- Kai Sushi (2018) 17420 Minnetonka Boulevard
- Life Café (Lifetime Fitness) 3310 Co Rd 101
- People’s Organic Coffee & Wine Café 12934 Minnetonka Boulevard
- Ruth Stricker’s - The Marsh 15000 Minnetonka Boulevard
- Station Pizzeria 13008 Minnetonka Boulevard
- Yum! Kitchen and Bakery 6001 Shady Oak Road
On-sale 3.2 Percent Malt Liquor Licensees

There are sixteen applicants requesting renewals of 3.2 percent malt liquor licenses for 2018. The Bunker Indoor Golf Center relocated to another city location outside of Minnetonka. Field Day and both Noodles & Company remain open but decided not to renew their liquor licenses for 2018. Below is a list of those establishments requesting to renew for 2018:

- Big Thrill Factory 17501 State Highway 7
- Bukhara Indian Bistro 15718 Wayzata Boulevard
- Cheers Pablo 13027 Ridgedale Drive
- Chipotle Mexican Grill 12509 Wayzata Boulevard, Suite 1305
- Chipotle Mexican Grill 4717 Co Rd 101
- Davanni's Pizza & Hot Hoagies 15200 State Highway 7
- Dragon Jade Restaurant 14406 Excelsior Boulevard
- Dunn Bros Coffee 14525 State Highway 7
- Farm + Vine (2017) 1700 Plymouth Road
- General Store 14401 State Highway 7
- Glen Lake Golf & Practice Center 14350 County Road 62
- Life Café (Lifetime Fitness) 3310 Co Rd 101
- People's Organic Coffee & Wine Café 12934 Minnetonka Boulevard
- Ruth Stricker’s – The Marsh 15000 Minnetonka Boulevard
- Station Pizzeria 13008 Minnetonka Boulevard
- Yum! Kitchen and Bakery 6001 Shady Oak Road

Off-sale 3.2 Percent Malt Liquor Licensees

There are two applicants requesting renewal of off-sale 3.2 percent malt liquor licenses. Below is a list of those establishments:

- Glenn’s 1-Stop 12908 Minnetonka Boulevard
- Target Store T-1356 4848 County Road 101

Police Contacts

The enclosed reports recap police contacts over a 5-year period and those occurring between January 1, 2017 and October 31, 2017 at licensed establishments. In staff’s opinion, no contacts reported at the establishments rise to a level warranting denial or postponement of renewed licenses. The police department follows up with management at establishments having incidents of particular concern. (See attached reports).

Food/Liquor Sales

The city ordinance states that all on-sale intoxicating liquor licensees must meet the requirement that no less than 50 percent of gross sales be attributable to the sale of food. All establishments have met the city requirements for food to liquor ratio. Enclosed is a report that shows the percentages of food and liquor sales reported by each establishment during 2016-2017. Reported food sales ranged from a high of 99.9 percent (Life Café, On Sale Wine License) to a low of 55 percent (Cheers Pablo, On-
Sale Wine License) of gross sales.

As provided by city ordinance and council policy, two establishments are randomly selected for a review of the ratio of food to liquor sales. Those two establishments are in the process of being audited by a staff accountant from CliftonLarsonAllen LLP. Staff will notify the council if those establishments are found to not be in compliance with city requirements.

**Health Inspection Results**

Staff has also reviewed the city’s health inspection results from the past 12 months for each of the on-sale licensees. Some establishments did not have satisfactory inspection scores, which have resulted in follow-up enforcement actions. However, all affected establishments have taken appropriate corrective actions. (See attached reports.)

**Recommendations**

Staff recommends that the city council approve all of the renewals listed in this report for the 2018 calendar year. Licenses will not be issued until proof of liquor liability insurance for 2018 is received.

Submitted through:
   Geralyn Barone, City Manager
   Julie Wischnack, AICP, Community Development Director

Originated by:
   Kathy Leervig, Community Development Coordinator
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## Police Department Calls Off-Sale Liquor Licenses
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<td>971 Sambol Dr</td>
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<td>Liquor related</td>
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<td>Jimmy's Food &amp; Cocktails</td>
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<td>The Cheesecake Factory</td>
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<tr>
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<td>Davanni's Pizza &amp; Hot Hoagies</td>
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<td>Dunn Bros Coffee</td>
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<td>Opened 2016</td>
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<tr>
<td>Farm + Vine</td>
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<td>General Store</td>
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<td>Opened 2016</td>
</tr>
<tr>
<td>People's Organic</td>
<td>Change of Ownership 2015</td>
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<tr>
<td>Ruth Stricker's - The Marsh*</td>
<td>90</td>
<td>10</td>
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<tr>
<td>Station Pizzeria</td>
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<td></td>
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<td></td>
<td>Opened 2017</td>
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<tr>
<td>Yum Kitchen and Bakery</td>
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<td>96</td>
<td>4</td>
<td>97</td>
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</tbody>
</table>
This information provides health inspection dates and scores for all licensed food establishments in Minnetonka serving liquor. The scores are based on risk factors and public health interventions. The inspection program ensures operators address critical violations (C) that have the potential of causing food borne illnesses in the food establishments. The routine and re-inspections are based on a scale of C-0 to C-27, with C-3 generally considered to be satisfactory. Seven or more risk factors (represented as C-7) is generally considered failing and requires a reinspeclion.

### ON-SALE AND SUNDAY ON-SALE INTOXICATING LIQUOR LICENSEEES

<table>
<thead>
<tr>
<th>Establishment</th>
<th>Date of Inspection</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avenida</td>
<td>2/1/17, 2/15/17</td>
<td>C-16, C-3</td>
</tr>
<tr>
<td>Bacio</td>
<td>3/29/17, 4/12/17</td>
<td>C-7, C-1</td>
</tr>
<tr>
<td>Bar Louie</td>
<td>6/28/17, 7/12/17</td>
<td>C-9, C-0</td>
</tr>
<tr>
<td>Big Bowl</td>
<td>3/8/17, 3/22/17, 8/23/17</td>
<td>C-5, C-3, C-4</td>
</tr>
<tr>
<td>Blvd Kitchen and Bar</td>
<td>5/8/17</td>
<td>C-3</td>
</tr>
<tr>
<td>Champps Americana</td>
<td>4/18/17, 5/4/17</td>
<td>C-2, C-2</td>
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<tr>
<td>Cheesecake Factory</td>
<td>11/10/17, 11/28/17</td>
<td>C-10, C-6, Follow-up inspection Jan 2018</td>
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<tr>
<td>Christos Greek Restaurant</td>
<td>1/31/17, 2/14/17</td>
<td>C-11, C-1</td>
</tr>
<tr>
<td>Crossroads Delicatessen*</td>
<td>1/31/17, 2/14/17, 7/12/17, 7/25/17, 8/8/17</td>
<td>C-10, C-2, C-12, C-5, C-0</td>
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<tr>
<td>Famous Dave’s BBQ Shack</td>
<td>3/30/17, 4/14/17</td>
<td>C-9, C-4</td>
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<td>Gold Nugget Tavern &amp; Grill</td>
<td>8/3/17, 8/17/17, 8/22/17</td>
<td>C-17, C-9, C-0</td>
</tr>
<tr>
<td>Ike’s</td>
<td>10/6/17</td>
<td>C-3</td>
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<tr>
<td>Jimmy’s Food and Cocktails</td>
<td>9/5/17, 9/28/17</td>
<td>C-6, C-1</td>
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<tr>
<td>Kona Grill</td>
<td>9/27/17</td>
<td>C-4</td>
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<tr>
<td>Lake Shore Grill (Macy’s)</td>
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<tr>
<td>Lone Spur Grill &amp; Bar</td>
<td>3/19/17</td>
<td>C-3</td>
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<tr>
<td>Marriott Minneapolis Southwest</td>
<td>8/1/17, 8/29/17</td>
<td>C-11, C-2</td>
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<tr>
<td>Nordstrom Ruscello</td>
<td>10/25/17</td>
<td>C-4</td>
</tr>
<tr>
<td>Redstone American Grill</td>
<td>7/26/17, 8/10/17</td>
<td>C-10, C-1</td>
</tr>
<tr>
<td>Scoreboard Grill &amp; Bar</td>
<td>4/25/17, 5/9/17</td>
<td>C-8, C-2</td>
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<tr>
<td>Sheraton Minneapolis West Hotel</td>
<td>3/21/17, 4/4/17</td>
<td>C-12, C-3</td>
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<tr>
<td>Spasso</td>
<td>8/30/17, 9/13/17</td>
<td>C-8, C-3</td>
</tr>
<tr>
<td>Station Pizzeria</td>
<td>3/8/17</td>
<td>C-5</td>
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<tr>
<td>Zuhrah Shriners</td>
<td>10/24/17</td>
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### ENVIRONMENTAL HEALTH ENFORCEMENT ACTIONS

#### CITATIONS

<table>
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<tr>
<th>Establishment</th>
<th>Date</th>
<th># Citations Issued</th>
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</thead>
<tbody>
<tr>
<td>Big Bowl</td>
<td>3/8/17</td>
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* Establishments requiring a second follow-up inspection are placed on an Improvement Plan. The Improvement Plan requires inspections to occur within six months until the establishment achieves compliance.
## Liquor Establishments – 2017 Health Inspection Results

<table>
<thead>
<tr>
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## Formal Complaints

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This information provides health inspection dates and scores for all licensed food establishments in Minnetonka serving liquor. The scores are based on risk factors and public health interventions. The inspection program ensures operators address critical violations (C) that have the potential of causing food-borne illnesses in the food establishments. The routine and re-inspections are based on a scale of C-0 to C-27, with C-3 generally considered to be satisfactory. Seven or more risk factors (represented as C-7) is generally considered failing and requires a re-inspection.

### ON-SALE 3.2 PERCENT MALT LIQUOR and/or WINE LICENSEES

<table>
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<th>Establishment</th>
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<tbody>
<tr>
<td>Big Thrill Factory</td>
<td>5/1/17</td>
<td>C-5</td>
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<tr>
<td>Bukhara Indian Bistro</td>
<td>9/4/17, 8/29/17</td>
<td>C-7, C-0</td>
</tr>
<tr>
<td>Cheers Pablo</td>
<td>11/7/17</td>
<td>C-1</td>
</tr>
<tr>
<td>Chipotle Mexican Grill (101/7)</td>
<td>1/10/17, 2/14/17</td>
<td>C-8, C-0</td>
</tr>
<tr>
<td>Chipotle Mexican Grill (Ridgedale)</td>
<td>1/9/17</td>
<td>C-5</td>
</tr>
<tr>
<td>Davanni’s Pizza and Hot Hoagies</td>
<td>7/18/17</td>
<td>C-5</td>
</tr>
<tr>
<td>Dragon Jade Restaurant</td>
<td>4/16/17</td>
<td>C-3</td>
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<td>Dunn Bros</td>
<td>11/14/17</td>
<td>C-4</td>
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<td>Farm + Vine</td>
<td>11/20/17</td>
<td>C-7, Follow-up inspection 12/5/17</td>
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<td>Glen Lake Golf &amp; Practice Center</td>
<td>8/7/17</td>
<td>C-2</td>
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<tr>
<td>Life Café (Lifetime Fitness)</td>
<td>1/4/17, 1/18/17</td>
<td>C-9, C-4</td>
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<td>People’s Organic</td>
<td>4/5/17, 4/19/17, 8/21/17</td>
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<td>Ruth Stricker’s - The Marsh</td>
<td>4/10/17, 4/24/17</td>
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<td>Yum Kitchen and Bakery</td>
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### ENVIRONMENTAL HEALTH ENFORCEMENT ACTIONS

#### CITATIONS

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#### ADMINISTRATION CONFERENCE

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#### FORMAL COMPLAINTS

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City Council Agenda Item #12A  
Meeting of December 4, 2017

Brief Description: Ordinance authorizing sale of land for boundary line adjustment

Recommended Action: Introduce the ordinance

Background

When the owners of the property at 17001 Excelsior Boulevard applied for a permit to reconstruct their driveway, the city discovered that the driveway encroaches onto the adjacent property for Fire Station 4, located at 17125 Excelsior Boulevard. Based on available records, the encroachment has existed for many years.

After discussing alternatives to correct the encroachment, including moving the driveway, granting an easement for the encroachment or adjusting the boundary line, the city staff negotiated a purchase agreement with the owners to adjust the property line. Staff’s recommendation to sell the property is based upon the following:

- Based on aerial photography, it appears that the encroachment existed prior to the city’s purchase of the fire station property in 1973.
- The land to be conveyed is screened from the fire station by a stand of trees, and therefore the loss of the land has no impact on the fire station property from either a physical or visual standpoint.
- The purchase price of $9,415 is based on the land value, as determined for property tax purposes, for the 17001 Excelsior Boulevard property.

The attached sketch shows the approximate area to be conveyed. The final legal description for the land to be conveyed will be determined by a survey. The survey is required for the administrative lot division of the fire station property, which is a requirement of the purchase agreement. The owner has ordered the survey. Because the survey could result in a change in the legal description, the proposed ordinance will not be brought back for final adoption until the survey has been received.

Recommendation

Introduce the ordinance.

Submitted through:
Geralyn Barone, City Manager
John Vance, Fire Chief
Julie Wischnack, Community Development Director
Originated by:
  Corrine Heine, City Attorney
  Ashley Cauley, Senior Planner
PURCHASE AGREEMENT

This Purchase Agreement is made as of ________________, 2017, by and between the City of Minnetonka ("Seller"), and Charles Fletcher and Mary B. Fletcher ("Buyers").

Recitals

A. Buyers are the fee owners of real property at 17001 Excelsior Boulevard in Minnetonka, Hennepin County, Minnesota (the “Buyers’ Property”), legally described as:

That part of the North Half of the Northeast Quarter of the Northwest Quarter of Section 32, Township 117, Range 22 as described as follows: Commencing at the intersection of the South line of said North Half of the Northeast Quarter of the Northwest Quarter and a line drawn parallel with and 16.5 feet Northwesterly from a line drawn from a point in the South line of said North Half of the Northeast Quarter of the Northwest Quarter distant 762 feet West of the Southeast corner of said North Half of the Northeast Quarter of the Northwest Quarter to a point in the center line of Excelsior Road distant 586 feet Westerly measured along said center line of said road from its intersection with the East line of the said Northeast Quarter of the Northwest Quarter; thence Northeasterly along said parallel line 284.4 feet to the center line of said Excelsior Road; thence Northwesterly along said center line of said road a distance of 160 feet; thence Southwesterly a distance of 343.7 feet to a point in the South line of said North Half of the Northeast Quarter of the Northwest Quarter distant 180 feet West of the point of beginning; thence East 180 feet to the point of beginning.

B. City is the owner of real property at 17125 Excelsior Boulevard in Minnetonka, Hennepin County (the “City Property”), legally described as:

That part of the North ½ of the Northeast Quarter of the Northwest Quarter of Section 32, Township 117, Range 22 described as follows: Commencing at the intersection of the South line of said North ½ and a line drawn parallel with and 16.5 feet Northwesterly from a line drawn from a point in the South line of said North ½ distant 762 feet West of the Southeast corner of said North ½ to a point in the center line of Excelsior Road distant 586 feet Westerly, measured along said center line of said road from its intersection with the East line of said Northeast Quarter of the Northwest Quarter; thence Northeasterly along said parallel line 284.4 feet to the center line of said Excelsior Road; thence Northwesterly along said center line of said road a distance of 160 feet to the actual point of beginning of the tract to be described; thence Southwesterly a distance of 343.7 feet to a point in the South line of said North ½ distant 180 West of the initial point of commencement; thence West along said South line of said North ½ to the Southwest corner of said North ½; thence North along the West line of said North ½ to the Northwest corner of said North ½; thence East along the North line of said North ½ to the Northeast corner of said North 1/2; thence South along the East line of said North ½ a distance of 490.2 feet more or less to the South line of Excelsior Boulevard; thence West along the Southerly line of said Excelsior Boulevard to a point therein 110 feet West, measured
at right angles from the East line of said North ½; thence north to a point in the center line of said Excelsior Boulevard distant 110 feet, measured along said center line, from the East line of said North ½; thence Northwesterly along the center line of said Excelsior Boulevard to the actual point of beginning, except that part thereof lying Northerly of Excelsior Boulevard, and except the West 231 feet thereof as measured along the South line and parallel with the West line of the above described tract.

C. Buyers’ driveway encroaches onto the City Property, along the northerly and southeasterly property lines of the City Property. The parties have agreed to adjust the boundary lines of their respective properties to resolve the boundary line issue.

Terms

1. **Subject Property.** Seller agrees to sell and Buyers agree to buy the following described portion of the City Property (the “Subject Property”), consisting of approximately 3,880 square feet, according to the terms and conditions of this Purchase Agreement:

   That part of the North ½ of the Northeast Quarter of the Northwest Quarter of Section 32, Township 117, Range 22 described as follows:
   Commencing at the intersection of the South line of said North ½ and a line drawn parallel with and 16.5 feet Northwesterly from a line drawn from a point in the South line of said North ½ distant 762 feet West of the Southeast corner of said North ½ to a point in the center line of Excelsior Road distant 586 feet Westerly, measured along said center line of said road from its intersection with the East line of said Northeast Quarter of Northwest Quarter; thence Northeasterly along said parallel line 284.4 feet to the center line of said Excelsior Road; thence Northwesterly along said center line of said road a distance of 160 feet to the actual point of beginning of the tract to be described; thence Southwesterly a distance of 343.7 feet, more or less, to a point in the South line of said North ½ distant 180 West of the initial point of commencement (said last-described line being “Line A”); thence West along said South line of said North ½ a distance of 13.0 feet; thence Northeasterly along a line parallel and distant 13.0 feet northwesterly of said Line A to the center line of Excelsior Road; thence Southwesterly a distance of 13.0 feet, more or less, to the point of beginning.

   The above legal description of the Subject Property is subject to changes made in connection with the administrative lot division required by paragraph 4.a. below.

2. **Purchase Price.** The purchase price for the Subject Property is $9,415.00, payable at Closing.

3. **Title Issues:**
   a. **Marketability of Title.** The City makes no warranty regarding the condition of title to the Subject Property. Buyers are responsible for investigating the status of title and determining whether the condition of title is acceptable to them.
b. **Deed Delivered at Closing.** Seller agrees to convey the title to the Subject Property by quit claim deed in form acceptable to Buyer’s title company. Buyer will be responsible for paying the cost of recording the deed and state deed tax.

4. **Contingencies.** The sale contemplated by this Agreement is contingent upon the following, neither of which may be waived by either party.

a. **Lot Division.** The sale contemplated by this Agreement requires an administrative lot division under Minnetonka city ordinances. Seller agrees to waive the application fee for the administrative lot division. Buyers are responsible for all other costs in connection with obtaining the administrative lot division, including the cost of obtaining the required survey. This contingency must be satisfied prior to the Closing Date.

b. **City Council Approval.** This Agreement is conditioned upon passage of an ordinance authorizing the sale contemplated by this Agreement, by the Minnetonka City Council. This contingency must be satisfied within 30 days after Buyers’ execution of this Agreement.

5. **Closing Date.** The closing of the sale of Subject Property must take place on or before October 1, 2017, at a date, time and location as may be mutually agreed upon by the Seller and Buyers.

6. **Seller's Representations and Adjustments.** Seller represents that:

   a. The Subject Property is tax exempt, and no proration of property taxes is necessary.
   b. There are no pending or special assessments against the Subject Property.

7. **Buyers’ Representation.** Buyers represent and warrant that they will file documents with Hennepin County as necessary to combine the Subject Property with the Buyers’ Property as a single tax parcel.

8. **Broker’s Fees.** The parties represent that they have not retained a real estate broker to represent them in the sale and purchase of the Subject Property. Each party agrees to indemnify the other for any and all claims for brokers commissions or finder's fees in connection with negotiations for the sale or purchase of the Subject Property arising out of any alleged agreement, commitment or negotiation by the indemnifying party.

9. **Entire Agreement; Amendments.** This Purchase Agreement constitutes the entire agreement between the parties and no other agreement prior to this Purchase Agreement or contemporaneous herewith will be effective except as expressly set forth or incorporated herein. Any purported amendment will not be effective unless it is set forth in writing and executed by both parties or their respective successors or assigns.

10. **Binding Effect.** This Purchase Agreement is binding upon and inure to the benefit of the parties and their respective heirs, executors, administrators, successors and assigns. All representations and warranties made in this agreement are intended to survive closing and will not be
merged in the deed.

11. **Notice.** Any notice, demand, request or other communication which may or must be given to Seller by Buyers or to Buyers by Seller will be deemed to have been given or served on the date the same is deposited in the United States mail, registered or certified, postage prepaid and addressed as follows:

   a. If to Seller:  
   City Attorney  
   City of Minnetonka  
   14600 Minnetonka Boulevard  
   Minnetonka, MN  55345

   b. If to Buyer:  
   Charles and Mary Fletcher  
   17001 Excelsior Boulevard  
   Minnetonka, MN 55345

12. **Specific Performance.** This Purchase Agreement may be specifically enforced by the Buyers and/or the Seller, provided that any action for specific enforcement is brought by October 1, 2018.

IN WITNESS WHEREOF, the undersigned have executed this agreement as of the date written above.

BUYERS:

______________________________
Charles Fletcher

______________________________
Mary B. Fletcher

SELLER:

City Of Minnetonka

By: ____________________________
Terry Schneider, Its Mayor

And: ____________________________
Geralyn Barone, Its City Manager
Ordinance No. 2017-

An Ordinance authorizing the sale of land for
a boundary line adjustment of 17125 Excelsior Boulevard
and 17001 Excelsior Boulevard

The City of Minnetonka Ordains:

Section 1. Findings and Purpose.

1.01 The city of Minnetonka owns real property located at 17125 Excelsior Boulevard.

1.02 The driveway of the property at 17001 Excelsior Boulevard encroaches onto the city-owned property. The encroachment dates back several decades.

1.03 The city council deems it appropriate to adjust the property boundaries by conveying a 13-foot strip of the city property to the owners of the adjacent property. The property to be conveyed is legally described in the attached Exhibit A.

1.04 The city staff has negotiated a purchase agreement with the adjacent owners.

Section 2. Authorization.

2.01 The city council approves the conveyance of the property described in Exhibit A, in accordance with the purchase agreement.

2.02 The mayor and city manager are authorized and directed to execute the purchase agreement and all documents necessary to complete the conveyance, including documents that extend or modify time deadlines in the purchase agreement.

Section 3. This ordinance is effective 30 days after publication.

Adopted by the city council of the City of Minnetonka, Minnesota, on
The stricken language is deleted; the underlined language is inserted.
EXHIBIT A

Legal Description of Land to Be Conveyed

That part of the North ½ of the Northeast Quarter of the Northwest Quarter of Section 32, Township 117, Range 22 described as follows:
Commencing at the intersection of the South line of said North ½ and a line drawn parallel with and 16.5 feet Northwesterly from a line drawn from a point in the South line of said North ½ distant 762 feet West of the Southeast corner of said North ½ to a point in the center line of Excelsior Road distant 586 feet Westerly, measured along said center line of said road from its intersection with the East line of said Northeast Quarter of Northwest Quarter; thence Northeasterly along said parallel line 284.4 feet to the center line of said Excelsior Road; thence Northwesterly along said center line of said road a distance of 160 feet to the actual point of beginning of the tract to be described; thence Southwesterly a distance of 343.7 feet, more or less, to a point in the South line of said North ½ distant 180 West of the initial point of commencement (said last-described line being “Line A”); thence West along said South line of said North ½ a distance of 13.0 feet; thence Northeasterly along a line parallel and distant 13.0 feet northwesterly of said Line A to the center line of Excelsior Road; thence Southwesterly a distance of 13.0 feet, more or less, to the point of beginning.
City Council Agenda Item #14A  
Meeting of December 4, 2017

**Brief Description**  
Resolution approving a conditional use permit for a 7 to 12 resident licensed residential care facility at 5022 Baker Road

**Recommendation**  
Adopt the resolution approving the request

**Background**

By state law, licensed care facilities that serve six or fewer residents are permitted uses in all residential zoning districts. The city cannot place restrictions on such facilities above or beyond the restrictions placed on any other single-family home in the community. Further, as permitted uses, no special city zoning review or approval is required.

Individual communities have the authority to allow and regulate facilities serving more than six residents. Historically, the city of Minnetonka has held the view that licensed care facilities provide a valuable service to community residents and their family members. The city has chosen to allow, as conditional uses, facilities that serve between 7 and 12 residents. (See planning commission report for more information.)

**Proposal**

Counter Point Recovery currently operates a chemical dependency treatment facility in Minnetonka. It serves six, male residents. By state law, it is a permitted use. The organization is proposing to open a new facility at 5022 Baker Road. This facility would serve 12 people. Any increase over six residents requires a conditional use permit.

**Planning Commission Hearing**

The planning commission considered the request on November 30, 2017. The staff report, various plans, documents, and neighborhood comments from that meeting are attached.

As stated within the staff report, staff recommended approval of the request based on the following findings:

- The applicant has not proposed any additions onto the existing single-family home. The applicant has stated that they may improve the existing driveway (blacktop or concrete) and add a fence along the southern portion of the property. However, none of these changes would expand the footprint of the home or alter the physical, single-family home character of the structure or neighborhood.

- The applicant’s proposal meets or exceeds the general and specific conditional use permit standards outlined in the city code.
A change memo will be provided to the council prior to its December 4, 2017 meeting. The memo will summarize:

- comments received during the public hearing;
- any commission discussion; and
- the commission’s recommendation.

**Staff Recommendation**

Adopt the resolution approving a conditional use permit for a 7 to 12-resident licensed residential care facility at 5022 Baker Road.

Through: Geralyn Barone, City Manager
         Julie Wischnack, AICP, Community Development Director
         Loren Gordon, AICP, City Planner

Originator: Drew Ingvalson, Planner
MINNETONKA PLANNING COMMISSION  
November 30, 2017

Brief Description  Conditional use permit for a 7 to 12 resident licensed residential care facility at 5022 Baker Road

Recommendation  Recommend the city council adopt the resolution approving the conditional use permit

Background

By state law, licensed care facilities that serve six or fewer residents are permitted uses in all residential zoning districts. The city cannot place restrictions on such facilities above or beyond the restrictions placed on any other single-family home in the community. Further, as permitted uses, no special city zoning review or approval is required.

Individual communities have the authority to allow and regulate facilities serving more than six residents. Historically, the city of Minnetonka has held the view that licensed care facilities provide a valuable service to community residents and their family members. The city has chosen to allow, as conditional uses, facilities that serve between 7 and 12 residents. (See Supporting Information Section).

Proposal

Counter Point Recovery currently operates a chemical dependency treatment facility in Minnetonka. It serves six, male residents. By state law, it is a permitted use. The organization is proposing to open a new facility at 5022 Baker Road. This facility would serve 12 people. Any increase to over six residents requires a conditional use permit. (See attached).

Staff Analysis

A land use proposal is comprised of many details. In evaluating a proposal, staff first reviews these details and then aggregates them into a few primary questions or issues. The following outlines both the primary questions associated with the applicant’s request and staff’s findings.

- Are there external building improvements that would alter the single-family character of the property or neighborhood?

   No. The applicant has not proposed any additions onto the existing single-family home. The applicant has stated that they may improve the existing driveway (blacktop or concrete) and add a fence along the southern portion of the property. However, none of these changes would expand the footprint of the home or alter
the physical, single-family home character of the structure or neighborhood. (See attached).

- **Are minimum conditional use permit standards met?**

  Yes. The applicant’s proposal meets or exceeds the general and specific conditional use permit standards outlined in the city code. (See Supporting Information).

**Summary Comment**

The city’s residential care facility ordinance was re-written in 2013. The primary purpose of the update was to provide conditional use permit standards under which care facilities are appropriately balanced with the real and perceived impacts such facilities may have on surrounding residential properties. The proposed Counter Point Recovery meets all of the specific conditional use permit standards.

**Recommendation**

Recommend the city council approve a conditional use permit for a 7 to 12-resident licensed residential care facility at 5022 Baker Road. (See attached).

Originator: Drew Ingvalson, Planner
Through: Loren Gordon, AICP, City Planner
Supporting Information

**Surrounding Land Uses**
North: single-family home, R-1 zoning  
South: single-family home, R-1 zoning  
East: single-family home, R-1 zoning  
West: Interstate Highway 494

**Planning**
Guide Plan designation: low density  
Zoning: R-1

**Property History**
The subject property had a single-family home constructed on it in 1951. During the 1980s and 1990s, the property went through remodels and additions that created the 3,928 square foot building with an 880 square foot garage on the property.

In 1987, the city approved a front yard setback variance along I-494 from 50 feet to 34 feet for a house addition.

In 1999, the city approved a front yard setback variance along I-494 from 40 feet to 16 feet.

**Conditional Uses**
A conditional use is a use of a property that is permitted so long as certain conditions – which are clearly outlined in city code – are met. A conditional use permit (CUP) is both the city’s acknowledgement that the code-defined conditions have been met and a mechanism to outline various regulations to ensure the conditions continue to be met into the future. A conditional use permit “attaches” to the property for which it has been approved, not to the property owner who applied for the permit.

CUPs may be granted to general land uses. In other words, the city may grant a CUP for a fast food restaurant, but not a CUP for McDonald’s. The city may grant a CUP for a non-service station having gasoline pumps, not a CUP for Super America. This distinction between general and specific uses is because the conditions outlined in the zoning ordinance cover generalities of the land use. For instance, the conditions require a certain amount of parking for fast food restaurants and certain vehicle stacking area for gas stations. The zoning ordinance does not, and should not, concern itself with whether a restaurant serves burgers or tacos or what type of gasoline is offered for sale at a station.

It is the same for residential care facilities. The conditions outlined in code look at building square-footage, on-street parking, and the like. The conditions do not distinguish between the type of
care provided at a facility, the population residing at the facility, or the owner of the property on which the facility is located.

**Approved CUPs for 7-12 residents**

The City of Minnetonka has approved three conditional use permits for 7 to 12 resident licensed residential care facilities. These facilities include:

- One Twelve – 12401 Minnetonka Blvd, 12 substance abuse residents, approved in 2015
- Rakhma Grace Home – 5126 Mayview Rd, 12 dementia residents, approved in 2012
- Gianna Homes – 4605 Fairhills Rd E, 10 dementia residents, approved in 2004

**Licensing**

The City of Minnetonka requires a conditional use permit for residential care facilities serving 7 to 12 people. However, the city is not the licensing authority for these types of facilities. The Minnesota Department of Human Services is the licensing authority for residential care facilities. The city has added a condition to the resolution requiring that the applicant obtain licensing to provide residential care for up to 12 people.

**General CUP**

By City Code §300.16 Subd.2 no conditional use permit shall be granted unless the city council determines that all of the general standards are met. The proposed accessory structure would meet the general standards outlined in city code as it would:

- Be consistent with the intent of the ordinance;
- Be consistent with the goals, policies and objectives of the comprehensive plan;
- Not have an undue adverse impact on governmental facilities, utilities, services or existing or proposed improvements; and
- Not have an undue adverse impact on the public health, safety, or welfare of the community.

**Specific CUP Standards**

By City Code §300.16 Subd.3(g) licensed residential care facilities or community based residential care facilities serving 7 to 12 residents must meet the following standards:
1) 3,000 square feet of lot area for each overnight resident, based on proposed capacity;

Finding: The subject property is 54,760 square feet in size. This area exceeds the 36,000 square foot area needed for 12 residents.

2) 300 square feet of residential building area for each overnight resident, based on proposed capacity.

Finding: The existing building is 3,928 square feet in size, exceeding the 3,600 square feet required for 12 residents.

3) in R-1 and R-2 districts, for new construction including additions, a floor area ratio (FAR) that is no more than 100% of the highest FAR of the homes within 400 feet of the lot lines and within 1,000 feet of the lot along the street where it is located, including both sides of the street. The FAR applies to an existing structure only if it seeks to expand. The city may exclude a property that the city determines is not visually part of the applicant's neighborhood and may add a property that the city determines is visually part of the applicant's neighborhood. The city may waive or modify the floor area requirement where:

a. the proposed use would be relatively isolated from the rest of the neighborhood by slopes, trees, wetlands, undevelopable land, or other physical features; or

b. the applicant submits a specific building design and site plan, and the city determines that the proposed design would not adversely impact the neighborhood character because of such things as setbacks, building orientation, building height, or building mass. In this case, the approval is contingent upon implementation of the specific site and building plan.

Finding: No new additions are being proposed for the subject home.

4) no external building improvements undertaken in R-1 and R-2 districts which alter the original character of the home unless approved by the city council. In R-1 and R-2 districts, there must be no exterior evidence of any use or activity that is not customary for typical residential use,
including no exterior storage, signs, and garbage and recycling containers;

**Finding:** No external building improvements are proposed that would alter the original character of the home.

5) traffic generation: a detailed documentation of anticipated traffic generation must be provided. In order to avoid unreasonable traffic impacts to a residential neighborhood, traffic limitations are established as follows:

a. in R-1 and R-2 districts, the use is not permitted on properties that gain access by private roads or driveways that are used by more than one lot;

b. the use must be located on, and have access only to, a collector or arterial roadway as identified in the comprehensive plan;

c. the use must prepare, and abide by, a plan for handling traffic and parking on high traffic days, such as holidays, that has been reviewed and approved by city staff.

**Finding:** The property is located on Baker Road, an arterial and county roadway, includes a three-stall garage, and has outdoor parking spaces for at least four vehicles. City code limits outdoor vehicle parking to four vehicles at any time, excluding vehicles of occasional guests who do not work or reside on the property. A condition of approval has been added to the resolution reflecting this maximum amount of outdoor parking on the site. The 7 parking spaces would limit traffic on site while still accommodating the residents, staff and limited guests expected on the site.

6) no on-street parking to be allowed. Adequate off-street parking will be required by the city based on the staff and resident needs of each specific facility. In R-1 and R-2 districts, the parking area must be screened from the view from other R-1 and R-2 residential properties. Private driveways must be of adequate width to accommodate effective vehicle circulation and be equipped with a turnaround area to prevent backing maneuvers onto public streets. Driveways must be maintained in an open manner at all times and be wide enough for emergency vehicle access. Driveway slope must not exceed 8 percent unless
the city determines that site characteristics or mitigative measures to ensure safe vehicular circulation are present. Adequate sight distance at the access point must be available;

**Finding:** The property includes a three-stall garage and outdoor parking for at least four vehicles. The applicant indicates that drivers/parkers at the proposed 12-resident facility would include:

- four day time staff members,
- one to two staff members during the evening/night; and
- a 12 passenger vehicle for outside activities.

As proposed, residents are not allowed to have vehicles on the premises, so they have not been included in this list. The existing garage and proposed driveway could accommodate all of these drivers/parkers even were all to be on site at the same time.

7) all facilities to conform to the requirements of the Minnesota state building code, fire code, health code, and all other applicable codes and city ordinances;

**Finding:** This has been included as a condition of approval.

8) landscape buffering from surrounding residential uses to be provided consistent with the requirements contained in section 300.27 of this ordinance. A privacy fence of appropriate residential design may be required to limit off-site impacts. Landscape screening from surrounding residential uses may be required by the city depending on the type, location and proximity of residential areas to a specific facility;

**Finding:** The subject property is bordered by vegetation to the north and east and a highway wall to the west. The subject home is located over:

- 200 feet from Baker Road;
- 100 feet from the northern home; and
- 140 feet from the southern home.

The existing vegetation and physical separation create adequate buffering from the subject structure, which is not being exteriorly altered, and neighboring homes.

9) submission of detailed program information including goals, policies, activity schedule, staffing patterns and targeted capacity which may result in the imposition of reasonable conditions to limit the off-site impacts;

**Finding:** This information has been submitted and is attached to this report.

10) submission of a formal site and building plan review if a new building is being constructed, an existing building is being modified, or the city otherwise determines that there is a need for such review; and

**Finding:** No new construction or exterior building/site changes are proposed.

11) additional conditions may be required by the city in order to address the specific impacts of a proposed facility.

**Pyramid of Discretion**

**Motion Options**

The planning commission has three options:

1) Concur with the staff recommendation. In this case, a motion should be made recommending the city council approve the request based on the findings outlined the staff-drafted resolution.
2) Disagree with staff’s analysis. In this case, a motion should be made recommending the city council deny the request. This motion must include findings outlining how the CUP standard is not met.

3) Table the request. In this case, a motion should be made to table the item. The motion should include a statement as to why the request is being tabled with direction to staff, the applicant, or both.

<table>
<thead>
<tr>
<th>Neighborhood Comments</th>
<th>The city sent notices to 52 area property owners and received several comments to date. (See attached).</th>
</tr>
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<tbody>
<tr>
<td>Voting Requirement</td>
<td>The planning commission will make a recommendation to the city council. A recommendation requires an affirmative vote of a simple majority. The city council’s final approval requires an affirmative vote of five members.</td>
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<tr>
<td>Deadline for Decision</td>
<td>February 5, 2018</td>
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10/13/2017

RE: Conditional Use Permit

To City of Minnetonka Planning & Zoning, Council & Staff,

This letter is in request to a Conditional Use Permit to operate a 12 bed licensed care facility at 5022 Baker Road. Counter Point Recovery (CPR) is a Rule 31 licensed care facility that provides residential chemical dependency treatment to adult men.

CPR is licensed as a high intensity residential care facility that provides 30 hours of group counseling each week and 1 hour of individual counseling for each resident. An activity schedule is attached. The goal of CPR is to provide a professional and purposeful treatment program to meet each individual's unique needs in overcoming chemical dependency. Combining education, intervention and aftercare CPR aims to help clients reach their recovery goals. Our objective is to support our resident's strengths so they can take the necessary steps to transform their lives. Our focus is to develop a conscious, independent and empowered individual.

Because our facility provides high intensity treatment, residents must be supervised at all times. Treatment services are provided between 8am-5pm Monday-Friday. All residents are required to partake in treatment services in addition to 30 hours of group counseling and 1 hour of individual counseling each week. CPR provides transportation for all activities and residents are not allowed to have vehicles on our premise. CPR is a primary residential facility, we equip our residents with an understanding of addiction, coping skills, relapse prevention, and many other recovery skills so that they can step down to a medium intensity treatment program where they can begin to expand on the skills they learned, gain employment and living skills and integrate back into the community. Our program is designed to be a structured intense 90-day program. Our residents are not allowed to be employed or have other commitments outside of recovery while in our 90-day program. There are no visitation hours in our high intensity treatment program.

CPR requires all residents to follow all facility policies at all time. Behavioral guidelines inside and outside our facility. Residents agree to our behavioral policy, house rules and treatment rules before admission into our facility. Residents are also required to submit to random drug tests and room searches. Residents who relapse are referred to a higher level of care and often taken to a detoxification facility. CPR does not accept clients with arson or a criminal sexual conduct charge on their record.

During the day, Monday-Friday there are four staff members on site from 8am-5pm. During the evening there are 1-2 staff members on site. Overnight there is 1 staff member on site. A 12 passenger vehicle owned by CPR will be on site to transport residents to outside activities. All doors will automatically lock at 5pm except for an emergency exit, and all windows will have sensory alarms.

Regards,

Munasir Gabeyre
Operations Manager
Counter Point Recovery
Munasir.gabeyre@counterpointrecovery.org
Written Statement

Counter Point Recovery (CPR) currently operates a licensed care facility for 6 residents at 14528 Moonlight Hill Road. CPR would like to propose they move the 6 bed facility to 5022 Baker Road and increase capacity to 12 residents. By state law and city code, residential care facilities serving six or fewer residents are allowed without any city zoning review. However, the proposed increase beyond six residents requires a conditional use permit.

1. 3,000 square feet of lot area for each overnight resident, based on proposed capacity;

Answer----The site has a total of 55,297 total sq ft.

2. 300 square feet of residential building area for each overnight resident, based on proposed capacity;

Answer----The residential building has 4,212 total sq ft.

3. in R-1 and R-2 districts, for new construction including additions, a floor area ratio (FAR) that is no more than 100% of the highest FAR of the homes within 400 feet of the lot lines and within 1,000 feet of the lot along the street where it is located, including both sides of the street. The FAR applies to an existing structure only if it seeks to expand. The city may exclude a property that the city determines is not visually part of the applicant's neighborhood and may add a property that the city determines is visually part of the applicant's neighborhood.

Answer----No new construction.

4. no external building improvements undertaken in R-1 and R-2 districts which alter the original character of the home unless approved by the city council. In R-1 and R-2 districts, there must be no exterior evidence of any use or activity that is not customary for typical residential use, including no exterior storage, signs, and garbage and recycling containers;

Answer----No external building improvements will be undertaken.

5. traffic generation: a detailed documentation of anticipated traffic generation must be provided. In order to avoid unreasonable traffic impacts to a residential neighborhood, traffic limitations are established as follows:

   a) in R-1 and R-2 districts, the use is not permitted on properties that gain access by private roads or driveways that are used by more than one lot;

   b) the use must be located on, and have access only to, a collector or arterial roadway as identified in the comprehensive plan;
c) the use must prepare, and abide by, a plan for handling traffic and parking on high traffic days, such as holidays, that has been reviewed and approved by city staff.

Answer----A. No access by shared private roads or driveways. B. This site is located on minor reliever road. C. Residents are not permitted to have vehicles on site, no visitation is allowed in our program and any special events for resident family/parties will be held off site.

6. no on-street parking to be allowed. Adequate off-street parking will be required by the city based on the staff and resident needs of each specific facility. In R-1 and R-2 districts, the parking area must be screened from the view from other R-1 and R-2 residential properties. Private driveways must be of adequate width to accommodate effective vehicle circulation and be equipped with a turnaround area to prevent backing maneuvers onto public streets. Driveways must be maintained in an open manner at all times and be wide enough for emergency vehicle access. Driveway slope must not exceed 8 percent unless the city determines that site characteristics or mitigative measures to ensure safe vehicular circulation are present. Adequate sight distance at the access point must be available;

Answer---- All parking will be on site. Facility will own a 12 passenger vehicle that will be parked on site for residents to get to therapeutic recreation, equine therapy, grocery shopping and other treatment activities. No more than 5 vehicles will be on site at the same time, this is only between 8am-5pm during hours of operation. Proposed parking plan is attached.

7. all facilities to conform to the requirements of the Minnesota state building code, fire code, health code, and all other applicable codes and city ordinances;

Answer---- Facility will meet all Minnesota state building code, fire code, health code and all other applicable codes and city ordinances.

8. landscape buffering from surrounding residential uses to be provided consistent with the requirements contained in section 300.27 of this ordinance. A privacy fence of appropriate residential design may be required to limit off-site impacts. Landscape screening from surrounding residential uses may be required by the city depending on the type, location and proximity of residential areas to a specific facility;

Answer---- Not change in landscape or exterior buildings.

9. submission of detailed program information including goals, policies, activity schedule, staffing patterns and targeted capacity which may result in the imposition of reasonable conditions to limit the off-site impacts;

Answer---- Submitted activity schedule and letter containing program information, outlining goals, policies, staffing patterns and targeted capacity.
10. submission of a formal site and building plan review if a new building is being constructed, an existing building is being modified, or the city otherwise determines that there is a need for such review; and

Answer-----Submitted floor plan.

11. additional conditions may be required by the city in order to address the specific impacts of a proposed facility.

Answer-----N/A
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<th>Time</th>
<th>Monday</th>
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<tr>
<td>6:45am</td>
<td>Wake-up</td>
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<td>Wake-up/ Meds</td>
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<tr>
<td>6:45am - 8:00am</td>
<td>Breakfast/Meds</td>
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<tr>
<td>8:00-9:00am</td>
<td>AM Check In/ Meditation</td>
<td>AM Check In/ Meditation</td>
<td>AM Check In/ Meditation</td>
<td>AM Check In/ Meditation</td>
<td>Breakfast</td>
<td>Breakfast</td>
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</tr>
<tr>
<td>9:10-11:10am</td>
<td>Stress Management/ Relaxation Skills</td>
<td>Relapse Prevention</td>
<td>Substance Use Education</td>
<td>Relapse Prevention</td>
<td>Community Re-Integration</td>
<td>Sober Support Group</td>
<td>Religious Services- Optional</td>
</tr>
<tr>
<td>11:10am-12:00pm</td>
<td>Lunch</td>
<td>Lunch</td>
<td>Lunch</td>
<td>Lunch</td>
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</tr>
<tr>
<td>12:00-1:00 PM</td>
<td>CBT</td>
<td><strong>Equine Therapy Starts 12:30pm</strong></td>
<td>Emotional Regulation</td>
<td>DBT</td>
<td><strong>Therapeutic Mindfulness Activities Starts 12pm</strong></td>
<td>Free Time</td>
<td>Grocery Shopping</td>
</tr>
<tr>
<td>1:10-2:10PM</td>
<td>MH Education</td>
<td><strong>Equine Therapy Ends 4:30pm</strong></td>
<td>Communication Skills Education</td>
<td>Life Skills</td>
<td><strong>Therapeutic Mindfulness Activities Ends 4pm</strong></td>
<td>Sober Fun</td>
<td>Grocery Shopping</td>
</tr>
<tr>
<td>2:20-4:20pm</td>
<td>Anger Management</td>
<td><strong>Equine Therapy Ends 4:30pm</strong></td>
<td>Recovering from Past Trauma</td>
<td>Helping Men Recover</td>
<td>Free Time</td>
<td>Sober Fun</td>
<td>Free Time</td>
</tr>
<tr>
<td>4:30-5:50pm</td>
<td>Gym Williston Center</td>
<td>Gym Williston Center</td>
<td>Gym Williston Center</td>
<td>Gym Williston Center</td>
<td>Gym Williston</td>
<td>Free Time</td>
<td>House Meeting</td>
</tr>
<tr>
<td>6:00-6:45pm</td>
<td>Dinner</td>
<td>Dinner</td>
<td>Dinner</td>
<td>Dinner</td>
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<tr>
<td>7:00-8:30pm</td>
<td>Free-time/ Homework</td>
<td>Free-time/ Homework</td>
<td>AA Meeting</td>
<td>AA Meeting</td>
<td>Free-time/ Homework</td>
<td>Free Time</td>
<td>AA Meeting</td>
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<tr>
<td>9:00-10:00pm</td>
<td>Cleaning</td>
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<td>Cleaning</td>
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<tr>
<td>11:00pm</td>
<td>Bed Time</td>
<td>Bed Time</td>
<td>Bed Time</td>
<td>Bed Time</td>
<td>Free Time</td>
<td>Free Time</td>
<td>Bed Time</td>
</tr>
</tbody>
</table>

**12:00am**

***Clients Minimally will have 1 individual session once a week with a LADC. All therapy sessions will be facilitated by a LADC, ADC-T, LMFT, LP, LPCC, or another licensed counselor approved by DHS. If an outside person is facilitating the group another counselor will also attend the class. Individual One on Ones will occur either from 7:00 am to 8:00a, 4:30pm-7:30pm or scheduled for a different time as needed.***

***This is a proposed facility schedule for 5022 Baker Road***
Good afternoon Drew, Terry and Bob:

I am a resident of Minnetonka and live on Carleton Road, right off of the Baker Road and Excelsior Blvd intersection. My husband and I chose this neighborhood to make our first home together as a married couple and we have lived here three and a half years. We love the neighborhood and feel very safe in this area.

It has come to my attention that there is a men's drug rehab facility seeking occupancy at 5022 Baker Road in very close proximity of our home. This brings us great concern as we are very active and both go for walks or runs in our neighborhood.

I feel that a more commercial area would be more appropriate to house this men's drug rehab facility, "Counter Point Recovery, LLC" rather than in the middle of a neighborhood. I would appreciate you keeping the residents of the neighborhood in mind as you consider this conditional use permit at this location.

Thank you and appreciate your time and consideration.

Best regards,

Anna Scheetz
Dear Bob,

I am writing to you concerning the conditional use permit request from Counter Point Recovery (CPR) to purchase 5022 Baker Road, Minnetonka, Mn to us as a facility for up to 12 adult men with high levels of drug and alcohol addiction.

I have a unique perspective on this situation as I lived along side someone who worked in a Drug Rehabilitation Center for 7 ½ years. Living closely to leadership within a Drug Rehab I was able to see the positive impact the program had on some of its clients and I celebrated with him in the stories of recovery and healing. In kind, this perspective gave me an inside look into the nature of this clientele and what it would mean to a community to run a facility without professional standards and practices.

Before I address the grave concerns I have with the ability of the proprietor of CPR to successfully run a drug rehab center and the numerous citations they have had in their first year of operation I would like to address the more elementary basics of their proposal that do not meet standards, codes and show falsified information given on their application.

Based on the proposed parking spots CPR has noted on their plans for 5022, 3 parking spots would be placed in front of the existing garages starting on the South end. The parking spot proposed on the most southern end of the garage would require them to remove a giant tree that you will see on the current aerial view of the property.
In their application CPR stated that there would be no change in the landscape or exterior of the buildings. In order to accommodate their parking plans for a 12-passenger vehicle and 4 additional parking spots they would not hold to the integrity of their application as they would have to do significant outer landscaping in order to carry out their parking plan. Fartun Ahmed, the proprietor of CPR also stated their goal to expand to a 15-stall parking structure, which would significantly alter the exterior and landscaping of the building and in addition block the designated space for emergency vehicle access.

In the application it states that a 300 square foot residential building area is required for each overnight resident. As CPR is requesting conditional use permit for up to 12 male adults they would need a total of 3,600 feet to comply with this rule.

The standards also stipulate that the ceilings of the facility used to house and room each individual must be at least 7 feet tall to comply with code. According to the dimension details outlined by Ava Studio, the attic room of property 5022, that is being included on the square footage to accommodate 12 adults, is only 6 feet and 6 inches in height. That height is only maintained for 28" width of the ceiling. From there it slopes down to 4 feet tall on either side. Subtracting this 284 square feet from the total livable square footage available for the 12 person capacity brings the total square footage short for the allowance necessary to meet building codes for this proposed facility.

In the application CPR states that “No new construction” and “No change in landscape or exterior buildings”. In the Neighborhood meeting held on November 14th the proprietor of CPR stated that they may erect a large privacy fence.

Knowing the needs of drug addict rehab patience it is imperative that they are in a community they can feel a part of. This community is surrounded by elderly retired folks and children. This is not optimal for the clients as they will not be able to assimilate to a new lifestyle when they are not able to develop relationships with similar peers.

There are already 6 locations within 3 miles and 4 are within 2 miles with a total capacity of 41 clients. This location does not serve them better.

The Location proposed for their additional rehab center is not optimal given concerns regarding their ability to secure the facility.
In addition to these factors I must address the incompetency CPR has had in running its current facility with 6 adult men in just its first year of operation.

Since its opening March 2016 CPR has received 14 citations violating Minnesota Rules and Regulations for standard protocol in operating a drug rehabilitation center.

In a single inspection, CPR had 14 different citations.

The license holder, CPR, was cited for submitting requests for payment of public funds for services that were not documented as being provided in the amount required. CPR submitted requests for services of 30 hours of required counseling when their client received less than 30 hours. When a business is responsible for vulnerable adults and is responsible to submit insurance claims they are not only to protect the vulnerable adult by giving them the services they need but they are not to violate the health insurance regulations. Submitting for payment of services not received is a serious violation and abuse of the health insurance system, is abuse of a vulnerable adult and constitutes fraud.

In this inspection every client file reviewed for requirements governing consent to disclose suspected maltreatment of vulnerable adults did not conform to federal requirements and violated 3 Minnesota Statutes.

Every client file reviewed for requirements governing individual abuse prevention plans did not meet requirements. Their individual abuse prevention plans did not contain an individualized assessment of the persons' susceptibility to abuse by other individuals, including other vulnerable adults and self abuse.

- The staff failed to assess the level of vulnerability of their clients upon entering the program. Failing to complete this assessment not only leaves the client in danger of others but also puts them at risk of self-harm. Failing to closely regulate these assessments leaves the business open abuse of vulnerable adults.
• In this inspection a third of the files reviewed for comprehensive assessments required for clients entering the program were given 29 days late.

• Every client file reviewed for requirements governing progress notes and treatment plan reviews did not meet requirements on 6 different levels violating 2 Minnesota Rules. If a client of a drug rehab center is not receiving an evaluation of their progress they can neither graduate the program nor gauge their progress to celebrate success in sobriety.

• 2 out of 3 files reviewed for requirements governing client property did not contain documentation of the receipt of client funds or other property. CPR is not responsible with client property mismanaging the personal items and money of the vulnerable adults they serve as clients upon entering the program.

• A third of the files reviewed for requirements governing summaries of termination of services did not include continuing care recommendations. CPR is not upholding their vision nor obligation to give their clients the resources they need to get the help they require for recovery.

• Every personnel file reviewed for requirements governing written annual reviews did not include any annual reviews.

• Every personnel file reviewed for requirements governing staff training did not meet requirements for the required annual trainings nor the training required for those working with mental health and substance abuse. When you work with high-level substance abuse clientele appropriate onboarding and ongoing staff training is crucial. In order to not only keep the clients safe from themselves or others they need tools to be able to deescalate a situation, calm a resident who is hallucinating, talk through a situation to get a client to take their medication.

Failure to train staff adequately may be the cause of the overwhelming 911 calls from CPR since their opening. There are currently 6 active facilities in Minnetonka providing identical services to CPR with a capacity of 41 clients (CPR is 15% of total capacity). 23 calls to 911 were made in 2017 to these 6 locations – 14 of which were from CPR’s
existing site (61% of 911 calls made in 2017 to rehab facilities in Minnetonka were from CPR). CPR had 4 times the 911 calls relative to their size

Upon receiving the requested police records for the current operating location of CPR 18 individual reports were found each containing at least 3 pages defining the disturbances occurring at and around the current CPR facility.

In these documents 3 individual reports document violent and unstable clients escaping from the CPR facility causing disturbances and danger to the community and public citizens.

On March 4th, 2017 a client was documented as being “very violent”, “out of control”.

On June 18th, 2017 911 documents “a client took off”, “ran into the woods”, “he was supposed to do his chores”, “threatened another client, calling people names, was about to hit another client”.

A resident of CPR was documented as standing at the end of the drive way yelling at cars as they passed by.

The proximity of the new proposed site for CPR is alarmingly close to many facilities where children are present both indoors and outside.

- Notre Dame Academy, a preschool and elementary school, is less than a 3 minute walk to the proposed new location for CPR. (when accessing the 494 crossover bridge)
- 2 Pre-schools, 2 Elementary, and 1 Jr High School are within approx. 2 miles of this location
- Many school districts have bus stops within one block of this location 5 days a week
CPR has run a Drug Rehabilitation Center without strict adherence to staff training, appropriate client onboarding and abidance to state law regarding client records putting the citizens surrounding CPR at risk and danger.

A concerned citizen asked Fartun what her platform was for running for the seat on the school board. Fartun responded child safety. This concerned citizen then asked if any of her clients ever escaped from the facility and she said no. She was asked a second time if she knew of any occurrence where a client was outside of the current CPR residence without the supervision of staff and she said no.

Fartun currently runs a day care center and has had citations on that operation as well including failing to run background checks on those caring for the children. Running a day care is a full time job. Running a Drug Rehab center is more than a full time job. Fartun just won a seat on the school board using her platform for keeping kids safe in the community. Fartun may have a good heart in trying to do so much good but if you cannot handle the responsibility of two companies both caring for vulnerable children and adults well you should not be allowed to have more responsibility by increasing your cliente.

With all of the citations and police calls and dangerous situations her staff has put the clients and citizens in she has proven that she cannot handle more clients.

Fartun herself stated at the Community Neighborhood meeting on November 14th, 2017 that “we are new and learning from our mistakes.” From a person with first hand experience working with drug rehab centers if you cannot run it properly you are not helping the community but rather putting it at risk.

When Fartun was questioned about how she can justify poorly running a facility full of clients that have proven to put neighbors, citizens and children surrounding them at risk while at the same time claim that her vision and platform for Minnetonka is creating a community that is safe for kids Fartun responded

“What I do in my personal life and on the school board are two completely different things.”
I could not disagree more. Fartun has proven that she is running the current CPR facility in a manner that puts citizens at risk because of their lack of adherence to Minnesota state law regarding drug rehab centers. When your business practices directly impact the community in a way that contradicts your platform for representing the community there is a conflict of interest and inconsistency of character.

I not only strongly move to DENY the proposal for Conditional Use of property 5022 Baker Road as a Drug facility to house up to 12 adult men, but I strongly believe that this community would be better off with the drug rehab centers we have than adding one that cannot meet the state standards for success. This is not only a threat to the community but it is not serving the clients they seek to help.

As a public servant of this community I sincerely hope you take into consideration all the proof of incompetence of this organization and the points of proof that it is not fit for this community.

--
Breonna Bachman
Good Afternoon, Drew:

I am submitting additional concerns relating to the proposed rehab facility at 5022 Baker Road in Minnetonka.

1. Has anyone at the City checked the ownership of 14528 Moonlight Hill Road (Counter Point Recovery’s (CPR) current site)? I was looking up ownership, and on the Hennepin County website, it says it’s owned by 14528 Moonlight Hill Rd. LLC. When I google this business to try to find out who they are, I find that a business called Shoresox Systems LLC is located at that exact address. However, I can find nothing about 14528 Moonlight Hill Rd. LLC. My intent in this search was to see if I could find out why Counter Point Recovery is moving (that is, were they evicted, etc.). Now I expect that they still own it and are just operating another business out of that location.

2. In addition to their numerous code violations, it seems that one of the owners, Ms. Fartun Ahmed, also owns a daycare facility in Hopkins, amongst other businesses. I have been told that the daycare also has numerous violations, although I have not had a chance to look at that information up yet.

3. I am disturbed that I am not able to look up the permit for this property. It is my understanding that there are a number of false statements on it, such as: CPR says there will be no visitation, and yet at the city meeting on November 14, they specifically said there would be. They also noted a potential expansion to a 15 stall parking structure on their application; the current house has a 3-car attached garage. Finally, building codes require 7 foot ceilings and the bedrooms in the house are 6 feet tall/high. I was not able to find any permits for the last few years at 5022 Baker Rd.

4. I believe there are sufficient facilities of this kind in Minnetonka. When combined, they make up a large percentage of Minnetonka 911 calls. This is also a neighborhood of SINGLE FAMILY HOMES. There is no easy walking access to places such as bowling alleys, movie theaters, athletic facilities or grocery stores. Many residents, such as myself, have lived here for a number of years — in my case, 18 years.

5. Property value. Is the city going to make up the difference in what we will actually receive for our houses if this facility moves in? Currently our home value is approximately $190k; I expect to lose $50k of that value if this facility moves in. Would YOU knowingly purchase a home next to a rehab facility? I think not.

6. Minnetonka has a number of new (in the last few years) apartment buildings and other businesses. I find it hard to believe that the property tax gain on this house will be worth the trouble it causes if you allow this facility to move in. What will people think if they drive up or down Baker Road and see bars on the neighbors’ doors or windows like you see in some areas of Minneapolis?

7. I have a child with autism. Specifically in this situation, my concern is her lack of social skills/awareness. If I feel we need bars on our windows and doors, we will install them.
8. Proximity: we are on a slight hill above 5022 Baker Road. This means that from 5022 Baker Road, the inside of our home as well as our yard is totally viewable. Are we supposed to keep our blinds drawn 24/7? Never go in the yard?

9. 5022 Baker Road is approx. 100 feet from the footbridge that crosses over I-494. It’s not only an easy escape route, but it also increases the options available if someone flees. I understand that the owners say there will be alarms, etc., but the idea that there is only one person on duty during the overnight hours is not real encouraging. A man could easily be to Glen Lake or the Crosstown before a 911 call is made and police can arrive. It’s not much better during the day. Presumably these men will be working with therapists, so the notion that, say, 5 staff will be in the house, is not very comforting since many of them will be occupied with therapy.

10. In short, you are talking about placing a house full of men with varying degrees of addiction smack dab in the middle of a residential neighborhood and within a stone’s throw from a school and several neighborhood children. Some of them will be undergoing court-ordered treatment. We really have no idea what the different addictions will be, how severe they are, if the man/men would have received prison if not for the treatment option, etc.

Thank you for allowing me to submit my concerns.

Patrice Wehner, 5030 Baker Rd., Minnetonka. (Tracy is my nickname.)

Tracy Wehner
Professional Standards Coordinator

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William and Susan McKnight  
5025 Baker Rd.  
Minnetonka, MN 55343

November 20, 2017

Minnetonka Planning Commission and City Council:

We are writing to express our concerns regarding the proposed men’s drug rehab facility being proposed for 5022 Baker Road by Counter Point Recovery LLC.

A primary concern of ours is the capacity of this company to operate such a facility. This company has not had a sufficiently long-term track record managing a six person facility at 14528 Moonlight Hill Road, and they are proposing the Baker Rd. facility be a twelve person facility. The Moonlight Hill facility has had 14 emergency 911 calls and 14 Department of Health Services citations in less than one year of operation. Also, of the eight active facilities in Minnetonka providing similar services for 41 clients, 61% of the 911 calls were from the CRP facility on Moonlight Hill Rd.

CPR’s issues with the Moonlight Hill facility tie directly to our other primary concern which is security. CPR proposes to have one supervision attendant on site from 11PM until 7AM to oversee twelve adult men with various mental and chemical dependencies. This seems inadequate and does not contribute to a feeling of security in the neighborhood. This is a very quiet neighborhood with large lots and dark, woodsy areas at night including the lot at 5022 Baker Rd. Also, the lot is a short three-minute walk from Notre Dame Academy across the 494-crossover bridge.

The application states little exterior landscaping will be needed; however, at the Nov. 14 planning meeting, CPR stated that it would expand parking to a 15 stall structure. A 15 car parking lot would, we feel, adversely impact the neighborhood character. Despite some trees and bushes, the site is not particularly isolated from the houses on either side. At the same meeting, CPR said they would allow visitation on Wednesdays and on weekends. Their application had no visitations. We are concerned about the additional traffic that would be generated. This is not a commercial area with cars coming and going—it is supposed to be a single family residential area!

We respectfully ask the Council to deny the request to convert 5022 Baker Rd. into a drug rehabilitation facility for 12 residents.

Yours truly,

William and Susan McKnight
November 20, 2017

City of Minnetonka
Attn: Drew Ingvalson, Project Planner
14600 Minnetonka Boulevard
Minnetonka, MN 55345

RE: Counter Point Recovery Proposal for 5022 Baker Road, Minnetonka, MN

Dear Mr. Drew Ingvalson,

This letter is our formal request to deny the proposal in front of the planning committee to convert the residence at 5022 Baker Road to an addiction recovery facility.

We have lived in the neighborhood for the last 16+ years. We have watched our area receive new families and call it home. It is wonderful to see younger people and children move in! We have endured much road construction, traffic, and convenience store change-overs in the last several years. The proposal to add a chemical addiction center to the neighborhood is utterly unacceptable.

Below are some of the reasons we are vehemently opposed to having one of the homes in our neighborhood become the temporary residence for individuals recovering from substance abuse.

- This is a residential area with small children living nearby.
- There is a school on the other side of the walking path near the home.
- There is a known drug hook-up location within 2 blocks.
- Lowered property values.
- We do not believe the residents will be adequately supervised. Having practicing medical physician or licensed psychiatrist on site 24 hours a day may alleviate this concern.
- The proposed owner is not medically trained to administer care for chemically addicted individuals according to publically available information.
- The current facility run by Counter Point Recovery has had multiple violations noted in routine license checks. Doubling the number of beds may make compliance even more challenging.
- According to Counter Point Recovery’s website: “Drug addiction can also heighten criminal activity which leads to neighborhoods and communities being disrupted.” We completely agree, that this neighborhood would be severely disrupted and become a hostile place for the residents of the treatment facility.
- Also according to the Counter Point Recovery website: “Of course chemical dependency can also relapse and come back, that possibility always exists,...”. This puts our families and security at risk simply because we are near the facility that may house the individual relapsing.
- The increased use of the property. According to the Counter Point Recovery treatment information, there would be at least 7 people (in addition to any addicts) using the property. They claim that each patient “will be assigned a treatment counselor (who) will put together a cohesive team of individuals to meet all the needs of the individual from spiritual counselor, family counselor, nurse, psychologist, case manager, dietitian, and fitness specialist.”
- On the planning commission documentation, the applicant claims that only 4 people will work in the facility during the hours of 8-5 Monday through Friday and 1-2 people in the evening with
only 1 person overnight (which doesn’t seem to match what the website for Counter Point states – see the above bullet). We do not feel this is appropriate for a 12 bed facility, especially overnight. As stated in the application, residence are supposed to be supervised at all times. This could prove difficult when only 1-2 people are on staff.

- In addition to more staff than listed on the application, food service providers, government oversight, and family visitations (per the family counseling and holistic treatment programs) will increase traffic and use of the property and Baker Road.
- Who is supervising the residents of the Counter Point Recovery facility? The former addict making $9/hour or the owner of the facility with a vested interest?
- Baker Road is a busy road. There isn’t a sidewalk or activity area nearby (other than the elementary school). Having the residence walk to the convenience store (the known drug hook-up location) and cut through all the yards of the neighbors will further diminish the opinion of facility to the area.

While we understand the need for such facilities, we do not believe 5022 Baker Road is the place to put it. We have had experience in having a child go through addiction treatment. Having seen the facilities and program being used during a treatment plan is part of why we feel so strongly against this proposal and have the concerns we do.

We, along with our friends and neighbors, urge you to reject this proposal.

Thank you for your time in this matter.

Sincerely,

Robert and Danielle Arthur
4906 Baker Road
Minnetonka, MN 55343

Cc: B Ellingson
Dear Drew Ingvalson,

My wife, Julie Brokaw and I live at 5125 Baker Road in Minnetonka, just a block from Counter Point Recovery’s (CPR) proposed Care Facility (12 bed) for men with chemical dependency.

I’m writing to communicate our strong opposition to the facility and am asking the council to deny Ms. Fartun Ahmed’s request for a conditional use permit for the facility.

The primary reasons we are opposed to the facility is the poor track record CPR and Ms. Fartun Ahmed has at its other Minnetonka facility and its reputation for mismanagement and its inconsistent in its communications.

CPR currently operates a 6-bed licensed care facility at 14528 Moonlight Hill Road, which we discovered had over a dozen 911 calls and Health Services citations in only one year of operation. The Baker Road site will have twice as many men (12) but still only 1 staff member staying overnight to deal with any issues or problems. This is just unacceptable. Additionally, Ms. Fartun gave mixed messages on what cosmetic changes will be made to the property and has suggested removing large trees, putting up a security fence and building a 15-car parking lot which totally changes the nature of our residential neighborhood.

Please vote no and deny CPR the conditional use permit for the Men’s Care Facility proposed on Baker Road.

Thank You,

Brent & Julie Brokaw
Lauren Wagner
5101 Baker Rd.
Minnetonka MN 55343

Dear Mayor Schneider, Councilman Ellingson, and Planner Ingvalson,

I’m writing to you today in order to voice questions and concerns regarding the proposed conditional use permit for Counter Point Recovery, 5022 Baker Rd. I moved my family from St. Louis Missouri to Minnetonka almost three years ago. We love our new community, neighborhood, and we especially love the culture of inclusion, equality, and diversity our new community values. We picked our home and neighborhood carefully. We wanted the residential feel where neighbors all knew one another and watched out for each others children. So far we have been thrilled with the neighborhood, and I didn’t realize until a few days ago that any business could go in at any of the surrounding residences. After reviewing the proposal I’m concerned that the design would adversely impact the neighborhood character & may not meet standards for 6 or 12 residents at this location.

My concerns about 6 or 12 residents occupying 5022 Baker include:

Space- based on the proposed capacity I’m not sure if residential building area would provide enough space for each overnight resident. Are ceilings in bedrooms 6 or 7 feet? Are they tall enough to meet requirements for indoor space?

Exterior evidence- 12 residents in one home is not customary for typical residential use and may require additional waste management resources like recycling and garbage containers.

Parking- adequate off-street parking for employees, & visitors would surpass parking restrictions in Minnetonka. It is also my understanding that not allowing visitors would not be an option for such a facility due to rule 31 regulations for licensing. I would not want such a facility to be limited as far as staff or visitation because of a location without adequate space to accommodate those needs.

Traffic- Baker road already has a traffic congestion issue especially when construction happens around us. I have not seen an adequate plan for handling traffic and parking on high traffic days such as visitation days or holidays.

Safety- reasonable conditions to limit the offsite impacts have not been met.

Nuisance -increased noise, increased emergency response activity, increased traffic generation, increased stress on water and sewer services for the location.
Zoning-I am unsure if building code, fire code health code and all other applicable codes and ordinances could support 12 residents.

Future recourse options- if there are future safety concerns or negative impacts on the surrounding neighbors what recourse would we have?

No community building options- Normally when new neighbors arrive they are invited to join the lake association & attend the neighbors night out events. This new facility will have a rotation of residents that won’t afford us the opportunity to welcome them in to such community building social activities. In my opinion that negatively influences the fabric of our neighborhood structure.

I thank you for your consideration and service to our community.

Thanks,
Lauren Wagner
Cadence-Pro LLC.

www.Cadence-Pro.com
Mr. Ingvalson, Council Member Ellingson, Mayor Schneider:
I am writing with deep concern regarding the request by Counter Point Recovery for a conditional use permit to allow a licensed care facility in my neighborhood at 5022 Baker Rd. Potential impacts of introducing any commercial enterprise to a residential area should be thoroughly scrutinized, and this request has the potential to strongly, negatively affect surrounding families, with little upside for the immediate community. As the location of the proposed facility is quite close to my home, I was disturbed to see that the facility currently operated by Counter Point Recovery at 14528 Moonlight Hill Rd was the site of Minnetonka police activity on at least 4 occasions in the past 9 months, including: 3/17/2017 PREDATORY Case Number: 17-1013 (https://eminnetonka.com/images/police/reports/Activity%20Report%202003-20-2017.pdf) 3/24/2017 PREDATORY Case Number: 17-1117 (https://eminnetonka.com/images/police/reports/Activity%20Report%202003-27-2017.pdf) 7/13/2017 DISTURB/DISORDERLY Case Number: 17-2919 (https://eminnetonka.com/images/police/reports/Activity%20Report%202007-17-2017.pdf) 7/14/2017 WARRANT Case Number: 17-2950 (https://eminnetonka.com/images/police/reports/Activity%20Report%202007-17-2017.pdf) These cases demonstrate a precedent of facility clientele acting disruptively (predatory!), and failure of Counter Point Recovery staff and security measures to prevent such events. With twice as many residents at the proposed Baker Road facility, incidents would likely be even more common and possibly more harmful given the relatively dense residential area and close proximity to schools. On-site presence of only 1-2 staff members outside of regular work day hours seems inadequate to provide constant supervision (which is required for this type of facility) for up to 12 clients. As a "high intensity treatment" facility, clientele are to be supervised at all times and undergo specified treatment services. However, in June 2017, a Correction Order (http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LATESTReleased&dDocName=LL0_406421) was issued to Counter Point Recovery by the Minnesota Department of Human Services Licensing Division documenting multiple citations, including: -Failure to provide "required hours of clinical services each week" (citation 1) -Requesting payment of public funds for services that were not documented as being provided as required (citation 1) -Improper client orientation (citation 2) -Failure to meet requirements regarding client comprehensive assessments and assessment summaries (citations 5, 6) -Failure to meet requirements governing progress notes and treatment plan reviews (citation 7) -Failure to meet requirements regarding continuing care recommendations upon termination of services (citation 9) -Failure to meet requirements regarding staff training (citation 11), personnel files (citation 12), and annual reviews (citation 13) This record of nonadherence by Counter Point Recovery to requirements intended to protect individuals undergoing chemical dependency treatment suggests client care does not consistently meet the definition for "high intensity treatment" and that measures to enforce the policy for residents to "follow all facility policies at all times" are likely inadequate. Even if competent supervision was fully provided, simply knowing that our neighbors are in a condition that requires constant supervision affects our sense of security to a degree that my family's activities and use of our property would be severely restricted. My children could not play outside or wait at the school bus stop unaccompanied. Our family-friendly neighborhood would develop a different—less welcoming—character. Such a change in the local atmosphere would limit the desirability of area family homes, depressing surrounding property values and offsetting potential business tax revenues. Although my family's security is of primary importance, other issues more generally related to business operation are important to consider as well. On-site parking as described by Counter Point Recovery will accommodate a maximum of 5 vehicles but this is inconsistent with parking accommodations noted by the company at a recent City Council meeting. How do clients get to and from the facility? Baker Road already gets quite congested at certain times of day and is ill-suited to accommodate business-related traffic in that segment. To the contrary, myself and other nearby residents would rather see the pedestrian features of Baker Road enhanced and non-local car traffic discouraged to better connect the neighborhood with nearby walking and bike paths. Adding the proposed facility would shift the neighborhood in an undesirable direction. As a resident who would be directly affected by its implementation, I strongly urge you not to grant the permit.
Good morning Drew,

I am writing the council with my reasons for objecting to the conditional use permit for Counter Point Recovery. Allow them to operate a 7-12 patient High Intensity Drug and Mental Rehabilitation facility.

After the meeting on November 14 it is apparent the owners of Counter Point Recovery were not truthful in their responses. When they disclosure as to the number and severity police responses to the current location of operation for their 6 patient facility. In addition to the number of citations and having a staff members which were not fully qualified as listed below. There are attached picture's with our view fro 5030 Baker Rd looking into the property of 5022 baker Rd. This shows a privacy fence of 7 feet will not provide much security or prevent the facility from having a full view of our dwelling.

CPR currently operates a 6 bed licensed care facility at 14528 Moonlight Hill Road in Minnetonka which had 14 emergency 911 calls and 14 Department of Health Services citations since it’s opening in March 2016.

- CPR has a track record of non-compliance at their current location operating in Minnetonka. At this location CPR has proven incompetent with a 6-person facility, yet they are requesting expansion to double their residential capacity.
  - There are currently 6 active facilities in Minnetonka providing identical services to CPR with a capacity of 41 clients (CPR is 15% of total capacity).
  - 23 calls to 911 were made in 2017 to these 6 locations – 14 of which were from CPR’s existing site (61% of 911 calls made in 2017 to rehab facilities in Minnetonka were from CPR)
  - CPR had 4 times the 911 calls relative to their size
  - In a single inspection, CPR had 14 different citations including the license holder, CPR, submitting requests for payment of public funds for services that were not documented as being provided in the amount required.
  - In this inspection every client file reviewed for requirements governing consent to disclose suspected maltreatment of vulnerable adults did not conform to federal requirements and violated 3 Minnesota Statutes.
  - Every client file reviewed for requirements governing individual abuse prevention plans did not meet requirements. Their individual abuse prevention plans did not contain an individualized assessment of the persons’ susceptibility to abuse by other individuals, including other vulnerable adults and self abuse.
  - In this inspection a third of the files reviewed for comprehensive assessments required for clients entering the program were given 29 days late.
  - Every client file reviewed for requirements governing progress notes and treatment plan reviews did not meet requirements on 6 different levels violating 2 Minnesota Rules.
  - CPR is not responsible with client property mismanaging the personal items and money of the vulnerable adults they serve as clients:
2 out of 3 files reviewed for requirements governing client property did not contain documentation of the receipt of client funds or other property.

A third of the files reviewed for requirements governing summaries of termination of services did not include continuing care recommendations. CPR is not upholding their vision nor obligation to give their clients the resources they need to get the help they require.

Every personnel file reviewed for requirements governing staff training did not meet requirements for the required annual trainings nor the training required for those working with mental health and substance abuse.

Every personnel file reviewed for requirements governing written annual reviews did not include any annual reviews.

- The permit application has numerous inconsistencies and false responses misrepresenting their plans for the facility:
  - CPR falsified information and responses given in their application for approval of a conditional license to operate a 12 man drug rehab center.
  - In their application CPR falsely states there will be no visitation to residents admitted to the proposed facility.
  - Paragraph 5C in the application CPR states "No visitation is allowed in our program and any special events for resident family/parties will be held off site."
  - At the City Council meeting held on Thursday November 14th, 2017 when the proprietor of CPR was asked whether visitation was allowed their verbal response was that residents will be allowed visitation on Wednesdays, Saturdays and Sundays.
  - The application states no exterior or landscaping changes will be made to be proposed facility. This is a direct contradiction to their response to this question at the City Council meeting. In the meeting CPR proposed erecting a large fence on the premises in an attempt to provide security from the CPR residents and Minnetonka residents.
  - On their application CPR proposed a parking plan that requires them to remove a large tree.
  - CPR leadership on Nov 14th also stated potential expansion to a 15 stall parking structure.
  - The existing structure does not meet the requirements necessary to be used as a Drug Rehab center. Building codes require ceilings to be a height of 7 feet tall and bedrooms have ceilings at the height of only 6 feet tall.

- There are already 6 locations within 3 miles and 4 are within 2 miles with a total capacity of 41 clients
- The Location proposed for their additional rehab center is not optimal given concerns regarding their ability to secure the facility
- Upon receiving the requested police records for the current operating location of CPR over 18 individual documents were procured each containing at least 3 pages defining the overwhelming number of 911 calls made to this address since it’s opening March of 2016.
- In these documents disturbances to the community and public citizens are described.
- A resident of CPR was documented as standing at the end of the drive way yelling at cars as they passed by.
- The 911 notes also describe numerous disturbances from residents of CPR against their neighbors.
  - The proximity of the new proposed site for CPR is alarmingly close to many facilities where children are present both indoors and outside.
  - Notre Dame Academy, a preschool and elementary school, is less than a 3 minute walk to the proposed new location for CPR. (when accessing the 494 crossover bridge)
  - 2 Pre-schools, 2 Elementary, and 1 Jr High School are within approx. 2 miles of this location
  - Many school districts have bus stops within one block of this location 5 days a week

Due to the proven lack of compliance of CPR to Minnesota Laws and Legislation governing Drug Rehab facilities CPR poses a major threat to the safety of the children and vulnerable adults in the surrounding neighborhood of their new proposed location of 5022 Baker Road. In addition, the location
of this facility does not provide the life enriching activities within walking distance of the proposed location necessary for the residents to build independent living in order to be successful in the program.

- There has been a lack of transparency and consistency regarding policies, schedule and other factors that do not allow the community to have full visibility to the concerns and questions they have regarding the company.
- As a result of the non-compliance of CPR with laws governing Drug rehabilitation Centers relating directly to the training of staff, treatment of residents, the falsified information provided on their proposal application, the nature of the overwhelming number of 911 calls received regarding the current CPR location directly relating to the close proximity of the proposed location to schools, children and vulnerable adults and the failure for this proposed location to meet the needs of the residents in order for this company to have a successful impact on its residents, I move to DENY Counter Point Recovery a conditional use permit to operate a 12-person facility at the address of 5022 Baker Road, Minnetonka, Mn.

Please do not deny the overwhelming proof that CPR has not lived up the the standards of the state nor the requirements necessary for a facility of this nature to successfully serve the community.

Sincerely,
Jeff Wehner
Email Address - 
Phone - 
Cell - 

Good morning,

My name is Jim Swigart and I live at 5211 Baker Road. As many of you are aware, the CPR company has recently applied for a permit to expand their high intensity rehab center while moving it to a new location.

To consider the issue, I am trying to view the perspective of the community need to help people who are trying to rehabilitate their life. My father-in-law is an example of how rehab can transform a life and understand that while most relapse, rehab facilities can be important in the recovery process. I also understand the perspective of the local community who have voiced concerns about the company who owns the facility. I am trying to take a less emotional approach to understand why this specific company and location is the ideal for expanding the total capacity of these residences in the local community.

My conclusion is that the company CPR is not being honest with the community both during the application process, the community meeting and in direct conversations with their ownership. What is also concerning to me is that CPR is not complying and has higher incident rates than other similar businesses in the community. The following are inconsistencies in the application and the discussions people in our community have had with CPR as well as concerns about how CPR is partnering with the community.

My first issue is that the application has issues and answers that the company has given are not accurate or conflicts with their own public statements. Some of the key points below:

- Twice in the the application, CPR states that there is no visitation. Once in the second paragraph of their letter and also in their answer in part 4 c. In the community meeting, the CPR leadership stated they have visitation on Wednesdays and weekends.

- In multiple places, the CPR leadership has stated there will be no exterior changes either in building or landscaping. However, when you view their parking plans they need to remove a very large tree to make space that is right in front of the southern-most of the two garage doors. You can see this on their aerial photos where the tree is versus the proposed accessible parking. In the community meeting, I was also told they discussed expanding the parking to a 15 slot parking lot. Not only does this contradict their plans, but that large of a lot (and the corresponding vehicles) will attract much more attention than any normal residential facility or the visitors will have to park on-street on Baker Road which often backs-up to the 494 underpass from 4:15 to 5:30 Monday-Fridays. There is also a low, metal fence on the south side and there are doors that lead to the backyard outside that fence, which may require a larger fence both for privacy and for containment of the residents.

- The application letter in the second paragraph starts out discussing the fact that the residents are supervised at all times. On the CPR website, they discuss the location benefits and access to local spots such as Williston Fitness Center. During the community meeting, CPR discussed having a female-only staff. I didn't think of this as a major issue, but how can females supervise male residents at a facility that has men's locker rooms? In discussing these facilities with my father-in-law, he made a comment I hadn't considered that locker rooms are often times where drugs are bought/sold by people going through rehab. He is now a addiction rehab counselor, so I trust his personal experience.

- The application states in section 7 that their building complies to all building codes. On their building plan, it shows the largest bedroom in the attic (about 280 sq ft) has a maximum ceiling height in the center at 66" and quickly tapers down to 48" on each wall. I tried to research all of the MN building codes and what I have seen is that a bedroom has to have a minimum ceiling height of 7'. If what I have researched is correct, CPR is not even aware that their business and building plans are not up to code, or they will be placing residents in a non-compliant bedroom.

The above concerns me a few ways. Primarily, the application is not a true representation of the business. While I understand some issues may be overlooking, not fully researching or a mis-understanding, I don't feel that is an excuse when you are asking the community to trust you to run a high intensity rehab facility that takes a lot oversight and attention to details. Others are more concerning. CPR should be well aware of the inaccuracy regarding twice saying there is no visitation, unless they were not being
honest in the community meeting. It would seem logical to withhold this information because they state they are already limiting the parking to 5 vehicles maximum on a 4 slot driveway. If each of the proposed twelve residents had just one visitor during visiting hours, they would need to expand to around 15-16 slots, which ironically what CPR discussed in the community meeting. Even with current resident capacity of six, they could easily have 8-10 or more cars here at one time, multiple times a week.

If the application from CPR is not accurate and misleading, which I believe should be enough to deny the permit on that merit alone.

The second key point is the request regarding expanding a facility when they have not been compliant with their existing capacity. CPR has not yet shown that they can comply with a six resident facility, yet is asking the community to trust that they can run a facility with up to twelve residents. Logically to me that doesn't make sense. If there is a need for additional high intensity resident facilities, it should not be granted to the one that has the lowest compliance and most disturbances.

- If you look at other facilities in our community, there are a total of 41 resident capacity. CPR's current facility has 6. While CPR has a relatively low percentage of the residents, they have over half of the 911 calls to those facilities.

- CPR's current facility has had over 14 citations in a single inspection.

In the community meeting, the leadership of CPR stated they are "learning" since it is a relatively new business. Is it not reasonable that the community with these facilities next door expect compliance (especially relative to similar organizations) before we allow them to expand? My understanding is that CPR already plans on creating the facility regardless of whether or not they get this permit. I believe it is reasonable to deny the permit and allow CPR to learn the business as they stated. If CPR shows high improvement with consistent annual results, we as a community can discuss the expansion at that point.

The last point I will make is that people have reached out to the ownership and spoken with them directly. I have not had the opportunity to reach out to Faturn Ahmed yet, but plan to do so when I return home to discuss the issues and my concerns above. I did briefly discuss the conversation one of our neighbors had with Faturn yesterday. Two things very much concerned me. First, Faturn was lying to this person about multiple things that are public record and known facts in order to put CPR in a more positive light. Second, there was a concern about Faturn retaliating against the community. This was in the form of relaxing security measures she would have to pay for if the "community continued to oppose her" and the second was playing the race card. I am willing to discuss details on a one-on-one basis, but the person who spoke with Faturn no longer wants to have their name used because they have kids and are in the Hopkins school district and fears retaliation, especially since Faturn now represents the community on the school board. This person is very stable and has been through the course of this discussion and it was alarming to me that a member of our community would feel this way after speaking to CPR leadership directly.

The rapid manner that the permit was applied for with little communication to the surrounding community is also causing some of the issue. I will not speak for anyone but myself, but I believe this process has left the community with more questions than answers which has fueled the emotional debate on both sides. Many people feel as if this was forced or tried to be done without any community feedback, which to a degree I believe in, especially with my own circumstance. I myself learned about the permit application just a couple days before a family vacation, which just gave me one weekday to research the permit request myself.

This is obviously a highly contentious issue. I am sure in the planning meeting there will be people who are for CPR and support Faturn as a person. There will be people who bring in emotion, which we have already seen in online discussion boards. People against the permit will bring up emotional arguments regarding neighborhood and kid safety, whether rational or not. People supporting the permit will say anyone who opposes the permit is ignorant, racist or unsympathetic to people in rehab. It is unfortunate that any member in our community is bullied, labeled or attacked without evidence, but the nature of the matter has brought up the issue on both sides of the argument.

This is why I think the above points I make are critical. In this matter I believe the council needs to look at the facts. I do not claim to have all of the facts, but I do believe that based on the facts regarding the issues with the application, the CPR leadership not being honest with the members of the community and the historical non-compliance of a smaller CPR facility, that the expansion is not justified at this point. CPR is a for-profit business which we also need to keep in mind in this situation. CPR stated they are already moving into the address at 5022 Baker Road regardless of the expansion, I just ask that we not allow the permit to expand at this time. I am not saying they shouldn't exist or even contend their ability to move into that location. I only ask that CPR not be allowed to expand at this time. I have not heard a single argument from CPR regarding why it is critical to our community to immediately allow CPR to expand.

I believe there are also other benefits to denying the permit. It allows CPR to move to the new facility and take time adjusting to the new location. It allows CPR to develop a consistent record of compliance over time, which will build trust of the neighborhood. It also allows for more conversations to occur between CPR and the community and hopefully co-develop a plan that addresses the concerns of the neighborhood while allowing up to six residents who need treatment to get help. Hopefully this will result in a better
long-term solution where CPR can leverage the location for their business and more rational discussions can happen with the people who are not over-reacting on either side of the argument.

Hopefully with time, we can build trust between the community and the businesses that reside in those neighborhoods and this issue if nothing else is about that trust.

I am returning from vacation on Tuesday evening (yes, I am writing on my vacation since this is such an important topic). If you have time, I would like to speak with each of you to discuss your knowledge and perspective as well. Please let me know if and when you have time on Wednesday to discuss.

Thank you,

Jim
Good afternoon,

I am writing to you as a Minnetonka resident and concerned citizen. I recently heard that Fartun Ahmed & Munasir Gabayre are applying for a Conditional Use Permit in the City of Minnetonka for Counter Point Recovery to use an existing single family home for a drug treatment facility serving 12 adult men.

I would like to encourage both the Planning Commission and the City Council to deny CPR's request for a Conditional Use Permit. While I can appreciate CPR's mission and vision the location selection for this new facility is misguided.

As our elected city leaders, you have the responsibility for a thoughtful approach to our city planning. As a resident I cannot see how allowing a residential facility with a capacity that is double what is zoned for is feasible. The use of this space although deemed as a "residential facility" it will not act like a typical residential home in the neighborhood but more like a commercial property. This will hurt the intrinsic value and fabric of our neighborhood that makes Minnetonka a highly sought after place to live. CPR would be eliminating the opportunity for another family to raise their children in a beautiful 5 bedroom home in our city.

I would like to point out that this area is not a commercial corridor. The impact of traffic coming and going from the facility and allowing a parking lot where a yard should be will erode the look and feel of the other residents properties surrounding this facility.

I also think having that many adults (13-16) including residents and employees will be incredibly taxing on the sewer, water and sanitary systems. They will require commercial level services such as frequent trash/recycling pickups, maintenance and food deliveries which will disturb surrounding residents.

If you have any questions regarding my views, please do not hesitate to reach out to me.

Sincerely,

Lindsey Wilkus
4837 Hamilton Lane
Minnetonka, MN 55345
Drew Ingvalson

From: Elizabeth Davis <redacted>
Sent: Friday, November 17, 2017 4:40 PM
To: Drew Ingvalson; Terry Schneider; Bob Ellingson
Subject: Counter Point Recovery conditional use permit -- 5022 Baker Rd

Mr. Ingvalson, Council Member Ellingson, Mayor Schneider:

I am writing with deep concern regarding the request by Counter Point Recovery for a conditional use permit to allow a licensed care facility in my neighborhood at 5022 Baker Rd.

Potential impacts of introducing any commercial enterprise to a residential area should be thoroughly scrutinized, and this request has the potential to strongly, negatively affect surrounding families, with little upside for the immediate community.

As the location of the proposed facility is quite close to my home, I was disturbed to see that the facility currently operated by Counter Point Recovery at 14528 Moonlight Hill Rd was the site of Minnetonka police activity on at least 4 occasions in the past 9 months, including:


These cases demonstrate a precedent of facility clientele acting disruptively (predatory!), and failure of Counter Point Recovery staff and security measures to prevent such events. With twice as many residents at the proposed Baker Road facility, incidents would likely be even more common and possibly more harmful given the relatively dense residential area and close proximity to schools. On-site presence of only 1-2 staff members outside of regular work day hours seems inadequate to provide constant supervision (which is required for this type of facility) for up to 12 clients.

As a "high intensity treatment" facility, clientele are to be supervised at all times and undergo specified treatment services. However, in June 2017, a Correction Order (http://www.dhs.state.mn.us/main/idcplg?idcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=LLQ_406421) was issued to Counter Point Recovery by the Minnesota Department of Human Services Licensing Division documenting multiple citations, including:

- Failure to provide "required hours of clinical services each week" (citation 1)
- Requesting payment of public funds for services that were not documented as being provided as required (citation 1)
- Improper client orientation (citation 2)
- Failure to meet requirements regarding client comprehensive assessments and assessment summaries (citations 5, 6)
- Failure to meet requirements governing progress notes and treatment plan reviews (citation 7)
- Failure to meet requirements regarding continuing care recommendations upon termination of services (citation 9)
- Failure to meet requirements regarding staff training (citation 11), personnel files (citation 12), and annual reviews (citation 13)
This record of nonadherence by Counter Point Recovery to requirements intended to protect individuals undergoing chemical dependency treatment suggests client care does not consistently meet the definition for "high intensity treatment" and that measures to enforce the policy for residents to "follow all facility policies at all times" are likely inadequate.

Even if competent supervision was fully provided, simply knowing that our neighbors are in a condition that requires constant supervision affects our sense of security to a degree that my family's activities and use of our property would be severely restricted. My children could not play outside or wait at the school bus stop unaccompanied. Our family-friendly neighborhood would develop a different—less welcoming—character. Such a change in the local atmosphere would limit the desirability of area family homes, depressing surrounding property values and offsetting potential business tax revenues.

Although my family's security is of primary importance, other issues more generally related to business operation are important to consider as well. On-site parking as described by Counter Point Recovery will accommodate a maximum of 5 vehicles but this is inconsistent with parking accommodations noted by the company at a recent City Council meeting. How do clients get to and from the facility? Baker Road already gets quite congested at certain times of day and is ill-suited to accommodate business-related traffic in that segment. To the contrary, myself and other nearby residents would rather see the pedestrian features of Baker Road enhanced and non-local car traffic discouraged to better connect the neighborhood with nearby walking and bike paths.

Adding the proposed facility would shift the neighborhood in an undesirable direction. As a resident who would be directly affected by its implementation, I strongly urge you not to grant the permit.

Sincerely,

Elizabeth Davis

13020 Maywood Ln

Minnetonka 55343
From: "ARNE M" <...>
Sent: Friday, November 17, 2017 1:01:50 PM
Subject: Center Point Recovery, 5022 Baker Rd - we live on Jane Ln and Baker Rd

We have lived in the City of Minnetonka since 1950! We built two homes at Wayzata Blvd (now 394) and County Rd 73 and after 28 years office buildings and apartment buildings were starting to surround us....

SO....we built our present home in 1978 in a RESIDENTIAL AREA. We live on Jane Ln - in the area of 5025 Baker Rd. A few years ago there was a proposal to build an apartment complex in the area of Baker Rd and Rowland Rd - we attended meetings and thankfully - the Council listened to our concerns and it was not built.

NOW I sincerely hope that the Council will take into consideration OUR concerns for our neighborhood. At first we thought it was okay -- but now we have heard there are multiple issues: 1) Limited staff and low security; 2) Frequent 911 calls (and citations) on record at current facility; 3) Numerous compliances in the business plan submitted to the city.

PLEASE listen to the residents who will be affected by this change in our status from RESIDENTIAL to WHAT??

Thank you so much for your consideration.

Arne and Joy Brinwall
13013 Jane Ln
Mtka 55343
Dear Drew Ingvalson, City Planner; Terry Schneider, Mayor of Minnetonka; Bob Ellington, Council Member Ward 1,

I am writing to you in regards to the proposed Counter Point Recovery drug rehabilitation center at 5022 Baker Road, and the allowances and variances they are proposing in conjunction to the development of a high density occupancy in a residential zone.

I am passionately opposed to this proposed project for multiple reasons. It is irresponsible to allow an organization with a documented paper trail of violations and citations at their current facility, to be allowed to move into a residential zone and double their size and patient occupancy. The proposed plan and drawings submitted on file show a dangerous combination of small, inadequate use of space in what was once a single family home, now projected for 12 people to live in and staff to oversee, as well as a complete lack of safety for the patients and staff and the neighbors and community. There is a documented history of non-compliance by this organization on healthcare services, safety and financial levels.

The location of the project is on a very busy street with no sidewalks, directly across from a school bus pick up, near to elementary schools and 1000 feet from my house with 2 little girls. What it does not have that would be critical to a health facility is proximity to emergency medical facilities; there is no road infrastructure or driveway design to support a density of this magnitude, no safety precautions offered to patients and the community other than 1 person in charge of 12 men over night with locks on the windows and doors, and a direct violation to the commercial use, character and fabric of the neighborhood.

This proposed project will directly hurt the safety and financial wellbeing of the community. As documented in public record at their current location, the amount of projected 911 calls and emergency response will increase exponentially in a neighborhood that has not experienced this before. The City of Minnetonka will need to direct this new need with an increased amount of public and safety resources.

If this project is approved, the City of Minnetonka will also be held responsible for the safety of the community and the effects that the Counter Point Recovery drug rehabilitation center has on its residents and neighbors. The potential legal backlash from the residents of the community could be extensive. My husband and I built our home 5 years ago in what we thought was one of the most beautiful, quiet neighborhoods with good schools and a safe community to raise our two little girls and live the rest of our lives here. Allowing a project like this from an organization that has a well documented trail of non-compliance, poor safety and health standards, questionable financial practices and inadequate training for staff that are dealing with a very critical condition, will tear apart the fabric of our community and plummet the tax base.

In the most sincere and strongest of terms, both emotionally as a parent, a resident and a fellow community member that also wants the best for these patients, I urge the City of Minnetonka to NOT ALLOW this project to become a reality at 5022 Baker Road.

Sincerely,
Heather Novak-Peterson, resident at 12930 Maywood Lane, Minnetonka, MN 55343
Heather Novak-Peterson, Assoc. AIA, SEGD
Associate

RSP Design that works.

1220 Marshall Street NE
Minneapolis, MN 55413
rsparch.com
Drew Ingvalson

From: Doug Peterson <doug.petersen@example.com>
Sent: Friday, November 17, 2017 11:29 AM
To: Terry Schneider
Cc: Drew Ingvalson
Subject: Opposition to proposed Counter Point Recovery rehab center

Dear Mayor Schneider,

I’m writing you today to express my vehement opposition to the proposed Counter Point Recovery drug rehabilitation center at 5022 Baker Road. This is completely out of character for the neighborhood. This site should not be allowed to increase in density and our neighborhood shouldn’t have to suffer the increased security risk that would come with 6-12 men with chemical dependency problems being dropped into it (realistically you know a business is going to cram in 12). Looking at the plan I see that they propose having auto-locking doors at 5pm and window sensors as security precautions... this gives me anything but confidence, this demonstrates the inherent risk our neighborhood is being asked to suffer.

This site is directly across the street from school bus stops, 600 feet from a school and 1000 feet from my own home. Further, a quick search turns up license violations posted by http://www.dhs.state.mn.us showing the company has a history of not complying with their commitments at their current, smaller facility. These violations include not providing the specified amount of counseling for their clients, not properly orientating their clients, delayed assessment of their clients risk to be abused by others, not completing comprehensive assessments of their clients in a timely manner, not keeping treatment plan progress notes regarding their clients progress and mental health. Additionally, they’ve been cited for not properly training staff. I could go on, but have included a link for reference. I can only imagine more evidence of poor business practices would surface if one were to look further.

When we built our home a few years ago we took a careful look at the surrounding community and frankly would not have proceeded to build had this facility been in place at the time. I would expect any potential future home buyer to do the same, likely directly causing us to suffer a financial penalty in addition to the unacceptable additional risk that would come to our children and community if this proposal is allowed to proceed.

This does NOT belong in our community.

Douglas Peterson
12930 Maywood Lane
Minnetonka, MN 55343

Enclosed for reference:
Minnesota Department of Human Services
http://www.dhs.state.mn.us/main/idcplg?idcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=LLO_406421

Douglas Peterson
Senior UX Architect

RBA | A Digital and Technology Consultancy
Email: [Email]
Hi Drew

I am emailing you a copy of what I sent to the mayor, council members and Brian Kirk.

I want to express my concern and opposition to the Counter Point Recovery, LLC from Operating A 12 Bed Licensed Care Facility for Adult Men with Chemical Dependencies at 5022 Baker Road. Between the Boy’s Home (yes, I am a 50 year resident of Minnetonka and I still refer to it as the Boy’s Home) and the battered woman shelter on Baker Road, we in Minnetonka have done our fair share of social rehabilitation programs. A facility of this nature is not appropriate in a neighborhood and especially so close to an elementary school.

Additionally, the management of the organization and their other facility has been a drain on community services I would greatly appreciate it if you were to oppose the approval of this facility. Here are the details

- The company requesting does not currently have a track record of compliance with a six person facility, yet is requesting to expand to double their residential capacity
  - There are currently 8 active facilities in Minnetonka providing identical services with a capacity of 41 clients (CPR is 15% of total capacity)
  - 23 calls to 911 were made in 2017 made to these 6 locations – 14 of which was from CPR’s existing location (61% of calls were from CPR)
  - CPR had 4 times the 911 calls relative to their size
  - In a single inspection, CPR had 14 different citations
    - The application for the permit has many inaccuracies or misrepresents their plans for the facility
    - Multiple times in the application, CPR states there is no visitation, and in the community meeting held Nov 14th, CPR leadership stated there are visitation hours on Wednesdays and weekends
    - The application states no exterior or landscaping changes will be made, but will need to build a fence, remove trees and change their parking to accommodate their building plans. CPR leadership on Nov 14th also stated potential expansion to a 15 stall parking structure.
    - The existing building plans have bedrooms that do not currently meet building codes
      - There are already 6 locations within 3 miles and 4 are within 2 miles with a total capacity of 41 clients
      - Location is not optimal given concerns regarding their ability to secure the facility
    - Notre Dame Academy is less than a 3 minute walk (when accessing the 494 crossover bridge)
    - 2 Pre-schools, 2 Elementary, and 1 Jr High School within approx. 2 miles of this location
    - Many school districts have bus stops within one block of this location 5 days a week
    - Lack of walking-accessible life enrichment activities to help build independent living

There has been a lack of transparency regarding policies, schedule and other factors that does not allow the community to have full visibility to the concerns and questions they have regarding the company.

We are long time Minnetonka residents, we have live on Minnetaga Terrace since 1987 (and my wife and I purchased our home that was a built in the 50’s from my parents).
Thank you in advance for your consideration.

Jay

Jay F. Hromatka
Executive Vice President
8500 Normandale Lake Blvd., Suite 540 | Bloomington, MN 55437-1069

Sent from my iPhone
Dear Mr. Drew Ingvalson,

This is Reed Nelson at 13018 Jane Lane.

I am concerned about the Center Point Drug Rehab Recovery facility that is trying to get approved kitty corner from my home. While I am certainly not against programs like this, I believe that this is really a bad location. I know of many people in the area - young families with little kids and this is not a good combination. Also these men will need exercise and Baker Road is a death trap to walk on as it is. I understand that there will be absolutely no visitation which is surprising. When I got the note in the mail it said nothing about a Drug Rehab Facility (which seems wrong to not share) We imagined that it was for a daycare; and that seemed fine with us. Drug Rehab facility not fine with us. This will also be a deterrent for people looking for a friendly neighborhood when we come to sell someday. People don't want to move into a neighbor hood with men who cannot be left alone. Let alone people who are coming and going every 90 days.

We ask you to please vote against this project moving forward at this location.

Sincerely,
Reed & Kelli Nelson

Reed Nelson
Vintage Leather Goods Shop Owner & Leather Craftsman

http://www.ebay.com/usr/725beautifulbags
reederang.com
reednelson.com
heartssetapart.com
prayersfortheweek.com

Sent from my Smith-Corona Sterling :-)

Virus-free. www.avast.com
While this is a good cause, the facility does not belong in our neighborhood. I'm concerned because of all the emergency calls and Department of Health citations at Ms Ahmed's other CPR facility. This certainly raises a red flag and shows that there could be major problems with CPR and those living in the facility. Let’s not experiment with our neighborhood. Please turn down the request for a permit.

Linda L. Peine

5451 Butternut Circle
Minnetonka, MN 55343
On November 14th my wife was forwarded an email with a notice of a meeting to discuss the conditional permit requested by the owners of Counter Point Recovery. Some concerned neighbors of mine were able to attend the meeting on short notice and reported the professionalism of the representatives left them concerned. They reported several inconsistencies in their written plan and what was said. My mother is a recovered drug addict, so, this is an issue that I understand well.

After hearing my neighbors concerns, I decided to complete an internet search on this for profit business. After viewing their compliance report from 6/16/2017 and seeing there were 14 violations, I have become very concerned with their plan to expanded their business into the neighborhood I’ve chosen to raise my children. After reviewing the citations I began to feel like this business was looking to generate a healthy profit under the guise of providing a service to people in need.

Counter Point’s plan for 5022 Baker Rd. states their looking to house 12 adult men in the 6 bedrooms in the house. The “bedroom” on the top floor only has 6’,6” ceilings which, doesn’t meet the code for a legal bedroom. Their plan also states there will not be any exterior changes made to the building or landscape, but, they stated at the meeting they would be installing a privacy fence. In addition to this their plans state they would be installing a four-stall parking area, but they also state there would be no more than five cars on site at one time. Another inconsistency was that their plan states the residents do not have visitation hours, but at the meeting, they stated visitation would be allowed on Wednesday’s 5-7pm and on Saturday’s 10-noon.

In their plan they admit that their residents are dealing with mental health issues as well as extreme addiction to opioids. Having dealt with this type of addiction on a personal level, I know how dangerous it can be. I had to cut all forms of communication off with my mother for a decade while she and her boyfriend were addicted to opioids. I was lied to, stole from and emotionally abused by the person who brought me into this world, was a hockey mom and became addicted. With all that being said, I don’t feel only having one staff member overnights will provide the containment and security for both their staff and the neighborhood. Mentally ill drug addicts should not be near an elementary school, homes with vulnerable senior citizens and families with young children.

I understand the need for these types of facilities with the opioid epidemic our nation is facing, but, I don’t feel like the owner(s) of Counter Point Recovery have shown they understand the necessary requirements of a facility dealing with these types of issues. This is clear by receiving 14 violations on their compliance report, having inconsistencies in their written plan and what was stated at the meeting and not providing enough staffing or security to deal with people dealing with type of addiction.

Justin Hamm
5303 Baker Rd.
Minnetonka, MN, 55343
The proposed Counter Point Recovery business that is proposed for 5022 Baker Road is very inappropriate for this neighborhood and will place at risk children and families. It is very near an elementary school and the request for their expansion should be denied.

Please don't hesitate to contact me if you have any further questions.

Neil Pursley
homeowner
5300 Rogers Drive
I am writing to voice my opposition to Counter Point Recovery’s request for a Conditional Use Permit to operate a licensed care facility at 5022 Baker Road, Minnetonka. I hardly feel that this location is suitable for a project of this nature for the following reasons:

1. Proposed facility is in close proximity to pre-schools, elementary schools and a junior high school.
2. Proposed facility is in close proximity to school bus stops which are utilized Monday-Friday.
3. As residents will not have access to a car, they will likely rely on walking as a means of transportation. The proposed facility is located on a heavily travelled street without sidewalks. This is dangerous for both drivers and residents.
4. Unsafe staff to resident ratio – particularly overnight. One staff member supervising twelve residents is dangerous for staff and those in the surrounding neighbourhood.
5. There is a lack of transparency about how the facility will be secured and what types of protocols/lock-down procedures will be utilized.
6. Proposed addition of a parking structure would alter the original character of the home and provide exterior evidence of a use not customary for typical residential use.
7. Visitation could result in increased traffic which the existing driveway is not suitable to support.
8. Without adequate parking/access during times of visitation, it may be difficult for emergency personnel to reach the premises.

While commendable, I do not feel that this location is suitable or appropriate for the proposed care facility and I urge you to oppose its approval.

Thank you in advance for your consideration,
Nicole Schubert
Dear Mr. Ingvalson:

I am writing to present my opposition to the proposed rehab facility under consideration for a conditional use permit for 5022 Baker Rd.

I live at 13020 Maywood Lane, pretty much directly across Baker Rd from the proposed facility.

I oppose this proposal on the following grounds:

- It is not appropriate to have a commercial, for-profit business in this neighborhood. You wouldn’t allow a 12 room hotel in this zone, so why is this different?
- Baker Rd is already way over-taxed with vehicle traffic, particularly at rush hour. It can easily take me 5 minutes to move from my house on Maywood Ln to the Excelsior intersection, due to the enormous volume of thru-traffic using Baker. Any plan that would increase usage of Baker Rd ought to be opposed until the City can find a way to reduce the current congestion levels.
- There is nothing in the provided plan documents to speak about security. Are these people committed? Are they there voluntarily? Are they free to leave at any time? There is no public transportation on Baker road and the patients will not have cars. How are they getting to and from the facility?
- the plan documents state that there is a 1:12 staff to patient ratio overnight. What is the plan for that one staff member to maintain security of the facility?

I’m not opposed to the idea of a small-group rehab facility. I imagine that there are a number of benefits to that approach. I also recognize that a small group facility might have trouble being financially viable were it located in a more appropriate (and expensive) location. I believe if the City wishes to support such a thing, the answer is not to allow inappropriate development, but rather provide incentives to these enterprises to offset the cost of the real estate.

Please convey my opinion to the planning commission that this Conditional Use Permit be denied.

Thank you for your time,
-Jake Davis
Drew Ingvalson

From: John Anderson
Sent: Wednesday, November 15, 2017 1:09 PM
To: Drew Ingvalson
Subject: Counter Point Recovery (CPR)

Drew - my wife and I live at 4934 Baker Road. We moved here because of the proximity to work, shopping and ease of freeway access. We also moved because it's a quiet neighborhood with friendly neighbors. I do not believe a facility such as CPR belongs in a residential neighborhood and would be better located in a more commercial or industrial area. Please reconsider allowing the proposed plan to move into the Baker road location.

Thank you

John Anderson

Sent from my iPhone
I am writing to you in hopes that the City of Minnetonka WOULD NOT approve a project that would support this type of facility on a street with multiple child bus stops and mere feet from schools and parks and a freeway. I can't imagine that people in a family neighborhood are going to be in favor of this - it is almost the worst possible location that I can think of in terms of child safety and the unpredictable nature of chemically altered human behavior. There has to be a better location that is further off the beaten path to ensure that Minnetonka residents can maintain the sense of safety that we would expect.

Thank you for your consideration.

Adam Schubert
5548 Rowland Road
Minnetonka, MN 55343
Hello,

I'm writing concerning the proposed 7-12 bed rehabilitation facility across the street from my home (we live in 5201 Baker Rd). This project is very troubling, because our street does not have access to public transportation. Assuming patients in a rehab centers might have suspended licenses, the location will force 7-12 drug affected men to join the foot traffic down our traffic-clogged street. This concern is intensified by the fact that most of our foot traffic is comprised of school aged children. I believe their sobriety would be better supported closer to the heart of the city's infrastructure.

Le Roy Chappell, Ed.D
Drew Ingvalson

From: [Redacted]  
Sent: Wednesday, November 15, 2017 7:24 AM  
To:  
   Drew Ingvalson  
Subject: CPR Drug Rehabilitation Facility

Drew,

I would like to express my strong opposition to the planned drug rehabilitation facility proposal at 5022 Baker Road. This is a residential area with many children and I worry of theirs and my other neighbors' safety. I also worry of the negative impact on our property values and must note that I found out about this project the same day as I received a proposal to raise my property taxes by 8%. Drug rehabilitation may be a noble cause but with the extremely high failure rate I don't want it in my neighborhood.

Michael Reyes  
5215 Baker Road

Sent From My Sprint Phone.
Drew Ingvalson

From: Jennifer Duszynski
Sent: Wednesday, November 15, 2017 2:21 PM
To: bellington@eminnetonka.com; Drew Ingvalson
Subject: 5022 Baker Rd

It has been brought to my attention that a drug rehab facility is in talks at the address of 5022 Baker Rd. As a resident living on Baker Rd with small children this concerns me greatly. I believe there are great safety issues related to this. I’m all for helping others and I actually work in a job that helps these kind of people. But let’s help them outside of a community with small children and families. I see everyday the bad that comes along with addiction. It is not something I am willing to surround my small children with or live around. That is why I chose to live where I live. We have a tight knit, safe community here on Baker road and the Lake Minnetoga community. I’m not willing to risk the safety of our homes and children. Therefore, I am expressing my great concerns to you and will fight to put a stop to this project.

How is it ok to have something like this so close to schools? There are so many things wrong with this. I think you gentlemen need to ask yourselves, would you want to live by this and put your families safety at risk? My guess is no.

Thank you for your time,
Jennifer Hamm
5303 Baker Rd

Sent from my iPad
I am writing this letter in hopes of stopping the conditional permit for the address of 5022 Baker Rd requested by Counter Point Recovery. While I did write an email upon learning of this out of pure emotion. After thinking about this situation longer I realized that we do need to help those who are struggling with addiction and mental health. So I started to research this company more. While I really want to believe they are out to do good for people I have also found a lot of issues within the company that raises red flags and should stop them from expanding in our community. I am aware that they are able to hold a six person house there without any permits. What I am asking from you all is to bar the conditional permit to expand to 12 until they have more solid experience in this industry.

There are many reasons this permit should not be accepted.
- CRR has multiple violations with DHS, one of the most disturbing being that they submitted requests for payment for 30 hours of treatment on these residents, however, the documents show residents were not being provided with 30 hours of treatment/week. These are vulnerable adults who are in the facility for treatment and are not even getting what they are required by law.
- Personnel files reviewed for required staff training did not meet the annual requirements for training for those working with patients with mental health and drug abuse issues.
- No annual reviewed were documented on staff members.

There have been multiple 911 calls from the current facility. Also concerning with placing a larger facility in a heavily populated neighborhood with small children and schools near by. It has not been made clear to neighbors surrounding this facility what their plan is for safety and security of both the residents seeking treatment and the community surrounding it is.

There have been inconsistencies in their plan for the facility. In the application it states no exterior or landscaping changes are to be made. Meanwhile, during the community meeting that was held they spoke up erecting a large wall and building a parking structure to accommodate 15 cars. This would involve large tree removal on the lot, making changes to landscaping.

I do believe there to be better places within Minnetonka to house these individuals. This location is not optimal to the safety of the residents there, being on a heavily traveled street. There are limited life enrichment activities for these people anywhere near by. The only places within walking distance are the gas stations.

Until CPR can prove themselves as a compliant company looking out for the best of their residents I do not believe they should be allowed to expand. It is evident that the wellbeing of the vulnerable adults they care for is not their intent. If they intended to be in this business to help others they would not have so many DHS citations against them. These very vulnerable people would be getting all they help they need and deserve and the company would not be falsifying their submission for payments from the state. CPR has clearly not lived up to the standard of the state or the requirements needed for a facility like this to successfully serve the community.

Respectfully,

Jennifer Hamm

5303 Baker Rd
From: Derrick Banks <[REDACTED]>
Sent: Sunday, November 19, 2017 10:55 PM
To: Terry Schneider; Bob Ellingson
Cc: Dick Allendorf; Patty Acomb; Tony Wagner; Brad Wiersum; Tim Bergstedt; Drew Ingvalson; Emily Dalager
Subject: 5022 Baker Road Conditional Permit

Good evening Mayor Schneider & Councilman Ellingson:

My wife (Emily Dalager) and I (Derrick Banks) are writing to express our concerns with the conditional use permit for 5022 Baker Road which has been requested by Counter Point Recovery, LLC (CPR). We were fortunate to attend the community meeting where we heard the owner and staff of CPR express their plans, business model, and operating experience to us and approximately ten of our neighbors. After evaluating the information we received from them, reviewing their application online, and researching the organization, we find great concerns with this location for a treatment facility of this size, this organization’s ownership and staffing model, and their history of operating a similar business in the area. We respectfully request that you reject CPR’s request for a conditional use permit based on the following:

1. We believe CPR is either dishonest or extremely disorganized, neither of which is appropriate for a company treating such medically sensitive clients in a high intensity environment. This is based on the discrepancies discussed with CPR in the community meeting versus their responses in the application; including but not limited to the following:

   A. the owner/staff stated there would be visitation on Wednesday and the weekends. But in response to question 5C of the application, they state that no visitation would be permitted.

   B. the owner/staff stated that there would be construction for parking to accommodate 15 vehicles. But in response to question 6 of the application, they state that there will be “no more than 5 vehicles” on the site at the same time.

   C. the owner/staff stated that they would construct a security fence to shield the neighbors that are to the south of the property. They also were not sure at the time if it would be tree-lined or a material constructed fence; nor did they know the height of the fence. But in response to question 8 of the application, they state that there would be no change in landscape or exterior buildings.

   D. In response to question 9 of the application, they state that there is a "submitted activity schedule" for their residents of which we have not seen. But when asked in the meeting what local activities would their residents participate, we were simply told “there would be walks to the SA” in reference to Super America on the corner of Baker and Excelsior. By this response, it is clear to both us and CPR that this area lacks the amenities conducive to providing activities outside of the home for their clients.

2. The vicinity where 5022 Baker Road is located is already serving most of Minnetonka’s residential adult chemically dependent population. Of the 8 DHS licensed facilities actively serving adults over the age of 18, 6 of those facilities are within a 3 mile radius of 5022 Baker Road; and 4 of those facilities are within a 2 mile radius.

   A. Counter Point Recovery, LLC (on Moonlight Hill Road) - 1.8 miles - services 6 adult males
B. One Twelve (on Lake St. Ext) - 1.7 miles - services 6 adult males
C. One Twelve (on Shady Oak Road) - 1.9 miles - services 5 adults (male/female)
D. River Ridge (on Glen Avenue) - 2.0 miles - services 6 adult males
E. One Twelve (on Shady Oak Road) - 2.6 miles - services 6 adult males
F. One Twelve (on Minnetonka Blvd) - 2.6 miles - services 12 adult males

3. After extensive research, we identified additional facts leading us to question CPR’s credibility, experience, and ability to operate a facility of this size and complexity regarding addiction/recovery and mental health:

A. the mis-information about the ownership/closing of the property: on 2 different occasions, Ms. Ahmed stated to the community that she already purchased and owned the property and assured us a 6 bed facility was opening regardless of opposition. However, we were able to verify that there has not been a closing or transfer of ownership as of 11/19/2017.

B. the Operations Manager for CPR is Munasir Gabeyre. Ms. Ahmed and Mr. Gabeyre essentially have a family business as they have been married since August 2016 and are working together. Please understand that it is not important, nor an issue, to us that they did not disclose this fact, but what does concern us is that Mr. Gabeyre is also listed as the owner of another treatment facility named “Milestones Recovery Inc” located at 5136 Willow Lane, Minnetonka, MN 55345 (according to the NPI database). In the community meeting, CPR stated that Mr. Gabeyre would be onsite at the 5022 Baker Road property between 8am and 5pm. We are concerned that with his limited experience in this industry and obligations to other facilities, that he will truly be able to both own and operate multiple facilities; especially given the number of citations by DHS (15 upon initial site visit) and emergency 911 calls (14 for the year 2017) which occurred under his supervision at their current one and only operational facility on Moonlight Hill Road.

C. Ms. Ahmed is listed as the Executive Director of the Family Resources and Child Care Center facility in Hopkins. Although we find it commendable and plausible to have multiple business interests at once, we have found that in April 2015, Ms. Ahmed’s childcare facility had 24 citations (food, medical and safety related) issued by DHS and 2 additional critical citations (concerning staff background checks) issued that same month which resulted in an $800 fine. The 2 critical citations related to background checks for the daycare issued in April 2015 were of the same nature as 2 of the 15 citations issued to Moonlight Hill Road in June 2017. It’s clear that, for over 2 years, Ms. Ahmed’s business practices still had not matured enough to correct hiring procedures and policies mandated by the state.

Thank you for your time and attention to our concerns. Again, we are requesting you please reject any conditional use permit for this organization at this location.

Derrick Banks & Emily Dalager
5135 Baker Road
Minnetonka, MN 55343
Email: [REDACTED]
Dear Drew,

I want to first and foremost thank you for your service to our community and for taking time to read this letter. It is not lost on me that civic leadership is no small endeavor and for that, I am grateful. I am writing to you in reference to the Conditional Use Permit that has been requested in order to renovate and operate 5022 Baker Road as a 12 bed adult men’s chemical dependency rehabilitation facility.

When we first moved to our home 4 years ago, it was really supposed to be our starter home. We would be here for 5 years and move to accommodate a growing family. However, within in the first year, we fell in love with this community and area. Our dream changed. We decided we wanted to really put down roots and stay here to raise our family long term. Now, as a wife and mother to two small children (ages 3 and 1) it has come to my attention that Counter Point Recovery (CPR) is seeking to expand and place their facility across the street and slightly North of our home. In full transparency, this has shaken our dream to the core.

I have a heart for these men who have and will be going through the program as my brother has gone through a painful battle with chemical dependency. He has come through to the other side a new man who now has his own family and is a very positive contributor to his community. These are not bad men. They just need the care and services to help them move through the healing process with the right resources. Unfortunately, this location, timing, and scale of expansion for CPR would not be the right fit to accommodate these goals.

CPR currently operates a 6 bed licensed care facility at 14528 Moonlight Hill Road. The current location has not been yet been able to establish a stable facility operationally with a track record of compliance. From both the perspective of what can best serve the clients as well as be a positive influence to the community, it is clear that they are not yet established enough to handle and expansion to double their capacity.

- In a single inspection, CPR had 14 different citations ranging from artificially inflating service hours provided to patients to lack of preparation and documentation pertaining to resident abuse prevention plans.
  - Source: [Here](#) is a link to the citations for your reference.
- In 2017, 61% of the 911 calls made from these 6 locations were generated from CPR
  - They are 15% of the total capacity of these facilities.
  - CPR: 14 calls; Total calls from facilities: 23
  - Source: Minnetonka PD
  - Verbiage from several of these calls has been included at the end of this letter.
- In the neighborhood meeting, CPR attempted to downplay these metrics by stating “they are still in the learning process”, which is alarming knowing their intent is to pursue expansion. As a sister who has had a front row seat to the full recovery process, I am painfully aware that healing doesn’t happen in a vacuum and the risk is too high for both the residents and neighboring community to still be “in the learning process” while attempting to expand prematurely.
- Minnetonka already has a positive track record of serving this need through the 6 active facilities providing identical services serving a total of 41 clients.
  - Source: [Here](#) is a link to search other facilities in the area. Enter Minnetonka and Chemical Dep Treatment as the criteria. Select Residential Treatment

Although the current proposed site may meet city and state requirements, in haste to move forward, it is evident that the actual location was not reviewed closely enough to warrant that the resources are a good fit to meet the needs of the clients while also ensuring the community’s best interests are served.
- Notre Dame Academy, a preschool and elementary school, is less than a 3 minute walk from the facility due to the 494 pedestrian bridge
  - When I asked Fartun Ahmed (owner of CPR) in a call (11/17/17 at 3:33PM) if she was aware of the proximity (since she has recently been elected to the Hopkins School Board), she said: yes she was aware but the requirements said nothing about proximity to schools so she moved forward anyway. This is highly concerning as her election platform was based on ensuring the best interest for students is served. She was very reluctant to state she would be comfortable with her 7 younger siblings living next to the facility.
- Several school districts have bus stops across the street and within one block of this location 5 days a week
- There is a lack of walkable venues to support resident enrichment activities.
  - Baker Rd is a high traffic county rd that is not conducive to group walks. This poses a risk to CPR residents and drivers accessing Baker Rd (basis Fartun’s comments, at least two staff members will accompany clients during walk outings).
  - At the neighborhood meeting on 11/14/17, CPR staff mentioned one of their enrichment activities would be to walk to Super America (Read: lack of walkable establishments for clients to access).
- There are, however, 2 Pre-schools, 2 Elementary schools, and 1 Jr High School within approx. 2 miles of this location

There has been a lack of consistency regarding what has been disclosed publicly via the neighborhood meeting and phone conversations vs. what’s actually occurring.
- Fartun Ahmed stated in a phone call on (11/18/17 11:08AM) that she is reconsidering whether additional safety measures (security locks, additional staff beyond requirements, fence on South side) communicated in the 11/14 neighborhood meeting would be implemented if the conditional permit would not move forward.
  - This ultimatum was not stated in the neighborhood meeting and she did not specify that the safety measures were conditional on the number of clients.
  - When I asked on the phone call, she would not commit to putting any agreement to safety measures in writing either way.
- Fartun Ahmed stated the property has already been closed in the 11/14 neighborhood meeting and confirmed this on a phone call (11/18/17 11:08 AM) stating that the 6 resident project was moving forward regardless of the permit.
  - The close date is not scheduled until 11/30/17.
- In a phone call on (11/17/17 3:33 PM) Fartun Ahmed assured me multiple times that no clients have ever escaped the premises at the current CPR facility.
  - Per 6/18/17 Police report: “Client ran and took off into the woods; threatened another client and was about to hit another.”
  - Per 9/4/17 Police report: “Client left on foot; last seen headed South on Woodhill; Male is court ordered.”

It is my understanding (please advise if you know otherwise) that there will be no recourse to prevent a 6 bed facility from entering our neighborhood. However I ask that you do not grant the conditional use permit to allow additional beds within the facility. One solution would be to deny the permit at this time but give the facility at least another year to work through their “learnings”, gain the trust of the surrounding community, and demonstrate the ability to manage their current 6 beds before expanding further. At that time, they could consider reapplying.

The future and vitality of any city is in part driven by attracting and retaining young families to build our future generations. If this permit passes, I fear it will send the message that the City of Minnetonka does not prioritize the well being of their young families and those seeking a community to raise their families will search elsewhere. We love this area. We love this home. My plea is to please consider not moving forward with this permit at this time.
In closing, my last request would be to sincerely ask yourself this question: Given the current track record CPR has displayed, would you feel comfortable with this facility moving forward and expanding if it were next door to you and your family? I encourage you also to read the verbatim taken from several of the 911 calls regarding the current facility within the last year or so.

Thank you once again for your time and consideration. I am truly grateful for your service and hope you enjoy (or have enjoyed) your time this Thanksgiving with your friends and family.

Sincerely with Care,
Angela Hansen

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**Note:** Below verbiage from several calls basis police reports to provide a flavor of the nature of these incidents for your reference. Please feel free to let me know if you would like the full PDF format for any of these instances below.

<table>
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<tr>
<th>Date</th>
<th>Time</th>
<th>User Type</th>
<th>Conf. Comments</th>
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**Health Crisis by Minnetonka Police**

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<td>Response [9] Y075214674512 RP</td>
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<tr>
<td>01/17/2017</td>
<td>23:16:11</td>
<td>PALUMBO</td>
<td>MATT -MP Response Y [10] RP WANTED OFFICERS TO TALK TO STEVEN AND CALM HIM DOWN.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>NO ASSAULT OCCURED, JUST YELLING ON STEVEN'S PART. STEVEN CALMED DOWN AND STAFF STATED THEY WERE OK WITH HIM RETURNING INTO THE HOME.</td>
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**Date Time User Type Conf. Comments**

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<td>03/04/2017</td>
<td>14:53:56</td>
<td>MPD49JR</td>
<td>Response [2] out of control</td>
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<td>03/04/2017</td>
<td>14:59:44</td>
<td>MPD49JR</td>
<td>Response [4] homc on standby to areas</td>
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**Date Time User Type Conf. Comments**

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<tr>
<th>Date</th>
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<tbody>
<tr>
<td>06/18/2017</td>
<td>20:34:34</td>
<td>SYS</td>
<td>Response [1] A cellular re-bid has occurred, check the ANI/ALI Viewer for details</td>
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<tr>
<td>06/18/2017</td>
<td>20:34:41</td>
<td>MPD51TW</td>
<td>Response [2] client took off</td>
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<td>06/18/2017</td>
<td>20:35:00</td>
<td>MPD51TW</td>
<td>Response [3] ran into the woods</td>
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<tr>
<td>06/18/2017</td>
<td>20:38:09</td>
<td>MPD51TW</td>
<td>Response [5] he was supposed to his chores</td>
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<tr>
<td>06/18/2017</td>
<td>20:38:36</td>
<td>MPD51TW</td>
<td>Response [6] threatened another client, calling people names, was about to hit another client</td>
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**Date Time User Type Conf. Comments**

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<tbody>
<tr>
<td>07/08/2017</td>
<td>00:33:59</td>
<td>MPD66DF</td>
<td>Response [1] client slammed the door on the rps arm</td>
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<tr>
<td>07/08/2017</td>
<td>00:34:07</td>
<td>MPD66DF</td>
<td>Response [2] rp declining ambulance</td>
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<tr>
<td>07/08/2017</td>
<td>00:35:01</td>
<td>MPD66DF</td>
<td>Response [3] rp will meet officers outside</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:35:21</td>
<td>MPD66DF</td>
<td>Response [4] client is in his room and doesnt know the police have been called</td>
</tr>
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</table>
On 03-06-17 at 1559 hours Officer Bauer and I were dispatched to 14528 Moonlight Hill Rd on a health & welfare check.

Officer Actions/Observations

- Dispatch advised that the residence was a group home, CounterPoint Recovery.
- They stated that a male, later identified as Abdirahman Elyas Abdullah [Redacted], called and stated that the staff was not giving him his meds, that he was being discriminated against, and that he was going to go across the street to the judges.
- Dispatch stated that the male was talking very fast and seemed to be in a manic state.
- Dispatch then advised that a staff member was calling and stating that Abdullah was schizophrenic and bipolar and that he was in a manic state now.
- The staff member, identified as Munasir Abdullah Jabeyer [Redacted], stated that Abdullah had become aggressive with staff.
- I arrived on scene first with HCMC paramedics.
- I met with Abdullahi in the kitchen of the residence.
- Abdullahi was definitely in a manic state; he was talking very fast, was repeating himself, and he was agitated.
- Abdullahi was upset because his medication had been changed by what he believed was a "fake" doctor and staff would not give him the medication that he had originally been prescribed by his real doctor.
- Abdullahi would not listen to reason and became increasingly agitated.
- Abdullahi stated that the only person he would listen to is his Psychiatrist, who we could not get a hold of.
- Abdullahi was cooperative but on edge and volatile.
- Jabeyer stated that Abdullah had not been sleeping and had been hearing voices.
- He stated that Abdullah's medication was recently changed, and since that had occurred there had been a very rapid decline in his mental health.
- Staff was afraid of Abdullahi and what he would do if officers left.
- Jabeyer stated that Abdullah had been at the home since January, and that this is the worst he has ever been.
- I spoke with the paramedics, who were very concerned about Abdullah based on the drastic medication change that had recently occurred.
- The paramedics did not feel that Abdullah would calm down, and that his behavior would only worsen.
- Abdullahi would not go to the hospital voluntarily.
- Based on his current behavior and the fear the staff, medics, and I had about him becoming increasingly worse, we determined that he would be sent to the hospital on a health & welfare hold.
- Abdullahi was handcuffed for safety and escorted to the ambulance (I was assisted by Officers Bauer, Bruckner, and Sanchez).
Drew Ingvalson

From: Kayla Tooley <username@domain.com>
Sent: Sunday, November 19, 2017 9:04 PM
To: Bob Ellingson; Drew Ingvalson; Terry Schneider

Drew, Terry, and Bob,

I am a concerned wife and mother of three young children regarding the proposal of Counter Point Recovery securing a residence near our home. Based on my research the business is being poorly run, is not reputable, and shows no proof of success in helping men recover from chemical dependency. It also seems like 12 adult males plus employee(s)? in one house would exceed occupancy ratings in a single family home residential zone.

I am also concerned about the location regarding the practicality for those men court-ordered to be there: there are no proper destinations for activities for those under treatment within walking distance or is it easily accessible by public transportation. Just homes and schools and a gas station are nearby. My children will not be bussed to schools in the Hopkins district for a few reasons, but I am concerned for the kids that are. The drivers that ignore the “do not pass” sign on the road are enough of a danger to children and pedestrians, let alone the potential of ill intentions from someone of not sound mind with no where else to go and nothing else to do with their time. The pedestrian bridge over 494 connects the house in question almost directly to Norte Dame Academy which serves pre-K through 8th grade children, including our beloved babysitter who can walk to school. What if this 12 year old girl was walking home and she were approached or even accosted by a man wandering about on the 1.2 acre lot? Or what about the other people in the neighborhood who regularly use that bridge and enjoy walking in the neighborhood, including myself and three kids under four, who currently feel welcomed and safe in their own community, are all of a sudden put in potential or perceived or even real danger by a man/men with nothing productive or life-enriching to do with his/their time?

It doesn’t appear that there is any curriculum or recovery methodology or research mentioned in the company website, which is a concern. They name some places in Minnetonka and talk about the great community, but there is nothing tangible that refers to treatment methodology behind their broad-brush statements that can be found in any google search of “places near Minnetonka”.

There are so many other places within the inner ring suburbs and city of Minneapolis where individuals can currently go that need help in their recovery which make much more sense. At the requested location on Baker Road they would be an island unto themselves, hidden in a house behind overgrown shrubbery and trees, and supervised quite loosely, which may only create unforeseen problems for local citizens.

My husband and I have been watching home values around the area for a few years now, and understand that the properties for sale on Baker Road have been sitting on the market for quite some time. Opportunity for Ms. Ahmed and her inexperienced business and unproven business model will come at the expense of many others’ safety and security. It would be interesting to understand the benefits for the community that outweigh the risks for nearby children and families.

This request to operate out of the location on Baker Road in addition to their current location is blatantly opportunistic for the company because there are no statistics or data on the success rate of CPR’s program for the men living in the house or what their lives are like after leaving the house. What is the percentage of relapse in 4 years? In 10? I am a Christian and believe in second chances for everyone, but because there is nothing to prove success rates under their current capabilities (only increased 911 activity which stresses our community resources), I have to strongly encourage you to not allow this company to operate in our neighborhood.
The fact that they want to double their capacity in addition to their current facility without adequate personnel, and based on the current unemployment rate being so low in the Twin Cities, I would question CPR’s ability to retain enough top talent to be capable of handling the multitude of needs and safety these individuals will need to recover and to integrate back into society.

Best of luck to you all as you wrestle with this decision. Thank you for serving our community. We do love living in Minnetonka and consider it a privilege.

 Regards,  
Kayla
From: Timothy Eiswald <***REDACTED***>
Sent: Sunday, November 19, 2017 9:53 PM
To: Drew Ingvalson
Subject: Proposed Drug Rehab

Attention: Drew Ingvalson

November 19, 2017

As a current home owner and resident of Minnetonka for the past 20 years, I am greatly distressed to find out that there is up for consideration talk of building a Men’s Drug Rehabilitation Facility in my neighborhood. It is my understanding that Center Point Recovery, is trying to get the approval to build and operate a residential chemical dependency rehab center at the location of 5022 Baker Road, Minnetonka. This proposed site is only 2 doors down from where I live on Baker Road.

The idea of allowing a facility like this in our neighborhood just does not make any sense and in my opinion is very bad idea. We are a neighborhood of families and homes, not a commercial zoned business area for a drug rehab. This is a family community where many young families with children live as well as the elderly. We know our neighbors and watch out for each other.

There are many reasons that come to mind why this is so troubling to me but the first is “safety, security and crime”. One big concern is that men from this rehab are naturally at some point going need to go for walks for exercise or just to get away from the facility for a while. The men that attend this rehab are more than likely coming from troubled backgrounds and are probably court ordered to attend the facility. They are not part of our tight knit community and probably have no desire to be. They would be here because they have to be not because they want to be. This does not give me peace of mind as a homeowner especially knowing that when I am gone or when I have to go to work, these men may walking around my neighborhood or past my house on Baker Road to go down the corner Super America store.

I use to live in the Stevens Community area of Mpls where there were a number of Drug Rehab facilities down from my block. There was always trouble on those properties and often a police presence. I moved to Minnetonka to get away from all that and I have lived in my current home for the past 20 years with the peace of mind of a safe neighborhood and knowing my neighbors and not having to worry about strangers potentially walking around our place of residence especially during the day when most of us are at work.

Over the past ten years, I have been a mentor for young men with chemical substance abuse issues at Minnesota Adult & Teen Challenge. I want to make it clear that I am all for drug and alcohol treatment centers and we certainly need them in this day and age, but location is key and this location is not at all a good place for such a facility to try and integrate into our safe neighborhood. I am GREATLY OPPOSED to the idea of having this facility built in my neighborhood and at such close proximity to where I live and call home.

Please take a moment to consider how you would personally feel if you were to have such a facility built in your own neighborhood or worse yet next to your home. Thank you.
Sincerely,

Timothy W. Eiswald
5006 Baker Road
Minnetonka, MN

Tim Eiswald
5006 Baker Road
Minnetonka, MN 55435
Dear Mr. Ingvalson,

We're writing you to express our concerns for the Counter Point Recovery residence that's currently being proposed at 5022 Baker Road. There are multiple reasons we'd like to encourage you to deny the permit for the drug rehab care facility and STOP this from moving forward.

**Emergencies**: Counter Point's current Minnetonka facility (with half the number of residents) has made 14 different 911 calls so far this year, which accounts for 61% of the total calls made by the 8 active care facilities in Minnetonka. This increased emergency traffic is concerning, especially considering the already high traffic (and back up traffic during rush hour) on Baker Road.

**Citations**: Counter Point management does not focus on details and is not concerned with having things up to code. In a single recent inspection at their current facility, they received 14 different citations from the state, showing the owners lack of experience and gross incompetence.

**Inconsistencies**: The application Counter Point submitted to the city has many holes and inconsistencies based on what we heard during a recent public meeting Counter Point held. One example is their visitation policy - paperwork states no visitation, yet they told us there are visiting hours three days a week. There are also conflicting statements regarding parking plans. Are the owners being deceptive?

**Security**: Based on house layout plans submitted with the permit application, the residence seems to provide major challenges regarding security. There are many sliding doors, (including in bedrooms) multiple levels and “odd” spaces. Counter Point is only staffed with one person in the evenings; will they be able to manage that many people in this type of space? Additionally, the high tree coverage creates limited visibility and therefore, concerns with security in general.

**Safety**: Counter Point is not just focused on drug rehab, they also focus on helping those with mental issues, as clearly stated on their business website. There are a number of preschools, schools and children's bus stops located within feet of the residence. It is concerning to think that there could be a number of unstable men in such close proximity to so many young children.
Questionable Recreation: Counter Point's website mentions that they are advocates of outdoor recreation, specifically walks, in an effort to build a sense of independence in their residents. With Baker Road being a main road, there are not many safe walking options.

To conclude, we feel this type of facility is not a good fit for a neighborhood filled with families and children. When we bought our house five years ago, we knew it would be a safe and peaceful place to start and raise a family. Now, we have a three year old and one year old... and feel our outlook could change if Counter Point becomes a "neighbor." Please work with us to deny their permit application.

Thank you for your sincere consideration. We'd be happy to sit down with you in person to discuss, if there is interest.

Cordially,

Aaron and Becky Mielke
5326 Rogers Drive
Minnetonka, MN 55343
Greetings,

My name is Angeles Robles. I am a resident of Minnetonka and I live in 5109 Baker Rd. My house is right across from 5022 Baker Rd, the property which is asking for a permit to run a 12 bed chemical dependency rehabilitation center. Many of my neighbors and my family and of course me; believe that this facility will cause more harm than good to our neighborhood.

I have attached a letter for you to take into consideration.

Regards,

Angeles R

Whom May Concern
Dear Whom May Concern,

I know that you are a mayor and that you are always very busy making the city a better place; thank you for that. I have come to find that I am worried for my friends, and for my family, not just worried but, scared and terrified. If you have kept on reading I thank you for your time it will only take you a couple minutes and I only ask you to read it, pretty please.

As a girl growing up was filled with unicorns, barbies, and legos I had a fun life but there was also hopes, dreams and imaginations. I used to live in a basement and I didn’t care I had a lot of love for everyone who lived there and for our tiny house itself. I had a lot of friends and a lot of people that were really nice to me they eventually became like family. But when I grew up a little more then I learned about “troubled people”. I always wanted to make the world a better place and one of the best places that makes the world better is rehabilitation for drug addicts. I loved that people who once had made a mistake could become better and people of good. But, I think that having a drug addiction rehabilitation center right in a middle of a neighborhood is not such a good idea.

I have seen many things good, bad, live, and on television. But, even though I am happy for the people going to rehab and have a chance to a fresh start. I am scared and, I know there are others who are scared too. I know that in the beginning the people will struggle in a new place trying to overcome and some may try to escape. Some maybe will escape. Imagine what could happen especially at night it is dark and our houses are far away from one another and there is also a lot of land for someone to roam around and I know that there are people who will do anything for money for drugs. I also know that there are just some people who can’t be fixed who will try to escape not just in the beginning but, all the time. My bus stop [Maywood Lane and Baker Road] is right in front of what will be the rehab center; [5022 Baker Road] and let’s not even say that my house is a couple steps from the center. [5109 Baker Road]. And my little brother walks to his bus stop and passes the center. [ Deerwood Drive and Excelsior Boulevard] Also, my brother’s school Glen Lake Elementary School [4901 Woodridge Road] is not far either. Even my school, West Junior High [3830 Baker Rd] isn’t far. My whole life is surrounded around that place. If someone escapes I don’t know what would happen.

I know what you may be thinking “what does a 12 year old know about these things?” Well I know more than you may think. I lived in North Minneapolis for around six years and My brain has seen a lot. I have been physically bullied twice, my mom got harassed because a drug addict wanted money so he cut her pockets cutting her stomach. Our neighbors were drug
addicts. They stole our cat, and they once robbed our house. I never felt safe. Then I moved to Brooklyn Center and I lived there for 4 years I finally started to feel safe. Then my parents found out that our neighbors sold drugs so we moved again to Minnetonka with a lot of effort we got enough money to buy this house a safe area and environment but if someone escapes will it be? Will I and others be safe?

This problem is also causing our happy neighborhood to chaos. There is an app called “Nextdoor” and a lot of people are fighting with each other calling themselves ignorant and they were involving Jesus and other religious beliefs. There is a lot of disrespect happening and that is not ok. I would love to see a drug addiction rehabilitation center but as I said I don’t think the location is that wise. I would like you to please consider what I am saying and if you don’t at least try to consider the amount of people that should be allowed to live in the rehabilitation center.

My name is Angeles Robles and I am a 12 year old who has something to say just like everybody else.

Thanks for everything you do I hope you consider it.

Angeles R.
Hello Mr. Ingvalson: We just found out about this Drug Rehab Facility they want to put in on Baker Road and we aren't all happy to hear this or in favor of this. We do not think it will do anything good for the neighborhood or the City of Minnetonka.

We can see lots of potential problems in our neighborhood developing because of this and hope that you will advocate for our neighborhood and find another place for this facility that isn't a residential area. We would worry about safety issues for children in the neighborhood and adults as well.

This isn't a good scenario at all and we would appreciate whatever you can do to help facilitate another better plan for this proposed drug rehab facility. We do not want to hear that it will be passed by the Planning Commission.

We have heard that the current drug rehab facility has low security, and not the best record. Numerous complaints. All the more reason for you and others to absolutely vote NO.

Sincerely,

Rick and Kathy Riley
Minnetonka Residents
Our e-mail address: 

kmr
Dear City of Minnetonka Staff, Planning Commission and City Council,

I am writing in support of Counter Point Recovery operating at 5022 Baker Rd, which is located within 400 feet of my home. This facility will be owned and operated by Fartun Ahmed, who is our neighbor living just a few blocks away, and soon serves as our newly elected school board member. She is fully committed to our community, and we have entrusted her to make good decisions for our school children. Counter Point will serve adult men with a 90 day program. With 24-hour staffing, supervised outings, egress alarms, security cameras, visitor restrictions, and a complete abstinence requirement, I do not see this facility endangering the neighborhood. Everybody has family members or friends who struggle with mental health, alcohol and chemical abuse issues, and I applaud Fartun Ahmed, the counselors and the clients of Counter Point Recovery for their work toward better lives.

Peggy Kvam
13012 Jane Lane
Minnetonka, MN 55343
Dear Bob,

The residential care conditional permit request by CPR should not be granted for 5022 Baker Road. Per police reports and DHS citations, CPR is not ready to handle a larger facility than they currently operate in Minnetonka. Per their application, I note their employee:resident ratio numbers indicate they are not planning to hire more people (particularly at night) despite almost doubling their size.

There already exists a zoned area (the Hennepin County Home School) within 2-3 miles where neighbors purchased their properties with full awareness of larger scale mental and chemical rehabilitation nearby. If the need exists for increased residential rehabilitation capacity, why doesn't the city direct rehabilitation companies to that property as a first-choice location?

Thank you for your attention to this issue and concern.

Kindly,
Kathryn Hernke
5235 Minnetoga Terrace
Minnetonka, MN 55343
Dear Mayor Scheider and Councilman Ellingson:

I support the petition to deny Counter Point Recovery, LLC a conditional use permit to operate a 12-bed licensed care facility for adult men with chemical dependencies at 5022 Baker Road.

My reasons for asking you to deny the permit are as follows:

1. CRP has a track record of non-compliance at their current location operating in Minnetonka. At this location CRP has proven incompetent with a 6-person facility, yet they are requesting expansion to double their residential capacity.
2. The permit application has numerous inconsistencies and false responses misrepresenting their plans for the facility.
3. There are already six locations within three miles, and four are within two miles—with a total capacity of 41 clients.
4. The location is not optimal given concerns regarding their ability to secure the facility.
5. The location does not have walking-accessible life enrichment activities to help build independent living.
6. There has been a lack of transparency regarding policies, schedule, and other factors that prevent the community from having full visibility to the concerns and questions they have regarding the company.

During this time of a national knee-jerk-style of “relaxing and/or elimination of protections,” I rely on my local governments and agencies to act responsibly and continue in the traditions of Minnesota and Minnetonka—traditions that include an active, thoughtful government that serves the people first before bowing reflexively to business interests.

There have been instances in the past where business developers have duped the council by using false information and the community has paid the price. Given CPR’s history, there is sufficient evidence to deny their conditional use permit, and I ask that you do that.

Sincerely,

Leighton Wilkening

5316 Minnetoga Terrace
Minnetonka, MN 55343
Dear Mayor Schneider,

I am writing you regarding my recent notification for a conditional use permit to allow an Adult Rehabilitation Facility at 5022 Baker Road. I am very concerned that this would impact our immediate neighborhood in a number of ways including:
1) Safety of children in our neighborhood walking to school at near by Notre Dame Academy via the pedestrian bridge over 494.
2) Placing additional service load on Minnetonka's police and emergency services (as evident by logged 911 calls to the CPR facility located at: 14528 Moonlight Hill Rd, Minnetonka, MN.
3) Negative impact on property values.
4) Request for permit does not meet current zoning requirements for such a facility at this location.

I am hopeful that you and other council members will take community and the immediate neighborhood's concerns into consideration when reviewing Ms. Ahmed's request.

I, as well as other Minnetonka residents plan to attend upcoming meetings on 11/30 and 12/4 and expect that our Minnetonka representatives act on our behalf.

Sincerely,

Jeff Weiss
12910 Maywood Lane
Minnetonka, MN 55343
Count me among the concerned citizens objecting to the chemical dependency treatment facility proposed for our neighborhood due to:

- Location in highly residential zoned neighborhood
- Proximity to preschool, elementary school, and school bus stops
- Limited staff and low security
- Frequent 911 calls and citations on record at current facility owned by proposed project owner
- Numerous compliance evident in the business plan submitted to the city
- Encroaching zoning changes forced upon our residential neighborhoods along Baker Road and directly entering into our neighborhoods. Most recent approval being a senior care group home business at 5215 Rogers Drive.
Drew Ingvalson

From: Melissa Wagner
Sent: Saturday, November 18, 2017 11:17 PM
To: Bob Ellingson; Terry Schneider; Drew Ingvalson
Subject: Conditional Use Permit for 5022 Baker Road

Melissa Wagner
5101 Baker Road
Minnetonka, MN 55343

Dear Mayor Schneider, Councilman Ellingson, and Planner Ingvalson,

I am writing to you in regards to the proposed conditional use permit for the property 5022 Baker Road. First, as a local healthcare provider I want to commend Counter Point Recovery for seeking an expansion of their current chemical dependency treatment program to meet a valuable need of our community. Chemical dependency Rule 31 treatment centers are unable to keep up with the demands that I see on a daily basis with my practice at a local hospital. As a mother, resident of Minnetonka, and healthcare provider I was quite interested in the plan proposed by Counter Point Recovery which is requesting a conditional use permit for a property located very close to mine. I hope that Minnetonka is able to develop and provide enduring residential facilities, like Counter Point Recovery, to promote healthy residents within our community. When clients arrive to a Rule 31 treatment center they are considered vulnerable adults and it is imperative that the companies treating these clients follow the Minnesota statues and rules for a Rule 31 property.

That being said, I was quite surprised when I reviewed the proposal from Munasir Gabeyre, Operations Manager for Counter Point Recovery, and found the statement “There are no visitation hours in our high intensity treatment program.” As a healthcare professional I understand the importance of maintaining strict rules of conduct for the clients in these facilities but the right to have visitors is one that is clearly stated in the Minnesota statues and rules for licensed residential treatment.

“9530.6505 REQUIREMENTS FOR LICENSED RESIDENTIAL TREATMENT

Subpart 2. Visitors. Clients must be allowed to receive visitors at time prescribed by the license holder. The license holder must set and post a notice of visiting rules and hours, including both day and evening times. A client’s right to receive visitors other than a personal physician, religious advisor, county case manager, parole or probation officer, or attorney may be subject to visitation hours
I am unsure why Counter Point recovery would be taking such a strict policy on visitors which violates the rights of the vulnerable adults that they serve. Being that I work in the inpatient setting, I am unsure if there is an exemption to this statute that Counter Point Recovery has to allow them to continue to maintain their license without allowing visitors. Allowing loved ones to be a part of the recovery program is pertinent to client’s ability to return to sober healthy living outside of the treatment facility. A program which asks clients to be subjected to 90 days of seclusion from their loved ones may be imparting an undue burden on the client’s they serve.

If Counter Point Recovery were to change their visitor policy to comply with the current statues and to provide compassionate care to these individuals, the property they are proposing for the conditional use permit is inadequate. A facility serving 12 clients and 4 staff members plus a 12 person van on site would not be able to accommodate the additional traffic and parking that would be needed for loved ones to be able to visit during allotted visiting hours. Even if Counter Point Recovery wishes to stick to their no visitor policy, it would be inhumane to deprive clients of access to personal physicians, religious advisors, case managers, parole or probation officers, and attorneys. With serving 12 clients, even this bare bones visitation policy would be problematic for the property that is proposed when it comes to parking and traffic.

I want very much for Counter Point Recovery to become a successful treatment program for our citizens and to fill a need that our community has. Building a program which can become a pillar in our community for years is of utmost importance and taking the time to find the right location and property to serve these community members is prudent. Finding a space that can accommodate visitors and allow the loved ones of the vulnerable adults they serve to be part of this recovery process is imperative. A property that is near public parking or has more space for off-site parking would be much better suited for this residential treatment facility. Simply stating "no visitors would be allowed" to make the proposed property “work” when it clearly doesn’t is not only a disservice to the men it treats, but will also cause future problems. One such problem could arise when the property needs to be adapted to accommodate visitors to be in accordance with the current statues. I want to see Counter Point Recovery provide compassionate care to our community members who need it and respect the rights of the clients it serves.

Thank you for your consideration,

Melissa Wagner
To Whom It May Concern:

We are writing in support of the City of Minnetonka issuing a conditional use permit to Counter Point Recovery to purchase, renovate, and operate their business at 5022 Baker Road. We are residents of Minnetonka and live less than a mile from the proposed site. Based on what we have read, CPR meets every requirement contained in the relevant City of Minnetonka codes and ordinances to operate their business on this property.

We spoke at length with the owners, Fartun Ahmed and Munasir Gabeyre, regarding the concerns about the proposed site and expansion expressed in the petition that has been signed by some Minnetonka residents. Their thoughtful, well-informed responses provided much clarification. I appreciate their willingness to take the time to meet with neighbors, educate us, and respond so clearly and openly to our questions. This is above and beyond what they are required to do to operate a business in the City of Minnetonka.

We live in a culture where those experiencing and trying to heal from chemical dependency are stigmatized and judged solely on the basis of their illness. When we refuse residential treatment facilities in our community, we send a dangerous message to our neighbors who are secretly struggling with addiction—if they choose to seek treatment, they will no longer be welcome here. Furthermore, we send the message that only certain types of people belong and are entitled to experience the benefits of residing in Minnetonka.

I trust that the City of Minnetonka Planning Commission and City Council will work to ensure that Minnetonka is a place that is welcoming to all, and a place where all residents have access to the resources they need to live full and healthy lives.

Sincerely,

Jen and Michael Bouchard

4640 Caribou Drive

Minnetonka, MN 55345
Mr. Ingvalson, Council Member Ellingson, Mayor Schneider: I am writing with deep concern regarding the request by Counter Point Recovery for a conditional use permit to allow a licensed care facility in my neighborhood at 5022 Baker Rd. Potential impacts of introducing any commercial enterprise to a residential area should be thoroughly scrutinized, and this request has the potential to strongly, negatively affect surrounding families, with little upside for the immediate community. As the location of the proposed facility is quite close to my home, I was disturbed to see that the facility currently operated by Counter Point Recovery at 14528 Moonlight Hill Rd was the site of Minnetonka police activity on at least 4 occasions in the past 9 months, including: 3/17/2017 PREDATORY Case Number: 17-1013 (https://eminnetonka.com/images/police/reports/Activity%20Report%203-20-2017.pdf) 3/24/2017 PREDATORY Case Number: 17-1117 (https://eminnetonka.com/images/police/reports/Activity%20Report%203-27-2017.pdf) 7/13/2017 DISTURB/DISORDERLY Case Number: 17-2919 (https://eminnetonka.com/images/police/reports/Activity%20Report%207-17-2017.pdf) 7/14/2017 WARRANT Case Number: 17-2950 (https://eminnetonka.com/images/police/reports/Activity%20Report%207-17-2017.pdf) These cases demonstrate a precedent of facility clientele acting disruptively (predatory), and failure of Counter Point Recovery staff and security measures to prevent such events. With twice as many residents at the proposed Baker Road facility, incidents would likely be even more common and possibly more harmful given the relatively dense residential area and close proximity to schools. On-site presence of only 1-2 staff members outside of regular work day hours seems inadequate to provide constant supervision (which is required for this type of facility) for up to 12 clients. As a “high intensity treatment” facility, clientele are to be supervised at all times and undergo specified treatment services. However, in June 2017, a Correction Order (http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&DocName=LLO_406421) was issued to Counter Point Recovery by the Minnesota Department of Human Services Licensing Division documenting multiple citations, including: -Failure to provide “required hours of clinical services each week” (citation 1) -Requesting payment of public funds for services that were not documented as being provided as required (citation 2) -Improper client orientation (citation 3) -Failure to meet requirements regarding client comprehensive assessments and assessment summaries (citations 5, 6) -Failure to meet requirements governing progress notes and treatment plan reviews (citation 7) -Failure to meet requirements regarding continuing care recommendations upon termination of services (citation 8) -Failure to meet requirements regarding staff training (citation 11), personnel files (citation 12), and annual reviews (citation 13) This record of nonadherence by Counter Point Recovery to requirements intended to protect individuals undergoing chemical dependency treatment suggests client care does not consistently meet the definition for “high intensity treatment” and that measures to enforce the policy for residents to “follow all facility policies at all times” are likely inadequate. Even if competent supervision was fully provided, simply knowing that our neighbors are in a condition that requires constant supervision affects our sense of security to a degree that my family’s activities and use of our property would be severely restricted. My children could not play outside or wait at the school bus stop unaccompanied. Our family-friendly neighborhood would develop a different—less welcoming—character. Such a change in the local atmosphere would limit the desirability of area family homes, depressing surrounding property values and offsetting potential business tax revenues. Although my family’s security is of primary importance, other issues more generally related to business operation are important to consider as well. On-site parking as described by Counter Point Recovery will accommodate a maximum of 5 vehicles but this is inconsistent with parking accommodations noted by the company at a recent City Council meeting. How do clients get to and from the facility? Baker Road already gets quite congested at certain times of day and is ill-suited to accommodate business-related traffic in that segment. To the contrary, myself and other nearby residents would rather see the pedestrian features of Baker Road enhanced and non-local car traffic discouraged to better connect the neighborhood with nearby walking and bike paths. Adding the proposed facility would shift the neighborhood in an undesirable direction. As a resident who would be directly affected by its implementation, I strongly urge you not to grant the permit.
Drew Ingvalson

From: MIA NELSON [redacted]
Sent: Saturday, November 18, 2017 12:50 PM
To: Drew Ingvalson
Subject: 5022 Baker road

Hello,

I am writing about the proposed recovery site for chemical dependency at 5022 Baker Road. We would like to ask you to vote against this. We are not disputing there is a need for this type of service. We just feel that our residential area is not the place for this male rehab center. We have concern for safety of the neighborhood as we have read about limited staff, low security and frequent 911 calls. We also have many school bus stops within a block-3 blocks of this site with various ages of kids getting off alone.

Please keep this location a single family residence.

Regards,

Mia and Steve Nelson
Please not another CPR facility in Minnetonka! And if you're going to do one, why the HELL does it need to be SO close the existing one on Moonlight Hill Road?!!
Begin forwarded message:

From: Terry Schneider <tschneider@eminnetonka.com>
Date: November 20, 2017 at 12:23:15 PM CST
To: Andrew Chollar <...>
Cc: Geralyn Barone <gbarone@eminnetonka.com>
Subject: RE: STOP CPR expansion in Mtk.a!!

Andrew,

Thank you for your feedback regarding the proposed Counter Point Recovery group home at 5022 Baker Rd. I will factor your comments into my thought process when the item comes before the city council. One of the responsibilities of a council member is to keep an open mind until we have heard all relevant facts related to consideration of any approvals required by the project. That includes feedback from citizens, city staff, Planning Commission and the applicant before we make up our mind where we individually stand on the project. While the official public hearing happens at the Planning Commission meeting, the council does allow additional public feedback when it is our agenda. I generally always wait until that has happen before I form a firm opinion on the project.

Terry Schneider
Minnetonka Mayor

From: Andrew Chollar <...>
Sent: Monday, November 20, 2017 8:24 AM
To: Terry Schneider <tschneider@eminnetonka.com>
Subject: STOP CPR expansion in Mtk.a!!

Terry,

Clearly, CPR has a track record littered with citations and and an over-the-top percentage of 911 calls compared to all similar facilities. This is a proven danger to our community. Your citizens are not "asking", rather we are demanding that you respond to our wishes and stop CPR expansion in our community.

I would ask that you also revisit the policy whereby only those residing within a few hundred feet of a proposed facility are notified. It's an incredibly deceiving way to "slip in" such facilities under the cover of lack of awareness without the city receiving the kind of outcry and resistance it otherwise would and should.
Thank you,

Andrew Chollar
Dear Mayor Schneider, Councilman Ellingson and Planner Ingvalson,

We write in opposition to the requested Conditional Use Permit for a Licensed Care Facility that provides chemical dependency/mental health treatment for adult men, to be located in our residential neighborhood at 5022 Baker Road in Minnetonka. The request, filed by a Mr. Munasir Gabeyre on behalf of entity called “Counter Point Recovery,” proposes to initiate a 12-man treatment facility approximately 800 feet from our residence at 13002 Jane Lane in Minnetonka.

As an initial matter, we must say that we applaud Mr. Gabeyre’s efforts to provide chemical dependency and mental health “high intensity treatment” for single adult men, whom we believe to be an underserved population. However, in our view, a facility of this size is more appropriately located at a bona fide hospital facility where appropriate security precautions can be taken. As others have pointed out, the requested location is only feet away from school bus stops at Baker Rd. and Mayfield and at Baker Rd. and Jane Lane, and is in the vicinity of a pre-school, an elementary school, and a junior high school. We must assume, having no evidence to the contrary, that many if not most of the individual enrollees have criminal records, although we are certainly open to hearing opposing evidence. Moreover, Mr. Gabeyre’s assurances that none of its patients have “arson or criminal sexual conduct charges on their record” does little to provide comfort to area residents who are concerned with other types of criminal behavior.

Additionally, we are concerned with the impact that granting Mr. Gabeyre’s Conditional Use Permit may have on our area home values. We are concerned that people considering the purchase of a home in our neighborhood may be inclined to pay less than the value that our home may otherwise bring in the absence of a mental health facility 800 feet from our lot.

Moreover, other neighborhood residents have noted that Mr. Gabeyre’s current 6-man location at 14528 Moonlight Hill Road in Minnetonka (which we understand was previously named “Milestones Recovery, Inc.”) has been the subject of “frequent 911 calls (and citations) on record at current facility.” Residents have also complained about limited staff and low security at the current facility, which they are concerned could translate to the new facility. We do not relish the prospect of frequent 911 calls upsetting the quiet enjoyment of our neighborhood and reducing our home values.

At the end of the day, we believe that a balance of the equities requires that Mr. Gabeyre locate his proposed 12-man chemical dependency/mental health facility at a bona fide hospital location outside of our residential neighborhood.

Sincerely,

Sally T. and Michael P. McNamee
13002 Jane Lane
Minnetonka, MN 55343
Drew Ingvalson

From: Geralyn Barone
Sent: Tuesday, November 21, 2017 9:25 AM
To: Drew Ingvalson
Cc: Loren Gordon; Julie Wischnack
Subject: Fwd: CPR 5022 Baker Road

Begin forwarded message:

From: Terry Schneider <tschneider@eminnetonka.com>
Date: November 20, 2017 at 12:12:08 PM CST
To: Chuck Dahlmeir <mailto:>
Cc: Geralyn Barone <gbarone@eminnetonka.com>
Subject: RE: CPR 5022 Baker Road

Chuck,

Thank you for your feedback regarding the proposed Counter Point Recovery group home at 5022 Baker Rd. I will factor your comments into my thought process when the item comes before the city council. One of the responsibilities of a council member is to keep an open mind until we have heard all relevant facts related to consideration of any approvals required by the project. That includes feedback from citizens, city staff, Planning Commission and the applicant before we make up our mind where we individually stand on the project. While the official public hearing happens at the Planning Commission meeting, the council does allow additional public feedback when it is on our agenda. I generally always wait until that has happen before I form a firm opinion on the project.

Terry Schneider
Minnetonka Mayor

From: Chuck Dahlmeir <mailto:>
Sent: Sunday, November 19, 2017 7:54 PM
To: Terry Schneider <tschneider@eminnetonka.com>; Bob Ellingson <bellingson@eminnetonka.com>; Tony Wagner <twagner@eminnetonka.com>; Brad Wiersum <hwiersum@eminnetonka.com>; Tim Bergstedt <tbergstedt@eminnetonka.com>; Patty Acomb <pacombe@eminnetonka.com>
Subject: CPR 5022 Baker Road

Hello,

Thank you in advance for taking the time to hear my/residents of Moonlight Hill concerns, regarding the CPR proposal at 5022 Baker Road. I have been a resident at 14512 Moonlight Hill Rd since 2003 when I found the perfect neighborhood in a great community to raise my family. Many of us on the block have made significant investments in our properties and are very proud of where we live. The very quiet and safe feeling of a neighborhood is valued and appreciated by many of us and I'm
sure you feel the same about your neighborhood. That all changed for us on Moonlight Hill a few years back when we had renters in the property at 14528. There were late night parties, loud music, cars and loud motorcycles up and down the street at all hours, unkept property and honestly really rude and disrespectful renters in general. Those renters moved on and we were all very excited to reclaim the neighborhood. Several months later CPR took over the property and nobody in the neighborhood knew what was about to happen next. We were blown away that a recovery center can just move into a neighborhood with no notice at all. It has been a disaster! We had trash problems, parking issues in the cul-de-sac, un-kept property, people out smoking having loud conversations at late hours, shouting, several police cars rolling up the street to diffuse situations. We finally had enough and gathered at city hall with all parties to discuss our concerns. We were basically told the city cannot control this as it is a state issue. Things have improved since that meeting, but still lots of traffic and police visits. As I understand, you could not do anything to stop them from coming into our neighborhood, but you can certainly stop them from expanding in this great city. Do we really want another problem place that uses tax payer money to deploy resources when they clearly are not a buttoned up operator in so many ways? Recent regulatory inspections back that statement up as you know. I urge you to not allow this to happen.

Best Regards,

Chuck Dahlmeir
Begin forwarded message:

From: Terry Schneider <tschneider@eminnetonka.com>
Date: November 20, 2017 at 11:59:27 AM CST
To: Michael Arvidson
Cc: Geralyn Barone <pbarone@eminnetonka.com>
Subject: RE: Men's drug rehab

Michael,

Thank you for your feedback regarding the proposed Counter Point Recovery group home at 5022 Baker Rd. I will factor your comments into my thought process when the item comes before the city council. One of the responsibilities of a council member is to keep an open mind until we have heard all relevant facts related to consideration of any approvals required by the project. That includes feedback from citizens, city staff, Planning Commission and the applicant before we make up our mind where we individually stand on the project. While the official public hearing happens at the Planning Commission meeting, the council does allow additional public feedback when it is our agenda. I generally always wait until that has happen before I form a firm opinion on the project.

Terry Schneider
Minnetonka Mayor

From: Michael Arvidson
Sent: Sunday, November 19, 2017 11:25 AM
To: Terry Schneider <tschneider@eminnetonka.com>
Subject: Men's drug rehab

I'm not on board with a rehab facility. This has been tried before. Why is this the area they keep going to? Kids catch the bus on Baker road. How would that benefit the city?

Sent from Mail for Windows 10
Sent from my iPad

Begin forwarded message:

From: Terry Schneider <tschneider@eminnetonka.com>
Date: November 20, 2017 at 11:27:59 AM CST
To: John Anderson
Cc: Geralyn Barone <gbarone@eminnetonka.com>
Subject: RE: Counter Point Recovery (CPR)

John,

Thank you for your feedback regarding the proposed Counter Point Recovery group home at 5022 Baker Rd. I will factor your comments into my thought process when the item comes before the city council. One of the responsibilities of a council member is to keep an open mind until we have heard all relevant facts related to consideration of any approvals required by the project. That includes feedback from citizens, city staff, Planning Commission and the applicant before we make up our mind where we individually stand on the project. While the official public hearing happens at the Planning Commission meeting, the council does allow additional public feedback when it is our agenda. I generally always wait until that has happen before I form a firm opinion on the project.

Terry Schneider
Minnetonka Mayor

-----Original Message-----
From: John Anderson [mailto:janderson@eminnetonka.com]
Sent: Thursday, November 16, 2017 3:33 PM
To: Terry Schneider <tschneider@eminnetonka.com>
Subject: Counter Point Recovery (CPR)

Terry - I strongly oppose the proposed location of the CPR facility on Baker Road. I live 2-3 doors down from this facility and I do not believe this type of facility belongs in a residential setting. Based on other CPR location(s) there have been numerous 911 calls and other issues. This location is too close to schools, bus stops and neighbors. This type of facility seems better suited for a commercial or industrial setting. I urge you to please oppose this plan.

John Anderson
4934 Baker Road
Sent from my iPhone
Sent from my iPad

Begin forwarded message:

From: Terry Schneider <tschneider@eminnetonka.com>
Date: November 20, 2017 at 11:26:24 AM CST
To: Ann [mailto:<mailto:email address>]
Cc: Geralyn Barone <gbarone@eminnetonka.com>
Subject: RE: Drug rehab house

Ann,

Thank you for your feedback regarding the proposed Counter Point Recovery group home at 5022 Baker Rd. I will factor your comments into my thought process when the item comes before the city council. One of the responsibilities of a council member is to keep an open mind until we have heard all relevant facts related to consideration of any approvals required by the project. That includes feedback from citizens, city staff, Planning Commission and the applicant before we make up our mind where we individually stand on the project. While the official public hearing happens at the Planning Commission meeting, the council does allow additional public feedback when it is our agenda. I generally always wait until that has happen before I form a firm opinion on the project.

Terry Schneider
Minnetonka Mayor

From: Ann [mailto:<mailto:email address>]
Sent: Thursday, November 16, 2017 2:50 PM
To: Terry Schneider <tschneider@eminnetonka.com>
Subject: Drug rehab house

• Does not have a good track record.
• There are already other facilities in. Minnetonka.
• No!!

Ann Longtin
5554 Rowland Road
Minnetonka 55343
Good evening,

My family and I are Minnetonka residents, and our address is 4930 Baker Road. It is our understanding that Counter Point Recovery Center has the intention to purchase the house referenced above, which is located less than a mile from our home. That residential home will become a Men's Drug Rehab Facility.

Our main concern is the safety in our neighborhood, especially the safety and well being of our teenage daughter. Our daughter is just one of many teen aged girls within 1/2 mile of this proposed facility. These young ladies often times enjoy walking up and down Baker Road either to go to the corner store (SA), or to each other's homes. It is not right that they would have to feel uncomfortable or threatened doing their normal activities.

We believe that having a Rehabilitation facility in the same location where we walk our dogs, ride our bikes, and our kids walk to the bus stop, will impact these daily activities and our way of life due to the following:

We are a highly residential area
Close proximity to preschools, Middle School, and bus stops
We understand that Counter Point Recover typically keeps low staff and low security
Frequent 911 calls (and citations) on record at current facility

We ask that you please help us keep our neighborhood safe and don't allow Counter Point Recovery in our neighborhood.

Many thanks,

Emely and Trent Steel
Dear Sirs,

My name is Dave Lighthall. I live at 4721 Deerwood Dr in Minnetonka. I reside here with my wife and daughter whom just recently moved home from out of state. We bought this house in 2014 because of the quaintness, quietness and safety of the area. The Glen Lake area is perfect for us for many reasons I won't bore you with.

When I got home from work this evening, on my door was a flyer informing me that a little over 2 blocks from my home, there is a drug rehab facility being proposed. I was shocked by this news and told my wife, who also was taken aback by it. None of the people in my household, nor the neighbors I have spoken with are ok with this or have anything positive to say about it. A place like this is not what we want where we live. It has the very real opportunity to bring less than desirable people and activity to our peaceful and quiet area. This is a very highly residential area, which is close to a preschool and elementary school. There are also numerous bus stops in the area due to the proximity to these schools. A facility like this should not be in this area. Drug abusers, whether getting clean or still mightly struggling with these issues, do not belong around our kids.

I also feel that having this facility close to my home is dangerous for my family, too. Who knows what could happen should a resident decide to take a walk, or have a relapse, and suddenly appear at my door or wander aimlessly in my yard or neighborhood. If I am not home, its just my wife and daughter, who may not be able to defend themselves against a man under the influence. I will be having grandchildren in the very near future, and am frankly a little scared of this kind of type of residence being close to the people I love. I don't know if any or all of you have spouses or children, or even grandchildren, but I'd bet my life you wouldn't want them in any kind of danger that could arise from the drug and rehab house being in YOUR neighborhood. It is an extreme issue that Center Point Recovery is known to employ limited staff and not near enough security for the people living at the property. It is also a known fact that there have been frequent 911 calls to the current facility, and many citations given out due to lack of respect for the community around them and the people living near their facility.

I, under no circumstances, want this drug rehab house in my neighborhood. In addition to posing an unnecessary danger to the public in this peaceful and revered community, it also will end up bringing down the value of my home, and many other homes, due to the fact no one is going to want to move into a neighborhood that has the potential dangers that this place brings. Why can't it stay where it is? There's no reason to relocate it in my mind. If they need more room, bring it into the inner city and buy up some of the houses that are unoccupied. I'm sure the half million dollar amount that is being bandied around for this new property could cover the cost it would take to buy a larger area of property elsewhere. We moved into a community like this specifically to avoid being around these types of undesirable properties and people. By bringing this type of property into our neighborhood, we will be exposed to the dangers we worked so hard to avoid. A property like this just doesn't belong in our upper middle class community.
I will be at the meeting on the 30th to voice my opinion again. Please take all this into consideration when making the decision on this. If this was in your neighborhood, near your children, grandchildren, or anyone else in your community, would this still be considered?

Thank you for your time,

Dave Lighthall
November 20, 2017

Dear Mr. Ingvalson,

This letter is regarding project #99066 17a. I have lived at 5014 Baker Road since 2012. It is a well-established and well-connected neighborhood with long-time residents.

We are a strong community, not a transient neighborhood with people coming and going every few months. I oppose Counter Point Recovery, a drug rehabilitation facility, coming into our neighborhood. I have read the record of the violations that they have committed at their current facility as well as a high number of police calls and people wandering from the facility in a relatively short amount of time. Due to this track record, this facility presents a risk to our community, and I am personally concerned about this because I will share the northern property line with the facility.

Please call me if you have any questions or need further clarification on my position. Thank you.

Sincerely,

Carol Erickson
5014 Baker Road
Minnetonka, MN
November 20, 2017

Dear Mr. Ingvalson,

Thank you for chairing the informational meeting regarding project #99066 17a.

This letter is regarding project #99066 17a. I have lived at 5014 Baker Road for just short of 50 years. I moved to my current location in July of 1968. It is a well-established and well-connected neighborhood with long-time residents. I have hosted Minnetonka Night for Neighbors for the past eight years and it has always been well attended. For two years, we were first place in Minnetonka for collecting over 1200 pounds of food for the ICA Food Self, and one year we were in second place.

We are a strong community, not a transient neighborhood. I oppose Counter Point Recovery, a drug rehabilitation facility for up to twelve men, coming into our neighborhood. This facility presents a risk to our community, and I am personally concerned about this because I will share the northern property line with the facility.

Please call me if you have any questions or need further clarification on my position. Thank you.

Sincerely,

Maurine Burke
5014 Baker Road
Minnetonka, MN
Good Morning Drew,

Please see my below message to be included in the planning committee report for the November 30th meeting. Will you please respond to verify you received my message? Thanks.

I am writing to express my concern and disapproval of a request from Counter Point Recovery (CPR) to establish a 12 bed home drug rehabilitation center in my neighborhood and would ask that you too would deny this request. I live less than a quarter mile from the 5022 Baker Road residence and upon research of this proposed project and the company’s history, I do not feel like this expansion project is beneficial for anyone other than owner’s financial gain. I fully understand that this was not necessarily the first choice for a location for CPR, but due to regulations and ordinances they were not able to move forward with other locations up to this point. However, it concerns me that they have decided to throw out all other criteria for a location that would be beneficial to the clients they are treating and the surrounding community to move forward with the project. I attended the neighborhood information session on 11/14/17, and when the question was proposed about what criteria they used to select a location that would be the best fit for their clients, they did not provide any criteria except that it met the city ordinances. This lack of planning and consideration for the clients that would be served by the business is alarming to me. I believe that the following conditions are not conducive for the proposed location:

- Very limited lighting on Baker Rd after dark
- Lots of tree coverage and areas to quickly “disappear” in
- Bridge across 494 less than 100 yards away
- High traffic during rush hour
- No sidewalk
- Limited number of public recreation or facilities within close walking distance (CPR indicated they like to take group walks for therapy.)
During the November 14th neighborhood meeting, I also was made aware that CPR is a relatively new company (less than 2 years old), and CPR has had a number of citations from HHS within the last 6 months that included billing for undocumented services and failing to provide the required amount of weekly treatment services on multiple occasions. Here is the link to the compliance report issued 6/16/17: http://www.dhs.state.mn.us/main/idcplg?IdcService=GET_DYNAMIC_CONVERSION&RevisionSelectionMethod=LatestReleased&dDocName=LLO_406421. Based on the findings from DHS, it is evident that there is a lack of organization and lack of attention to detail at the level you would expect from a care facility. I can only assume that this same lack of organization and attention to detail is present in their safety and security measures. In fact, when looking at the detailed police reports, there does appear that they have had some significant situations to include an individual who escaped from their facility and ran into the woods on 6/18/17, clients indulging in alcohol within the facility, and probation violations.

The items identified above all happened at their current place of business that is a 6 bed residence. They are now requesting to expand to a 12 bed residence, but do not have a track record of compliance or best practices. A vote to deny their conditional use permit for 5022 Baker Road is the right thing to do until they can show that they can adhere to all regulations and requirements and effectively serve their clients. After extensive research, it is clear that denying this conditional use permit is in the best interest of the neighborhood, the city, and the clients that are in need of recovery assistance.

Thanks,

Luke Hansen
14528 MOONLIGHT HILL RD MINNETONKA, MINNESOTA 55345

Description of Incident: WARRANT
Reported Date/Time: 10/26/2017 14:23:00
Incident Start Date/Time: 10/26/2017 14:23:00
Brief synopsis of incident: APPREHEND AND DETAIN ORDER FROM BLUE EARTH COUNTY PROBATION OFFICER BURKE FOR MOHAMED ABDI ABDULLAHI. ABDULLAHI WAS ARRESTED AND TAKEN TO THE HENNEPIN COUNTY ADULT DETENTION CENTER.
Disposition: INACTIVE
Case Status: ARREST OF ADULT/ADULT AND JUVENILE

Suspects (1)

ABDULLAHI, MOHAMED ABDI
Related Offenses: MISWA MISC OFCR WARRANT ARREST 9000 NON-REPORTABLE 9999
Address: 117 URIAH CT
Was Suspect Arrest Y/N: YES
Date / Time Arrested: 10/26/2017 15:00:00
Juvenile: NO
City: MANKATO
State: MINNESOTA
Zip Code: 56001
DOB: 01/01/1988
Age: 29
Driver's License Number: X814223347013
Sex: MALE
Race: BLACK OR AFRICAN AMERICAN OF HISPANIC OR LATINO ORIGIN
Height: 507
Weight: 181
Eye Color: Brown

Offenses (1)

MISWA MISC OFCR WARRANT ARREST 9000 NON-REPORTABLE 9999
Offense Status (Office Use Only): ARREST OF ADULT/ADULT AND JUVENILE
UCR Hierarchy: 90614
Reportable: No

Narrative (1)

APPREHEND AND DETAIN ORDER FROM BLUE EARTH COUNTY PROBATION OFFICER BURKE FOR MOHAMED ABDI ABDULLAHI (DOB: 01/01/1988). ABDULLAHI WAS ARRESTED AND TAKEN TO THE HENNEPIN COUNTY ADULT DETENTION CENTER
Case #: MP17004699

Officer (2)

Reporting Officer: FIERST, CHAD (165) 10/26/2017 15:06:00

Approving Officer: KNISS, STEVE (29) 10/26/2017 15:14:37

Attachment Data (1)

Description:
File Name: 17004699 ATD.pdf
**Case #: MP17002950**

### Event

**14528 MOONLIGHT HILL RD MINNETONKA, MINNESOTA 55345**

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<th>Description of Incident:</th>
<th>WARRANT</th>
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<td>07/14/2017 16:54:00</td>
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<tr>
<td>Incident Start Date/Time:</td>
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<td>ASSIST TO HENN CO PROBATION ON A WARRANT PICK UP. MALE ARRESTED AND TRANSPORTED TO JAIL.</td>
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### Suspects (1)

**SALAT, MUSLA ABDULKADIR**

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### Person Reporting Incident Data (2)

**KIRCH, ANDREW**

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**HENNEPIN COUNTY PROBATION**

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<th>Address:</th>
<th>3220 COUNTY ROAD 10</th>
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</thead>
<tbody>
<tr>
<td>Related Offense:</td>
<td>MISWA MISC OFCR WARRANT ARREST 9000 NON-REPORTABLE 9999</td>
</tr>
<tr>
<td>Apartment / Suite:</td>
<td>1</td>
</tr>
<tr>
<td>City:</td>
<td>BROOKLYN CENTER</td>
</tr>
<tr>
<td>State:</td>
<td>MINNESOTA</td>
</tr>
<tr>
<td>Zip Code:</td>
<td>55429</td>
</tr>
</tbody>
</table>
Preliminary Information:

On 07/14/17 at 1656hrs Officer Eggleston and I were dispatched to 14528 Moonlight Hill Dr to assist Hennepin County Probation with a warrant pick up.

Officer's Actions/ Observations:

- Met with Probation Officer Drew Kirch.
- Learned Salat, Musla Abdulkadir had two confirmed warrants for his arrest for probation violations.
- Responded to the address and met with Salat inside.
- Placed Salat under arrest for the warrants at 1723hrs.
- Handcuffed Salat, double locking and checking for tightness.
- Salat was ultimately transported to Hennepin County Jail by Officer Carlson.

Disposition:

- Assist to probation on a warrant pick up.
- Adult male arrested and transported to jail.
Minnetonka Police Department
14600 Minnetonka Blvd Minnetonka, MN 55345
(952) 939-8510

Case #: MP17002919

Event

14528 MOONLIGHT HILL RD MINNETONKA, MINNESOTA 55345
Description of Incident: MENTAL HEALTH
Reported Date/Time: 07/13/2017 00:55:00
Incident Start Date/Time: 07/13/2017 00:55:00
Brief synopsis of incident: Two adult males kicked out of inpatient treatment for being intoxicated, transported to HCMC special care, unable to care for themselves.
Disposition: INACTIVE
Case Status: ASSISTED/ADVISED

Victim (2)

ABSHIR, MUSTAFA MOHAMED
Address: 14528 MOONLIGHT HILL RD
DOB: [redacted]
Age: 36
Driver's License Number: A1265538100104
Driver's License State: WISCONSIN
City: MINNETONKA
State: MINNESOTA
Sex: MALE
Race: BLACK OR AFRICAN AMERICAN OF HISPANIC OR LATINO ORIGIN
Zip Code: 55345
Victim of: MEDCR MEDICAL CRISIS 9000 NON-REPORTABLE 9999
Wears Glasses: NO
Drug/Alcohol Use: NO

SALAT, MUSLA ABDULKADIR
Address: 14528 MOONLIGHT HILL RD
DOB: [redacted]
Age: 22
City: MINNETONKA
State: MINNESOTA
Sex: MALE
Race: BLACK OR AFRICAN AMERICAN OF HISPANIC OR LATINO ORIGIN
Zip Code: 55345
Victim of: MEDCR MEDICAL CRISIS 9000 NON-REPORTABLE 9999
Wears Glasses: NO
Drug/Alcohol Use: NO
GABEYRE, NASIR ABDULLAHI
Address: 14528 MOONLIGHT HILL RD
DOB: 
Age: 26
City: MINNETONKA
State: MINNESOTA
Zip Code: 55345
Cell Phone Number: 404-580-2540
Sex: MALE
Race: BLACK OR AFRICAN AMERICAN OF HISPANIC OR LATINO ORIGIN

Offenses (1)
MEDCR MEDICAL CRISIS 9000 NON-REPORTABLE 9999
Offense Status (Office Use Only): ASSISTED/ADvised
UCR Hierarchy: 90492
Reportable: No

Narrative (1)
MAIN REPORT - P. CARLSON 180
CARLSON, PETER 180 07/13/2017

Initial Information:
On 07/13/2017 at approximately 0059 hours, Officer Carlson, along with Officer Gilbertson, was dispatched to 14528 Moonlight Hill Rd for a report of a disturbance involving two residents of an inpatient treatment program. Call notes said the residents were arguing and getting loud, are roommates and not separated.

Officers Actions/Observations:
- I arrived with Officer Gilbertson.
  We were met by the caller Nasir Abdullahi Gabeyre DOB [REDACTED], who is the director of the treatment program.
- The facility houses approximately 6 males that are receiving inpatient treatment for drug and alcohol abuse.
- On our arrival Nasir was in the kitchen of the facility with Musla Abdulkadir Salat [REDACTED].
- I immediately noticed the strong odor of an alcoholic beverage coming from Musla.
- Musla's eyes were very red and watery, he had slurred speech and difficulty standing/balancing.
- Musla claimed he had not been drinking and that his roommate had "snuck the booze in".
- Nasir said he gave Musla a "breathalyzer" test and it registered .09 BAC.
- Musla was very repetitive in his questions for officers, demanding that officers get his wallet and cigarettes back from his roommate.
Musla said that his roommate assaulted him, scratching his elbow and bruising his head. Roommate was identified by staff as Mustafa Mohamed Abshir DOB [redacted]. Nasir said Musla and Mustafa are friends and roommates and were not fighting; there was no assault. They were "play fighting" over cigarettes. Mustafa was still in the bedroom that he and Musla share. Nasir said the he believed Mustafa was also intoxicated but he refused a "breathalyzer".

I entered Mustafa's room with Nasir where I found Mustafa asleep lying in his bed. I immediately noticed the strong smell of an alcoholic beverage coming from Mustafa. I attempted twice to wake Mustafa up verbally with no response. I attempted to wake Mustafa up with a sternal rub which was successful after approximately three seconds. Mustafa had very red/bloodshot/watery eyes and appeared confused with slurred speech. Mustafa became agitated and upset about being questioned about the events of the night and told me to leave the room. Mustafa denied drinking alcohol or using drugs, but refused a PBT. Musla blew a 0.092 on Officer Gilbertson's PBT. Nasir said that both Mustafa and Musla had violated the terms of their treatment and were going to be kicked out immediately. Neither Mustafa or Musla were able to care for themselves due to the intoxication. Both parties also have a history of drug abuse (heroin, meth, cocaine, marijuana, alcohol).

I placed Mustafa in handcuffs behind his back with proper gap and double locked and placed him on a crisis hold for being unable to care for himself. Officer Gilbertson placed Musla in handcuffs behind his back with proper gap and double locked and placed him on a crisis hold for not being able to care for himself. Officer Gilbertson transported Musla to HCMC Special Care on a transport/Crisis hold. I transported Mustafa to HCMC Special Care on a transport/crisis hold. Both parties were transferred to HCMC staff without incident.

Disposition:

Two adult males were transported to HCMC Special Care from an in patient treatment facility. Both parties were intoxicated and kicked out of the treatment facility for violating the conditions. Both parties were unable to care for themselves.
Case #: MP17002919

Reporting Officer: CARLSON, PETER (180) 07/13/2017 03:43:00

Attachment Data (1)

Description: 

File Name: Mental Health.pdf
EVENT

14528 MOONLIGHT HILL RD MINNETONKA, MINNESOTA 55345

Description of Incident: MENTAL HEALTH
Reported Date/Time: 03/06/2017 16:00:00
Incident Start Date/Time: 03/06/2017 16:00:00
Brief synopsis of incident:
Adult Male sent to the hospital on a health & welfare hold.
Disposition: INACTIVE
Case Status: ASSISTED/ADVISED

VICTIM (1)

Abdullahi, Abdirahman Elyas

Address: 14528 MOONLIGHT HILL RD
DOB: [redacted]
Age: 26
Driver's License Number: KG31113247209
City: MINNETONKA
State: MINNESOTA
Sex: MALE
Race: BLACK OR AFRICAN AMERICAN
Zip Code: 55345
Height: 5'11"
Weight: 140 lbs
Eye Color: BROWN
Hair Color: BLACK
Victim of: MEDCR MEDICAL CRISIS 9000 NON-REPORTABLE 9999
Wears Glasses: NO
Drug/Alcohol Use: NO

REPORTING INCIDENT DATA (1)

Jabeyre, Munasir abdullahi

Address: 14528 Moonlight Hill Rd
DOB: [redacted]
Age: 26
City: MINNETONKA BEACH
State: ALABAMA
Zip Code: 55345
Cell Phone Number: 404-580-2540
Sex: MALE
Race: BLACK OR AFRICAN AMERICAN
Preliminary Information

On 03-06-17 at 1559 hours Officer Bauer and I were dispatched to 14528 Moonlight Hill Rd on a health & welfare check.

Officer Actions/Observations

- Dispatch advised that the residence was a group home, CounterPoint Recovery.
- They stated that a male, later identified as Abdirahman Elyas Abdullahi DOB 1997 called and stated that the staff was not giving him his meds, that he was being discriminated against, and that he was going to go across the street to the judges.
- Dispatch stated that the male was talking very fast and seemed to be in a manic state.
- Dispatch then advised that a staff member was calling and stating that Abdullahi is schizophrenic and bipolar and that he was in a manic state now.
- The staff member, identified as Munasir Abdullahi Jabeyre DOB 1978 stated that Abdullahi had become aggressive with staff.
- I arrived on scene first with HCMC paramedics.
- I met with Abdullahi in the kitchen of the residence.
- Abdullahi was definitely in a manic state; he was talking very fast, was repeating himself, and he was agitated.
- Abdullahi was upset because his medication had been changed by what he believed was a "fake" doctor and staff would not give him the medication that he had originally been prescribed by his real doctor.
- Abdullahi would not listen to reason and became increasingly agitated.
- Abdullahi stated that the only person he would listen to is his Psychiatrist, who we could not get a hold of.
- Abdullahi was cooperative but on edge and volatile.
- Jabeyre stated that Abdullahi had not been sleeping and had been hearing voices.
- He stated that Abdullahi's medication was recently changed, and since that had occurred there had been a very rapid decline in his mental health.
- Staff was afraid of Abdullahi and what he would do if officers left.
- Jabeyre stated that Abdullahi had been at the home since January, and that this is the worst he has ever been.
- I spoke with the paramedics, who were very concerned about Abdullahi based on
the drastic medication change that had recently occurred.

- The paramedics did not feel that Abdullahi would calm down, and that his behavior would only worsen.
- Abdullahi would not go to the hospital voluntarily.
- Based on his current behavior and the fear the staff, medics, and I had about him becoming increasingly worse, we determined that he would be sent to the hospital on a health & welfare hold.
- Abdullahi was handcuffed for safety and escorted to the ambulance (I was assisted by Officers Bauer, Bruckner, and Sanchez).

Disposition

- HCMC Paramedics transported Abdirahman Abdullahi to Fairview Riverside on a health & welfare hold.

### Officer (2)

<table>
<thead>
<tr>
<th>Reporting Officer:</th>
<th>MEEHAN, RACHAEL (37)</th>
<th>01/07/2017 08:10:00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approving Officer:</td>
<td>MEEHAN, RACHAEL (37)</td>
<td>01/07/2017 10:53:38</td>
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### Attachment Data (1)

| Description: | File Name: 17000840 Mental Health Form.pdf |
Incident Detail Report
Data Source: Data Warehouse
Incident Status: Closed
Incident number: MP101104-025950
Case Numbers:
Incident Date: 11/04/2016 11:37:38

Incident Information
Incident Type: BIRCH-2 CL
Priority: 1
Determinant: 
Base Response#: 
Confirmation#: 
Taken By: MCNEILIS-GUSE, MARY - MP
Response Area: MPD-23
Disposition: ASSISTED/ADVISED - MPAST
Cancel Reason: Closed
Incident Status: 
Certification: 
Longitude: 93465933

Incident Location
Location Name: AP
Address: 14528 Moonlight Hill Rd
Apartment: 
Building: 
City, State, Zip: MINNETONKA MN 55345

Supplemental Information - Person
PERSON 1
Name: MCEACHERN, JORDAN THOMAS
DOB: 
Age: 27
Call Receipt
Caller Name: DEB HAGEN
Method Received: 
Caller Type: 
Call Back Phone: (404) 580-2540
Caller Location: 

Time Stamps
Date Time User Description
Phone Pickup 11/04/2016 11:07:23 Received to In Queue
In Waiting Queue 11/04/2016 11:10:50 Call Taking
Call Taking Complete 11/04/2016 11:16:34 MCNEILIS-GUSE, MARY - In Queue to 1st Assign
1st Unit Assigned 11/04/2016 11:11:41 Call Received to 1st Assign
1st Unit Enroute 11/04/2016 11:12:28 Assigned to 1st Enroute
1st Unit Arrived 11/04/2016 11:15:56 Enroute to 1st Arrived
Closed 11/04/2016 11:49:28 VisNet/ Mobile Interface Incident Duration

Resources Assigned
Unit Flag Assigned Disposition Enroute Staged Arrived At Patient Delay Avail Complete Odm. Enroute Odm. Arrived Cancel Reason
Primary

Personnel Assigned
Unit Name
19T FIERST, CHAD - MP (MP165CF)
13A ODGAARD, SHANNON - MP (MP144SO)

Pre-Scheduled Information
No Pre-Scheduled Information

Transports
No Transports Information

Transport Logs
No Transports Information

Comments
Date Time User Type Conf. Comments

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Radio</th>
<th>Activity Type</th>
<th>Location</th>
<th>Log Entry</th>
</tr>
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<tbody>
<tr>
<td>11/04/2016</td>
<td>11:45:14</td>
<td>MPD13A</td>
<td>Response</td>
<td>[14] JORDAN'S GRANDMOTHER WILL PICK HIM UP AT 6200. NO THREATS OF HARM TO SELF OR OTHERS.</td>
<td></td>
</tr>
<tr>
<td>11/04/2016</td>
<td>11:49:28</td>
<td>MPD19T</td>
<td>Response</td>
<td>[17] no medical issue. male requested to leave treatment center and staff didnt want him there. males grandmother was driving to pick him up at the minnetonka pd. NFR</td>
<td></td>
</tr>
</tbody>
</table>

**Address Changes**

No Address Changes

**Priority Changes**

No Priority Changes

**Alarm Level Changes**

No Alarm Level Changes

**Activity Log**

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Radio</th>
<th>Activity</th>
<th>Location</th>
<th>Log Entry</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/04/2016</td>
<td>11:07:48</td>
<td></td>
<td>Sector Change</td>
<td>Incident Priority Change</td>
<td>From Sector No Sector to Sector ML</td>
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<tr>
<td>11/04/2016</td>
<td>11:10:53</td>
<td>User</td>
<td>Initial Assignment</td>
<td>The following unit(s) is (are) recommended for assignment: MPD10A (00:05:03)/MPD313A (00:05:16)</td>
<td>Incident 800 was Marked as Read</td>
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<tr>
<td>11/04/2016</td>
<td>11:10:53</td>
<td>User</td>
<td>Read Incident</td>
<td>User clicked Initial Assign</td>
<td>MPD48MM</td>
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<td>11/04/2016</td>
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<td>User</td>
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<td>Pending Incident Time Warning</td>
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<td>On Call</td>
<td>EXCELSIOR/CLEAR SPRING RD</td>
<td>M1</td>
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<td>Pending Incident Time Warning</td>
<td>Incident Timer Cleared</td>
<td>User clicked Cancel</td>
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<td>11/04/2016</td>
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<td>User</td>
<td>Supplemental Information</td>
<td>14528 Moonlight Hill Rd</td>
<td>MPD48MM</td>
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<td>11/04/2016</td>
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<td>User</td>
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<td>14528 Moonlight Hill Rd</td>
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<td>11/04/2016</td>
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<td>User</td>
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<td>HIGHWAY 7/WOODHILL RD</td>
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<td>User</td>
<td>EN</td>
<td>WOODHILL/WHITE OAK RD</td>
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<td>A2</td>
<td>MINNETONKA POLICE (14600)</td>
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<td>14600 MINNETONKA BLVD [MINNETONKA POLICE (14600)]</td>
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**Edit Log**

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<th>Time</th>
<th>Field</th>
<th>Changed From</th>
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<th>Reason</th>
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<tbody>
<tr>
<td>11/04/2016</td>
<td>11:13:56</td>
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**Custom Time Stamps**
- **Description**: AMBULANCE NOTIFIED - AMB
- **Date**: Nov 04 2016 11:13:56
- **User**: Response_Master_incident DISPATCH1 MPD48MM

**Custom Data Fields**
- **Description**: AMB
- **Data**: M26B
- **User**: MPD48MM

**Attachments**
- **No Attachment**
Incident Detail Report

Data Source: Data Warehouse
Incident Status: Closed
Incident number: MP17023-034458
Case Numbers: 
Incident Date: 10/23/2017 14:24:40

Incident Information:
Incident Type: MAPLE-1 CL
Priority: 1
Determinate: 
Base Responsible: WITSCHEN, TANYA - MP
Confirmation: MPD23
Response Area: MPD23
Disposition: ASSISTED/ADVISED - MPAST
Cancel Reason: 2
Incident Status: Closed
Certification: 
Longitude: 93469933
Latitude: 44919081

Incident Location:
Location Name: COUNTERPOINT RECOVERY
Address: 14528 Moonlight Hill Rd
City, State, Zip: MINNETONKA MN 55345

Call Receipt:
Caller Name: Terry Piculell
Method Received: 
Caller Type: 
Call Back Phone: (952) 769-4889
Caller Location: 

Time Stamps:
Description | Date | Time | User | Elapsed Times | Description | Time
---|---|---|---|---|---|---
Phone Pickup | 10/23/2017 | 14:24:22 | | | Received to In Queue | 00:01:50
1st Key Stroke | 10/23/2017 | 14:24:22 | | | Call Taking | 00:03:17
In Waiting Queue | 10/23/2017 | 14:26:30 | | | In Queue to 1st Assign | 00:01:05
Call Taking Complete | 10/23/2017 | 14:27:57 | WITSCHEN, TANYA - MP | | | 
1st Unit Assigned | 10/23/2017 | 14:27:35 | | | Call Received to 1st Assign | 00:02:13
1st Unit Enroute | 10/23/2017 | 14:27:46 | | | Assigned to 1st Enroute | 00:00:11:0
1st Unit Arrived | 10/23/2017 | 14:27:36 | Mob1 | | Enroute to 1st Arrived | 
Closed | 10/23/2017 | 14:47:36 | | | Incident Duration | 00:23:14

Resources Assigned:
Unit | Flag | Assigned | Disposition | Enroute | Staged | Arrived | Delay | Odm. Enroute | Odm. | Cancel Reason
---|---|---|---|---|---|---|---|---|---|---

Personnel Assigned:
Unit | Name | Flag | Assigned
---|---|---|---
12A | SPINKS, ERIN - MP (MP176ES) | | 14:27:35

Pre-Scheduled Information:
No Pre-Scheduled Information

Transports:
No Transports Information

Transport Logs:
No Transports Information

Comments:
Date | Time | User | Type | Conf. | Comments
---|---|---|---|---|---
10/23/2017 | 14:24:42 | SYS | Response | [1] | A cellular re-bid has occurred, check the ANIMAL Viewer for details

Address Changes:
No Address Changes

Priority Changes:
No Priority Changes

Alarm Level Changes:
Date | Time | User | Change to Alarm | 1
---|---|---|---|---
10/23/2017 | 14:27:35 | T-W | 1

Activity Log

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<tr>
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Edit Log

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<th>Field</th>
<th>Changed From</th>
<th>Changed To</th>
<th>Reason</th>
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Custom Time Stamps
- AMBULANCE NOTIFIED - AMB

Custom Date Fields
- Description
  - RD
  - AMB

Attachments
- No Attachment

Incident Detail Report

Data Source: Data Warehouse
Incident Status: Closed
Incident number: MP170904-027993
Incident Date: 09/04/2017 22:48:05

Incident Information:
- Incident Type: MAPLE-1 CL
- Priority: 2
- Determinant: Alarm Level: MISSING PERSON
- Base Response#: FORSMAAN, DANIELLE - MP
- Confirmation#: MPD23
- Taken By: ASSISTED/ADVISED - MAST
- Response Area: MINNETONKA PD
- Disposition: Closed
- Cancel Reason: Jurisdiction: MINNETONKA PD
- Incident Status: Command Ch: MAPLE-1 CL
- Certification: Secondary TAC:
- Latitude: 93465933
- Longitude: 44919881

Incident Location:
- Location Name: COUNTERPOINT RECOVERY
- Address: 14528 Moonlight Hill Rd
- Building: MINNETONKA MN 55345
- City, State, Zip: HENNEPIN
- Location Type: WOODHILL RD/Dead End
- Cross Street: Map Reference:

Call Receipt:
- Caller Name: Nasir
- Method Received: Call Back Phone: (404) 580-2540
- Caller Type:

Time Stamps:
- Description: 
- Date: 09/04/2017
- Time: 22:48:05
- User: SYS
- Description: Suspicious Person
- Time: 09:04:2017
- Time: 22:48:47
- User: MPD65DF
- Description: Suspicious Person
- Time: 09:04:2017
- Time: 22:49:17
- User: MPD65DF
- Description: Suspicious Person
- Time: 09:04:2017
- Time: 22:49:43
- User: MPD65DF
- Description: Suspicious Person
- Time: 09:04:2017
- Time: 22:49:55
- User: MPD65DF
- Description: Suspicious Person
- Time: 09:04:2017
- Time: 22:50:25
- User: MPD65DF
- Description: Suspicious Person
- Time: 09:04:2017
- Time: 22:50:47
- User: MPD65DF
- Description: Suspicious Person
- Time: 09:04:2017
- Time: 22:51:04
- User: MPD65DF
- Description: Suspicious Person
- Time: 09:04:2017
- Time: 23:03:29
- User: Mobile1
- Description: Suspicious Person

Resources Assigned:
- Primary Unit: 13C
- Flag: Y
- Assigned: 23:00:05
- Disposition: ASSISTED/ADVISED
- Enroute: 23:03:05
- Staged: 23:03:30
- Delay: At Patient Arrival
- Odm: Complete: 23:03:30
- Odm: Enroute: 23:03:30
- Odm: Arrived: 23:03:30
- Cancel Reason:

Personnel Assigned:
- Unit: 13C
- Name: OLSON, HEATHER - MP (MP14THO)

Pre-Scheduled Information:
No Pre-Scheduled Information

Transports:
No Transports Information

Transport Legs:
No Transports Information

Comments:
- [1] A cellular re-bid has occurred, check the ANI/NAI Viewer for details
- [2] client left on foot
- [3] client left on foot
- [4] client left on foot
- [5] client left on foot
- [6] client left on foot
- [7] client left on foot
- [8] client left on foot
- [9] client left on foot
- [10] client left on foot
- [11] staff found X and brought him back to the residence.

Address Changes:
No Address Changes

Priority Changes:
No Priority Changes

### Alarm Level Changes

**No Alarm Level Changes**

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### Edit Log

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### Custom Time Stamps

**No Custom Time Stamps**

### Custom Data Fields

- **Description**: RD
- **Additional Information**: AMB

### Attachments

**No Attachment**

## Incident Detail Report

**Data Source:** Data Warehouse  
**Incident Status:** Closed  
**Incident number:** MP170708-020593  
**Case Numbers:**  
**Incident Date:** 07/08/2017 00:34:13  
**Report Generated:** 11/16/2017 13:24:21

### Incident Information

**Incident Type:** PINE-3 CL  
**Priority:** 1  
**Determinant:**  
**Base Respons#:** FORSMA, DANIELLE - MP  
**Confirmation#:**  
**Response Area:** MPD23  
**Disposition:** ASSISTED/ADvised - MPAST  
**Cancel Reason:**  
**Incident Status:** Closed  
**Certification:**  
**Longitude:** 93465933  
**Latitude:**

### Incident Location

**Location Name:** COUNTERPOINT RECOVERY  
**Address:** 14528 moonlight hill Rd  
**Apartment:**  
**Building:**  
**City, State, Zip:** MINNETONKA MN 55345  
**County:** HENNEPIN  
**Location Type:**  
**Cross Street:** WOOTHILL RD/Dead End  
**Map Reference:**

### Supp. Information - Person

**PERSON 1**  
Name: Abdir Mustafa Mohamed - Involved  
**Gender:** Male  
**Age:** 36  
**Height:** 6'2"  
**Weight:** 180  
**OFL:** WA  
**DOB:**  
**Eyes:** Brown  
**OLN:** A1265538100104

**PERSON 2**  
Name: Gabeyre Osman Abdullah - Involved  
**Gender:** Male  
**Age:** 22  
**Height:** 6'1"  
**Weight:** 187  
**OFL:** GA  
**DOB:**  
**Eyes:** Brown  
**OLN:** 0575979707

### Supp. Information - Vehicle

**VEHICLE 1**  
**License:** 571LRJ - MN  
**VEHICLE 2**  
**License:** 571LRJ - MN

### Call Receipt

**Caller Name:** Osman Gabeyre  
**Method Received:** Call Back Phone: (404) 514-2588  
**Caller Type:**

### Time Stamps

**Phone Pickup:** 07/08/2017 00:32:58  
**1st Key Stroke:** 07/08/2017 00:32:59  
**In Waiting Queue:** 07/08/2017 00:36:58  
**Call Taking Complete:** 07/08/2017 00:39:16  
**1st Unit Assigned:** 07/08/2017 00:37:24  
**1st Unit Enroute:** 07/08/2017 00:39:46  
**1st Unit Arrived:** 07/08/2017 00:45:50  
**Closed:** 07/08/2017 01:06:04

### Elapsed Times

**Description**  
**Date**  
**Time**  
**User**  
**Elapsed Time**  
**Description**  
**Time**

### Resources Assigned

**Primary**  
**Unit**  
**Flag**  
**Assigned**  
**Disposition**  
**Enroute**  
**Staged**  
**Arrived**  
**Delay**  
**Complete**  
**Odm. Enroute**  
**Odm. Arrived**  
**Cancel Reason**

**Personnel Assigned**

**Unit**  
**Name**  
**12C**  
**CARLSON, PETER - MP (MP180PC)**  
**1SC**  
**EISCHENS, MARK - MP (MP172ME)**  
**10C**  
**HAEDTKE, SHELDON - MP (MP170SH)**

Pre-Scheduled Information
No Pre-Scheduled Information

Transports
No Transports Information

Transport Logs
No Transports Information

Comments
<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>User</th>
<th>Type</th>
<th>Conf.</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/08/2017</td>
<td>00:33:59</td>
<td>MPD65DF</td>
<td>Response</td>
<td></td>
<td>[1] client slammed the door on the rps arm</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:34:07</td>
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<td></td>
<td>[2] rp declining ambulance</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:35:31</td>
<td>MPD65DF</td>
<td>Response</td>
<td></td>
<td>[3] rp will meet officers outside</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:35:51</td>
<td>MPD65DF</td>
<td>Response</td>
<td></td>
<td>[4] client is in his room and doen't know the police have been called</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:52:56</td>
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<td></td>
<td>[6] [Query] MPD10C, PowerLine NameOBD Check: MN.abshir.mustafa.mohammed.19810101</td>
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<td>00:54:22</td>
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<td>[8] [Query] MPD10C, PowerLine OLN Check: WI.A1265538100104</td>
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<td>Y</td>
<td>[9] [Query] MPD10C, PowerLine NameOBD Check: MN.gabrye.osman.abdullahi.19950126</td>
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<td>07/08/2017</td>
<td>01:05:59</td>
<td>CARLSON, PETER - MP</td>
<td></td>
<td></td>
<td>PHONE PER POLICY. NO ASSAULT TOOK PLACE. ADVISED STAFF TO DOCUMENT IT AND REPORT TO SUPERVISOR.</td>
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Address Changes
No Address Changes

Priority Changes
No Priority Changes

Alarm Level Changes
Date       Time       User  Change to Alarm
07/08/2017  00:37:24  D-F       1

Activity Log
<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Radio</th>
<th>Activity</th>
<th>Location</th>
<th>Log Entry</th>
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<tr>
<td>07/08/2017</td>
<td>00:34:21</td>
<td></td>
<td>Incident</td>
<td>14528 Moonlight Hill Rd</td>
<td>From Sector No Sector to Sector ML</td>
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<tr>
<td>07/08/2017</td>
<td>00:36:58</td>
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<td>Priority Change</td>
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<td>Incident priority changed from &lt;none&gt; to 1</td>
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<td>07/08/2017</td>
<td>00:37:08</td>
<td></td>
<td>User Action</td>
<td>Initial Assignment</td>
<td>INT Insert: Jul 08 2017 00:32:58 / INT SendIP: / VS MPD65DF</td>
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<td>User Action</td>
<td>Initial Assignment</td>
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<tr>
<td>07/08/2017</td>
<td>00:37:08</td>
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<td>Read Incident</td>
<td>Cant Send Resource</td>
<td>User clicked Initial Assign</td>
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<td>12C</td>
<td>DI</td>
<td>14528 Moonlight Hill Rd</td>
<td>The following unit(s) is (are) recommended for assignment: MPD12C (00:05:47), MPD15C (00:07:06)</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:37:24</td>
<td>15C</td>
<td>DI</td>
<td>14528 Moonlight Hill Rd</td>
<td>Incident 195 was Marked as Read</td>
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<tr>
<td>07/08/2017</td>
<td>00:38:18</td>
<td></td>
<td>User Action</td>
<td>interface: mct/mot/mst</td>
<td>Resource Not Available: Core Patrol</td>
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<tr>
<td>07/08/2017</td>
<td>00:39:49</td>
<td>15C</td>
<td>License Plate</td>
<td>14528 Moonlight Hill Rd</td>
<td>MPD65DF</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:39:49</td>
<td></td>
<td>License Plate</td>
<td>14528 Moonlight Hill Rd</td>
<td>MPD65DF</td>
</tr>
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<td>00:39:27</td>
<td>12C</td>
<td>License Plate</td>
<td>14528 Moonlight Hill Rd</td>
<td>MPD65DF</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:39:27</td>
<td>15C</td>
<td>License Plate</td>
<td>14528 Moonlight Hill Rd</td>
<td>MPD65DF</td>
</tr>
<tr>
<td>07/08/2017</td>
<td>00:38:49</td>
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<td>14528 Moonlight Hill Rd</td>
<td>MPD65DF</td>
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<td>07/08/2017</td>
<td>00:39:27</td>
<td>12C</td>
<td>ReAssign Vehicle</td>
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<td>15C</td>
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<td>00:39:34</td>
<td>15C</td>
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<td>00:38:49</td>
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<td>00:39:27</td>
<td>12C</td>
<td>License Plate</td>
<td>14528 Moonlight Hill Rd</td>
<td>MPD65DF</td>
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<td>License Plate</td>
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<td>MPD65DF</td>
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<td>00:40:20</td>
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<td>10C</td>
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<th>Field</th>
<th>Value</th>
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<th>Person Type</th>
<th>Incident Supplement</th>
<th>Person Record</th>
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<td>DateOfBirth</td>
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<td>BRO</td>
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<tr>
<td>07/08/2017</td>
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<td>FirstName</td>
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<td>07/08/2017</td>
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<tr>
<td>07/08/2017</td>
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<td>01:01:55</td>
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<td>07/08/2017</td>
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<td>Mohamed</td>
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<td>DISPATCH1 MPD65DF</td>
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<tr>
<td>07/08/2017</td>
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<td>07/08/2017</td>
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<td>FirstName</td>
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<td>01:02:53</td>
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<td>DISPATCH1 MPD65DF</td>
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<td>Gabeyre</td>
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<td>DISPATCH1 MPD65DF</td>
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</table>
### Incident Information
- **Incident Type:** BIRCH-2 CL
- **Priority:** 1
- **Determinant:** MENTAL HEALTH CRISIS
  - **Problem:**
  - **Agency:** Minnetonka Police
  - **Jurisdiction:** Minnetonka PD
  - **Division:** MPD Area 12
  - **Battalion:** MPD Area 12
  - **Response Plan:** BIRCH-2 CL
  - **Command Ch.:**
  - **Primary TAC:**
  - **Secondary TAC:**
- **Incident Status:** Closed
- **Certification:** 44916881
  - **Latitude:**
  - **Longitude:** 9345933

### Incident Location
- **Location Name:** COUNTERPOINT RECOVERY
- **County:** HENNEPIN
- **Location Type:** Group Home
- **Cross Street:** WOODHILL RD
- **Map Reference:**
  - **Address:** 14528 Moonlight Hill Rd
  - **City, State, Zip:** MINNETONKA MN 55345

### Supplemental Information - Person
**PERSON 1**
- **Name:** STEINKOPF BRENT DAVID - Involved
- **OLN:** Q747171483818
- **DOB:**
- **Age:** 34
- **OLS:** MN
- **Call Back Phone:** (404) 514-2558

### Time Stamps
<table>
<thead>
<tr>
<th>Description</th>
<th>Date</th>
<th>Time</th>
<th>User</th>
<th>Elapsed Time</th>
<th>Description</th>
<th>Time</th>
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<tbody>
<tr>
<td>Phone Pickup</td>
<td>06/18/2017</td>
<td>20:34:09</td>
<td></td>
<td></td>
<td>Received to In Queue</td>
<td>00:03:04</td>
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<tr>
<td>1st Key Stroke</td>
<td>06/18/2017</td>
<td>20:34:10</td>
<td></td>
<td></td>
<td>Call Taking</td>
<td>00:09:25</td>
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<td>In Waiting Queue</td>
<td>06/18/2017</td>
<td>20:37:30</td>
<td></td>
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<td>In Queue to 1st Assign</td>
<td>00:02:35</td>
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<tr>
<td>Call Taking Complete</td>
<td>06/18/2017</td>
<td>20:43:51</td>
<td>WITSCHEN, TANYA</td>
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<td>Call Received to 1st Assign</td>
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<td>1st Unit Assigned</td>
<td>06/18/2017</td>
<td>20:49:05</td>
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<td>Assigned to 1st Enroute</td>
<td>00:01:56.7</td>
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<td>1st Unit Enroute</td>
<td>06/18/2017</td>
<td>20:42:01</td>
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<td>Enroute to 1st arrived</td>
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<td>1st Unit Arrived</td>
<td>06/18/2017</td>
<td>21:05:20</td>
<td>Mobile1</td>
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<td>Incident Duration</td>
<td>00:31:11</td>
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### Resources Assigned
- **Primary Unit**
  - **Flag:** Y
  - **Disposition:** ASSISTED/ADVISD-42:01-MPAST
  - **Enroute:** ASSISTED/ADVISED
  - **Staged:** 20:47:47
  - **Arrived:** 21:05:20
  - **Delay Avail:** 20:50:49
  - **Complete:** 21:00:43

### Personnel Assigned
- **Unit:**
  - 10C
  - 12C
  - 13C

### Pre-Scheduled Information
- **No Pre-Scheduled Information**

### Transports
- **No Transports Information**

### Transport Legs
- **No Transports Information**

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<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>User</th>
<th>Type</th>
<th>Conf.</th>
<th>Comments</th>
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<tr>
<td>08/18/2017</td>
<td>20:34:34</td>
<td>SYS</td>
<td>Response</td>
<td></td>
<td>[1] A cellular re-bid has occurred, check the ANI/ALI Viewer for details</td>
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<tr>
<td>08/18/2017</td>
<td>20:34:41</td>
<td>MPDS1TW</td>
<td>Response</td>
<td></td>
<td>[2] client took off</td>
</tr>
<tr>
<td>08/18/2017</td>
<td>20:35:00</td>
<td>MPDS1TW</td>
<td>Response</td>
<td></td>
<td>[3] ran into the woods</td>
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<tr>
<td>08/18/2017</td>
<td>20:37:28</td>
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<td></td>
<td>[4] late 30's early 30's, w/m, wearing sweater x-mas - egg colored. It</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>bra sweater over the xmas sweater, and blk pants.</td>
</tr>
<tr>
<td>08/18/2017</td>
<td>20:38:09</td>
<td>MPDS1TW</td>
<td>Response</td>
<td></td>
<td>[5] he was supposed to his chores</td>
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<tr>
<td>08/18/2017</td>
<td>20:38:36</td>
<td>MPDS1TW</td>
<td>Response</td>
<td></td>
<td>[6] threatened another client, calling people names, was about to hit</td>
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<tr>
<td>08/18/2017</td>
<td>20:42:03</td>
<td>MPDS1TW</td>
<td>Response</td>
<td>Y</td>
<td>[8] client is steinkopf, brent david dob/</td>
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<td>08/18/2017</td>
<td>20:42:19</td>
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<td>20:45:43</td>
<td>MPDS1TW</td>
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<td>[10] 10c pose out with him 7/williston mad country bank</td>
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<tr>
<td></td>
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<td>HIGHWAY 7 Bldg. REG 2017, MINNETONKA, MN 55345.</td>
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<td></td>
<td>[12] Secondary Location for MPD12C. MID COUNTRY BANK (14517), 14817</td>
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<td>HIGHWAY 7 Bldg. REG 2017, MINNETONKA, MN 55345.</td>
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<tr>
<td>08/18/2017</td>
<td>21:05:20</td>
<td>Mobile1</td>
<td>Response</td>
<td></td>
<td>[14] released back to group home</td>
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### Address Changes
No Address Changes

### Priority Changes
No Priority Changes

### Alarm Level Changes
No Alarm Level Changes

### Activity Log

<table>
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<tr>
<th>Date</th>
<th>Time</th>
<th>User</th>
<th>Change to Alarm</th>
<th>Location</th>
<th>Log Entry</th>
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06/18/2017 20:52:51 MiddleName DAVID
06/18/2017 20:52:51 OperatorLicenseState MN

Custom Time Stamps
No Custom Time Stamps

Custom Data Fields
Description RD
AM

Attachments
No Attachment
Incident Detail Report

Data Source: Data Warehouse
Incident Status: Closed
Incident number: MP170428-012372
Incident Date: 04/28/2017 22:55:08

Incident Information
Incident Type: WALNUT-2 SEC
Priority: 3
Determinant: Alarm Level: 911 HANG UP
Base Response#: Problem: Minnetonka Police
Confirmation: Agency: MPD Area 12

Taken By: STRICKLAND, HEATHER - MP
Response Area: MPD23
Disposition: ASSISTED/ADVIS/ED - MPAST
Cancel Reason: Command Ch:
Incident Status: Closed
Certification: Primary TAC:

Longitude: 93465933
Latitude: 44916881

Incident Location
Location Name: AP
Address: 14528 MOONLIGHT HILL RD
City, State, Zip: MINNETONKA MN 55345

County: HENNEPIN
Location Type: Cross Street:
Map Reference: WOODHILL RD/Dead End

Supplemental Information - Vehicle
VEHICLE 1
License: 864TCR - MN

Call Receipt
Caller Name: AT&T MOBILITY 830-635-6840
Method Received: Call Back Phone: (404) 580-2540
Caller Type: Caller Location:

Time Stamps
Description: Date Time User
Phone Pickup 04/28/2017 22:55:01

1st Key Stroke 04/28/2017 22:55:01
In Waiting Queue 04/28/2017 22:55:34
Call Taking Complete 04/28/2017 22:58:09
1st Unit Assigned 04/28/2017 22:59:11
1st Unit Enroute 04/28/2017 23:07:39
1st Unit Arrived 04/28/2017 23:07:39
Closed

Elapsed Times
Description: Time
Received to In Queue 00:00:26
In Queue to 1st Assign 00:03:01
1st Assign to 1st Enqueue 00:03:37.9
1st Enqueue to 1st Arrive 00:04:10.9
1st Arrive to Incident Duration 00:12:38

Resources Assigned
Primary Unit Flag Assigned
12C Y 22:59:11
Disposition ASSISTED/ADVIS/ED - MPAST
Enroute Staged Arrived At Patient Avail

Delay Complete Odm. Enroute Odm. Arrived Cancel Reason
23:07:39

Personnel Assigned
Unit Name
12C HAEDTKE, SHELDON - MP (MP17053)

Pre-Scheduled Information
No Pre-Scheduled Information

Transports
No Transports Information

Transport Logs
No Transport Information

Comments
Comments
Type Conf.
[1] HANG-UP / ABANDONED CALL
[2] A9PH1 WITHIN 1709 METERS
[3] VM ON CB
[4] CHECKED PHONE NUMBER IN RECORDS - LISTS TO A MUNASIR ABDULLAH
JABEYRE 01/01/1991 @ 14528 MOONLIGHT HILL RD
[5] SPOKE WITH MALE STATED HE IS PROJECT MGR AND NO ISSUES, WAS OLD PHONE EMERGENCY CALL WAS HIT CLR

Address Changes
Date Time User Location/Address
04/28/2017 22:58:00 AP / 4525 WILLYON RD

Priority Changes

User
H-S

Custom Time Stamps
No Custom Time Stamps

Custom Data Fields
Description
RD
AMB

Attachments
No Attachment
Incident Detail Report

Data Source: Data Warehouse
Incident Status: Closed
Incident number: MP170324-008481
Case Numbers:
Incident Date: 03/24/2017 12:38:00

Incident Information
- Incident Type: BIRCH-2 CL
- Priority: 1
- Determinant: ROEHLIKE, JEAN - MP
- Base Responded: MPD23
- Confirmation:
- Taken By: ASSISTED/ADVISED-MPAST
- Response Area: Closed
- Disposition:
- Cancel Reason:
- Incident Status: Closed
- Certification: 93485933
- Longitude: 44919681
- Incident Location:
- Location Name: COUNTERPOINT RECOVERY
- Address: 14528 Moonlight Hill Rd
- Apartment:
- Building:
- City, State, Zip: MINNETONKA MN 55345
- County: HENNEPIN
- Location Type: Group Home
- Cross Street: WOODHILL RD/Dead End
- Map Reference:

Supplemental Information - Person

PERSON 1
- Name: ABDIRAHMAN ABDULLAH
- Age: 36
- DOB:

PERSON 2
- Name: ABDULLAH ABDIRAHMAN
- Age: 36
- DOB:

Call Receipt
- Call Name: KRISTINE TURES
- Method Received: Call Back Phone: (612) 558-2065
- Caller Location:

Time Stamps

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<th>User</th>
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<td>12:37:50</td>
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<td>1st Key Stroke</td>
<td>03/24/17</td>
<td>12:37:50</td>
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<tr>
<td>In Waiting Queue</td>
<td>03/24/17</td>
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<td>03/24/17</td>
<td>12:41:24</td>
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Elapsed Times

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<td>00:01:56</td>
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<td>Enroute to 1st Arrived</td>
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Resources Assigned

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<th>Staged</th>
<th>Arrived</th>
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<th>Delay Available</th>
<th>Complete</th>
<th>Odm. Enroute</th>
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Personnel Assigned

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<td>EGLESTON, PATRICK - MP (MP160PE)</td>
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Pre-Scheduled Information

- No Pre-Scheduled Information

Transports

- No Transports Information

Transport Logs

- No Transports Information

Comments

- Date: 03/24/2017 12:38:14
- User: SYS
- Type: Response
- Conf: [1] A cellular re-bid has occurred, check the AN4/AL4 Viewer for details

- Date: 03/24/2017 12:39:40
- User: MPD49JR
- Type: Response
- Conf: [2] CLIENT - NEEDS TO BE REMOVE - ACT OUT - YELLING - ABDIRAHMAN -

- Date: 03/24/2017 12:40:05
- User: MPD49JR
- Type: Response
- Conf: [3] HAVE NOT ASKED HIM TO LEAVE BECAUSE THEY ARE AFRAID OF HIS MENTAL STATUS - STATES HE IS UNSTABLE

- Date: 03/24/2017 12:42:04
- User: MPD49JR
- Type: Response
- Conf: [4] RP NOT FORTHCOMING ON INFO

- Date: 03/24/2017 12:42:13
- User: MPD49JR
- Type: Response
- Conf: [5] HCMC STARTED TO AREA

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**Activity Log**

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**Edit Log**

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No Custom Time Stamps

Custom Data Fields
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RD
AMB
Test

Attachments
No Attachment

Data
M26B
HCMB
NOT FOUND

User
MPD49JR
MPD49JR
MPD49JR

## Incident Detail Report

**Data Source:** Data Warehouse  
**Incident Status:** Closed  
**Incident Number:** MP170304-006140  
**Case Numbers:**  
**Incident Date:** 03/04/2017 14:53:06  
**Report Generated:** 11/18/2017 13:19:39

### Incident Information
- **Incident Type:** BIRCH-2 CL  
- **Priority:** 1  
- **Determinant:**  
- **Base Responsiblity:**  
- **Confirmation:**  
- **Taken By:** ROEHLKE, JEAN - MP  
- **Response Area:** MPD23  
- **Disposition:** ASSISTED/ADVISED-MPAST  
- **Cancel Reason:**  
- **Incident Status:** Closed  
- **Certification:**  
- **Longitude:** 93465933  
- **Latitude:** 44919881  
  
### Incident Location
- **Location Name:** AP  
- **Address:** 14528 Moonlight Hill Rd  
- **City, State, Zip:** MINNETONKA MN 55345  
- **County:** HENNEPIN  
- **Location Type:** WOODHILL RD/Dead End  
  
### Supplemental Information - Person
- **Name:** abdullahi abdrahman  
- **DOB:**  
- **Gender:** OLS: 
- **Race:** MN  
  
### Call Receipt
- **Caller Name:** [Redacted]  
- **Method Received:**  
- **Caller Type:**  
- **Date:** 03/04/2017 14:53:50  
- **Time:**  
- **User:**  
- **Description:** Received to In Queue  
- **Elasped Time:** 00:00:34
  
### Time Stamps
- **Description:** Call Taking Complete  
- **Date:** 03/04/2017 15:02:32  
- **Time:**  
- **User:** ROEHLKE, JEAN - MP  
- **Description:** Call Taken to 1st Assign  
- **Elasped Time:** 00:09:26
  
### Resources Assigned
- **Unit Flag:**  
- **Assigned Disposition:** ASSISTED/ADVISED-MPAST  
- **Enroute:**  
- **Staged:**  
- **Arrived:**  
- **Delay At Patient Avail:**  
- **Delay Complete:**  
- **Odm. Enroute:**  
- **Odm. Arrived:**  
- **Cancel Reason:** FREE/REASSIGN-MPFR
  
### Personnel Assigned
- **Name:** [Redacted]  
- **Unit:**  
- **Position:**  
- **MP: (MP128SP)  
- **MP: (MP160PE)  
- **MP: (MP112MC)  

### Pre-Scheduled Information
- **No Pre-Scheduled Information**

### Transports
- **No Transports Information**

### Transport Logs
- **No Transports Information**

### Comments
- **Date:** 03/04/2017 14:53:40  
- **User:** MPD49JR  
- **Type:** Response  
- **Conf.:**  
- **Comments:** [1] off his meds - very violent

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## Incident Detail Report

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**Incident number:** MP170117-081596  
**Case Numbers:**  
**Incident Date:** 01/17/2017 22:54:05  
**Report Generated:** 11/16/2017 13:19:15

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- **Unit:** 11C  
  - Name: PALUMBO, MATT - MP (MP178MP)  
- **Unit:** 10C  
  - Name: REIS, SCOTT - MP (MP098SR)  
  - Name: MATH/HEWETZ, JEFFREY - MP (MP174JM)  
  - Name: REIS, SCOTT - MP (MP098SR)

**Pre-Scheduled Information**

- No Pre-Scheduled Information

**Transports**

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Counter Point Recovery, LLC from Operating A 12 Bed Licensed Care for Adult Men with Chemical Dependencies at 5022 Baker Road

Counter Point Recovery, LLC, owned and operated by Ms. Fartun Ahmed, is requesting a Conditional Use Permit order to purchase, renovate, and operate 5022 Baker Road as a 12 bed licensed care facility to treat up to 12 adult men with various mental and chemical dependencies. CPR currently operates a 6 bed licensed care facility 14528 Moonlight Hill Road, which had 14 (fourteen) emergency 911 calls and 14 (fourteen) Department of Health Services citations in less than 1 (one) year of operation. CPR has stated a part of their model of operation will be to have 1 (one) supervised attendant on sight from the hours of 11pm to 7 am to monitor and supervise 12 clients.

- The company requesting does not currently have a track record of compliance with a six person facility, yet is requesting to expand to double their residential capacity
  - There are currently 8 active facilities in Minnetonka providing identical services with a capacity of 41 clients (CPR is 15% of total capacity)
  - 23 calls to 911 were made in 2017 made to these 6 locations - 14 of which was from CPR’s existing location (61% of calls were from CPR)
  - CPR had 4 times the 911 calls relative to their size
  - In a single inspection, CPR had 14 different citations

- The application for the permit has many inaccuracies or misrepresents their plans for the facility
  - Multiple times in the application, CPR states there is no visitation, but in the community meeting held Nov 14th, CPR leadership stated there are visitation hours on Wednesdays and weekends
  - The application states no exterior or landscaping changes will be made, but will need to build a fence, remove trees and change their parking to accommodate their building plans. CPR leadership on Nov 14th also stated potential expansion to a 15 stall parking structure.
  - The existing building plans have bedrooms that do not currently meet building codes

- There are already 6 locations within 3 miles and 4 are within 2 miles with a total capacity of 41 clients

- Location is not optimal given concerns regarding their ability to secure the facility
  - Notre Dame Academy is less than a 3 minute walk (when accessing the 494 crossover bridge)
  - 2 Pre-schools, 2 Elementary, and 1 Jr High School within approx. 2 miles of this location
  - Many school districts have bus stops within one block of this location 5 days a week

- Lack of walking-accessible life enrichment activities to help build independent living
- There has been a lack of transparency regarding policies, schedule and other factors that does not allow the community to have full visibility to the concerns and questions they have regarding the company

The undersigned, are concerned citizens who urge the members of the City Planning committee to recommend against this permit. And request that our Mayor and City Council members act to not approve the request for this conditional use permit.
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Petition to Deny Counter Point Recovery a Conditional Use Permit to Operate a 12-Bed Licensed Care Facility for Adult Men with Chemical Dependencies at 5022 Baker Road, Minnetonka, Mn 55343

Counter Point Recovery, LLC, (hereby referred to as CPR) owned and operated by Ms. Fartun Ahmed, is requesting a Conditional Use Permit in order to purchase, renovate, and operate 5022 Baker Road in Minnetonka as a 12 bed licensed care facility to treat up to 12 adult men with various mental and chemical dependencies. CPR currently operates a 6 bed licensed care facility at 14528 Moonlight Hill Road in Minnetonka which had 14 emergency 911 calls and 14 Department of Health Services citations since it’s opening in March 2016.

- CPR has a track record of non-compliance at their current location operating in Minnetonka. At this location CPR has proven incompetent with a 6-person facility, yet they are requesting expansion to double their residential capacity.
  - There are currently 6 active facilities in Minnetonka providing identical services to CPR with a capacity of 41 clients (CPR is 15% of total capacity).
  - 23 calls to 911 were made in 2017 to these 6 locations – 14 of which were from CPR’s existing site (61% of 911 calls made in 2017 to rehab facilities in Minnetonka were from CPR)
  - CPR had 4 times the 911 calls relative to their size
  - In a single inspection, CPR had 14 different citations including the license holder, CPR, submitting requests for payment of public funds for services that were not documented as being provided in the amount required.
  - In this inspection every client file reviewed for requirements governing consent to disclose suspected maltreatment of vulnerable adults did not conform to federal requirements and violated 3 Minnesota Statutes.
  - Every client file reviewed for requirements governing individual abuse prevention plans did not meet requirements. Their individual abuse prevention plans did not contain an individualized assessment of the persons’ susceptibility to
abuse by other individuals, including other vulnerable adults and self abuse.

- In this inspection a third of the files reviewed for comprehensive assessments required for clients entering the program were given 29 days late.
- Every client file reviewed for requirements governing progress notes and treatment plan reviews did not meet requirements on 6 different levels violating 2 Minnesota Rules.
- CPR is not responsible with client property mismanaging the personal items and money of the vulnerable adults they serve as clients:
  - 2 out of 3 files reviewed for requirements governing client property did not contain documentation of the receipt of client funds or other property.
- A third of the files reviewed for requirements governing summaries of termination of services did not include continuing care recommendations. CPR is not upholding their vision nor obligation to give their clients the resources they need to get the help they require.
- Every personnel file reviewed for requirements governing staff training did not meet requirements for the required annual trainings nor the training required for those working with mental health and substance abuse.
- Every personnel file reviewed for requirements governing written annual reviews did not include any annual reviews.

- The permit application has numerous inconsistencies and false responses misrepresenting their plans for the facility:
  - CPR falsified information and responses given in their application for approval of a conditional license to operate a 12 man drug rehab center.
  - In their application CPR falsely states there will be no visitation to residents admitted to the proposed facility.
  - Paragraph 5C in the application CPR states “No visitation is allowed in our program and any special events for resident family/parties will be held off site.”
  - At the City Council meeting held on Thursday November 14th, 2017 when the proprietor of CPR was asked whether visitation was allowed their verbal response was that residents will be allowed visitation on Wednesdays, Saturdays and Sundays.
- The application states no exterior or landscaping changes will be made to be proposed facility. This is a direct contradiction to their response to this question at the City Council meeting. In the meeting CPR proposed erecting a large fence on the
premises in an attempt to provide security from the CPR residents and Minnetonka residents.

- On their application CPR proposed a parking plan that requires them to remove a large tree.
- CPR leadership on Nov 14th also stated potential expansion to a 15 stall parking structure.
- The existing structure does not meet the requirements necessary to be used as a Drug Rehab center. Building codes require ceilings to be a height of 7 feet tall and bedrooms have ceilings at the height of only 6 feet tall.
- There are already 6 locations within 3 miles and 4 are within 2 miles with a total capacity of 41 clients.
- The Location proposed for the additional rehab center is not optimal given concerns regarding their ability to secure the facility.
- Upon receiving the requested police records for the current operating location of CPR over 18 individual documents were procured each containing at least 3 pages defining the overwhelming number of 911 calls made to this address since its opening March of 2016.
- In these documents disturbances to the community and public citizens are described.
- A resident of CPR was documented as standing at the end of the drive way yelling at cars as they passed by.
- The 911 notes also describe numerous disturbances from residents of CPR against their neighbors.
  - The proximity of the new proposed site for CPR is alarmingly close to many facilities where children are present both indoors and outside.
  - Notre Dame Academy, a preschool and elementary school, is less than a 3 minute walk to the proposed new location for CPR (when accessing the 494 crossover bridge)
  - 2 Pre-schools, 2 Elementary, and 1 Jr High School are within approx. 2 miles of this location.
  - Many school districts have bus stops within one block of this location 5 days a week.

Due to the proven lack of compliance of CPR to Minnesota Laws and Legislation governing Drug Rehab facilities CPR poses a major threat to the safety of the children and vulnerable adults in the surrounding neighborhood of their new proposed location of 5022 Baker Road. In addition, the location of this facility does not provide the life enriching activities within walking distance of the proposed location necessary for the residents to build independent living in order to be successful in the program.
• There has been a lack of transparency and consistency regarding policies, schedule and other factors that do not allow the community to have full visibility to the concerns and questions they have regarding the company.

• As a result of the non-compliance of CPR with laws governing Drug rehabilitation Centers relating directly to the training of staff, treatment of residents, the falsified information provided on their proposal application, the nature of the overwhelming number of 911 calls received regarding the current CPR location directly relating to the close proximity of the proposed location to schools, children and vulnerable adults and the failure for this proposed location to meet the needs of the residents in order for this company to have a successful impact on its residents, I move to DENY Counter Point Recovery a conditional use permit to operate a 12-person facility at the address of 5022 Baker Road, Minnetonka, Mn.

• Please do not deny the overwhelming proof that CPR has not lived up the the standards of the state nor the requirements necessary for a facility of this nature to successfully serve the community.

• Michelle Kallas
• Charles Hawkins
• Deb Wagner
• Elaine Hromatka
• Patrice Wehner
• Steve Belrose
• Brent Frank
• Becky Mielke
• Nicholas Hansen
• Susan Wilkening
• Aaron Schlagel
• Andrew Bratsch
• Carina Plotnick
• Pamela M Kerber
• Jeff Wehner
• Sarah Schlagel
• Vanessa bratsch
• Donna Bratsch
• Carston Hernke
• Liz Maddy
• Brent Brokaw
• Julie Brokaw
• Michael McNamee
• Collin Koenen
• Deanna Koenen
• Jim Koenen
• Ali Lacey
• Nathaly Maldonado
• Sandy Syfko
• Holly Birkeland
• Robert Wagner
• Adam J Amato
• Lori Lundell
• Mary Quain
• Kai Neggaard
• Le Roy JD Chappell
• Melissa Wagner
• Donna Bratsch
• Heidi Huseth
• Ann Blatzheim
• Thomas and Jacqueline Jacobson
• Robyn Barton
• Nolan Bachman
• Michael Lang
• Jennifer Morocho
• Leighton Wilkening
• Heather Rider
• Jane Hawkins
• Andrew Chollar
• Judith Perry
• Aaron Mielke
• LuAnne Knoblauch
• Michael Reyes
• Heidi Knight
• Jeff Hysjulien
• Heather Reyes
• Luke Hansen
• Mary Newhall
• Anna Hansen
• Lindsey Wilkus
• Nancy Hansen
• Denise Anderman
• Jacob Davis
• Angela Hansen
• Lauren Wagner
• Karen Wardrope
• Philip Newhall
• Elizabeth Davis
• Kathryn Hernke
• John A Kallas
• Jeff Weiss
• Heather Novak-Peterson
• Douglas Peterson
• Jennifer Hamm
• John Bergervoet
• Sig Birkeland
• Diane Froehlich
• Beth G Timm
• Justin Hamm
• Jay Hromatka
• Jon Rausch
• Breonna Bachman

Filter
• Michelle KallasUnited States
  Nov 20, 2017
  I will follow up with letters to my representatives!

• Elaine HromatkaUnited States, Fargo
  Nov 20, 2017
  This absolutely does not belong in this area and the track record of CPR shows
  that this does not belong in Minnetonka.

• Patrice WehnerUnited States, Minneapolis
  Nov 20, 2017
  Minnetonka, MN - next door. This has always been a residential, single family
  homes neighborhood. We moved here 18 years ago with the expectation it would
  stay that way. We do not want a business with a transient population here. In light
  of the number of children as well as a school which is within a stone’s throw of this
  “facility,” this is no place for people with a wide assortment of chemical additions.
  In addition, we cannot screen these people. We are left to trust that a facility with
  numerous violations and a very short track record is going to be looking out for our
  best interests. We did not feel that the owners and management were being
  honest with us at the community meeting last week in regards to their past
  violations, history or future plans. In addition, we feel that there are a number of
  additional questions that need to be addressed, such as what level of severity of
  addition do these people fall under, how do they end up there and why is this
or capability to successfully operate a treatment center of this size. This is evidenced by the relative frequency of 911 calls to their current facility (4x average), a misleading application to the City of Minnetonka, and the frequent MN DHS citations.

- **Collin Koenen**, United States, Minneapolis
  Nov 18, 2017
  As a recent high school graduate I do not support the proposed facility.

- **Jim Koenen**, United States, Minneapolis
  Nov 18, 2017
  I am a new resident to the area and oppose the proposed facility.

- **Nathaly Maldonado**, United States, Minneapolis
  Nov 18, 2017
  I do not think a facility liked this should be placed in a residential neighborhood. I am concerned about my children and the children of my neighborhood. Facilities like this are very good because they help people that need to recover from drug abuse, but this is not the right place for this facility.

- **Sandy Syfko**, United States, Hopkins
  Nov 18, 2017
  Basis for Concern:
  Over-occupancy of dwelling units creates health and safety dangers to home
A history of Non-Compliance and close proximity to a local population of young families with children make this site unsuitable. The security of these families and children take precedence over the proposed usage of this property.

- **Mary Quain**
  **United States, Saint Paul**
  **Nov 18, 2017**
  Not only should the expansion not be approved, but the company should be forced to close the facility or shut down completely for failure to comply, even after so many violations.

- **Leighton Wilkening**
  **United States, Minneapolis**
  **Nov 18, 2017**
  Please deny the permit based on the following concerns:
  1) CPR's track record of non-compliance at their current location operating in Minnetonka concerns me.

  2) The permit application has numerous inconsistencies and false responses misrepresenting CPR's plans for the facility.

  3) Density issues: There are already six locations within three miles and four are within two miles with a total capacity of 41 clients.

  4) Location is not optimal for ensuring a secure facility.

  5) No walking-accessible life enrichment activities to help build independent living.

  6) CPR has not been transparent regarding policies, schedule and other factors. The community does not have full visibility to the concerns and questions they have regarding the company.

  L. Wilkening

- **Andrew Chollar**
  **United States, Hopkins**
  **Nov 17, 2017**
  Clearly, CPR has a track record littered with citations and an over-the-top percentage of 911 calls compared to all similar facilities. This is a proven danger to
our community. We demand that our city council respond to the wishes of its own citizens and stop CPR expansion in our community. We also need to revisit the policy whereby only those residing within a few hundred feet of a proposed facility are notified. It's an incredibly deceiving way to "slip in" such facilities under the cover of lack of awareness without the city receiving the kind of outcry and resistance it otherwise would and should.

- **Judith Perry** United States, Minnetonka  
  Nov 17, 2017  
  The city of Minnetonka doesn't seem to listen to their home owners. So good luck

- **LuAnne Knoblauch** United States, Hopkins  
  Nov 17, 2017  
  This location is directly across the freeway from an elementary school, easy access over the walking bridge. Please vote NO!!!!

- **Michael Reyes** United States, Hopkins  
  Nov 17, 2017  
  Reside at 5215 Baker, do not want this in my neighborhood.

- **Denise Anderman** United States, Minnetonka  
  Nov 17, 2017  
  There are many concerns, including property values, multiple DHS violations, high number of 911 calls, quality of care, security and parking. This is not an appropriate site for this facility.

- **Heather Novak-Peterson** United States, Minneapolis  
  Nov 17, 2017  
  There is extreme concern for the quality of care and the security that CPR has demonstrated at their current facility. Having them move to a heavily residential facility off of a very busy street with no sidewalks or amenities that can help support a healthy outcome for their patients is very troubling.

- **Jeff Weiss** United States, Minneapolis  
  Nov 17, 2017  
  It is apparent from the information received about CRP's past history that they are not ready to expand their services due to numerous non compliance issues. Additionally, the high rate of 911 calls initiated at CRP tax the use of these resources for other Minnetonka residents. As mentioned by others... neighborhood safety and property devaluation is also a concern.
Thank you,

Jeff Weiss

12910 Maywood Lane

• **Douglas Peterson** United States, Minneapolis  
  Nov 17, 2017  
  I would add that the location service being used by this online service is inaccurate  
  if used as any sort of excuse or suggestion that comments may be coming from  
  outside the community. I live within 1000 feet of the proposed site.

• **Douglas Peterson** United States, Minneapolis  
  Nov 17, 2017  
  The fact that their plan includes timed locked doors and window sensors suggests  
  a very high security risk is about to be dropped into our neighborhood. This is  
  completely inappropriate.

• **Jennifer Hamm** United States, Hopkins  
  Nov 17, 2017  
  CPR is not a well established business. Multiple citations over the one year they  
  have been in business. They have provided the community with conflicting  
  information regarding their plan for what is to occur at this residence. This is not a  
  good fit for our community at this time

• **Sig Birkeland** United States, Saint Paul  
  Nov 17, 2017  
  CPR's short history does not reflect a careful, responsible organization, and could  
  negatively impact the safety of our children and the neighborhood.

• **Diane Froehlich** United States, Minneapolis  
  Nov 17, 2017  
  There are too many issues attached to this that to have this facility in a residential  
  neighborhood.

• **Beth G Timm** United States, Minneapolis  
  Nov 17, 2017  
  Based on CPR's current facility operations, this applicant has proven that they do  
  not have the experience or qualification to operate a successful facility in the  
  community. Further, this site location is not appropriate for the proposed size and  
  use and will be a detriment, not an enhancement to this neighborhood.
• Justin Hamm
  United States, Minneapolis
  Nov 17, 2017
  Counter Point isn't ready to expand its business. They haven’t shown they can
  handle their first home by receiving 14 violations.

• Jay Hromatka
  United States, Phoenix
  Nov 17, 2017
  This is not an appropriate site for this size facility.

• Jon Rausch
  United States, Saint Paul
  Nov 17, 2017
  PLEASE CONSIDER THE APPLICANT'S LACK OF EXPERIENCE AND NUMBER
  OF VIOLATIONS. Additionally, this Property use WILL reduce the Neighbors
  Property Values.

  Thank you,
  Jon Rausch, Executive Director Cushman and Wakefield

• Breonna Bachman
  United States, Minneapolis
  Nov 17, 2017
  I willfully and adamantly sign this petition
Resolution No. 2017-

Resolution approving a conditional use permit for a 7 to 12 resident licensed residential care facility at 5022 Baker Road

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 Counter Point Recovery has requested a conditional use permit to operate a 7 to 12 resident licensed residential care facility at 5022 Baker Road.

1.02 The property is legally described as:

Auditor’s Subd. No. 321, N 165 Ft Of The E 310 Ft Of Lot 5 And That Part Of Lot 8 Lying N Of N Line Of Lot 5 And E Of The W Line Of Lot 5 Extended Except Hwy

1.03 On November 30, 2017, the planning commission held a public hearing on the proposal. The applicant was provided the opportunity to present information to the planning commission. The planning commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council approve the permit.

Section 2. Standards.

2.01 City Code §300.16 Subd. 2 outlines the general standards that must be met for granting a conditional use permit. These standards are incorporated into this resolution by reference.

2.02 City Code §300.16 Subd. 3(g) outlines the following specific standards that must be met for granting a conditional use permit for such facilities:

1. 3,000 square feet of lot area for each overnight resident, based on proposed capacity;
2. 300 square feet of residential building area for each overnight resident, based on proposed capacity;

3. in R-1 and R-2 districts, for new construction including additions, a floor area ratio (FAR) that is no more than 100% of the highest FAR of the homes within 400 feet of the lot lines and within 1,000 feet of the lot along the street where it is located, including both sides of the street. The FAR applies to an existing structure only if it seeks to expand. The city may exclude a property that the city determines is not visually part of the applicant's neighborhood and may add a property that the city determines is visually part of the applicant's neighborhood. The city may waive or modify the floor area requirement where:

   a) the proposed use would be relatively isolated from the rest of the neighborhood by slopes, trees, wetlands, undevelopable land, or other physical features; or

   b) the applicant submits a specific building design and site plan, and the city determines that the proposed design would not adversely impact the neighborhood character because of such things as setbacks, building orientation, building height, or building mass. In this case, the approval is contingent upon implementation of the specific site and building plan.

4. no external building improvements undertaken in R-1 and R-2 districts which alter the original character of the home unless approved by the city council. In R-1 and R-2 districts, there must be no exterior evidence of any use or activity that is not customary for typical residential use, including no exterior storage, signs, and garbage and recycling containers;

5. traffic generation: a detailed documentation of anticipated traffic generation must be provided. In order to avoid unreasonable traffic impacts to a residential neighborhood, traffic limitations are established as follows:

   a) in R-1 and R-2 districts, the use is not permitted on properties that gain access by private roads or driveways that are used by more than one lot;
b) the use must be located on, and have access only to, a collector or arterial roadway as identified in the comprehensive plan;

c) the use must prepare, and abide by, a plan for handling traffic and parking on high traffic days, such as holidays, that has been reviewed and approved by city staff.

6. no on-street parking to be allowed. Adequate off-street parking will be required by the city based on the staff and resident needs of each specific facility. In R-1 and R-2 districts, the parking area must be screened from the view from other R-1 and R-2 residential properties. Private driveways must be of adequate width to accommodate effective vehicle circulation and be equipped with a turnaround area to prevent backing maneuvers onto public streets. Driveways must be maintained in an open manner at all times and be wide enough for emergency vehicle access. Driveway slope must not exceed 8 percent unless the city determines that site characteristics or mitigative measures to ensure safe vehicular circulation are present. Adequate sight distance at the access point must be available;

7. all facilities to conform to the requirements of the Minnesota state building code, fire code, health code, and all other applicable codes and city ordinances;

8. landscape buffering from surrounding residential uses to be provided consistent with the requirements contained in section 300.27 of this ordinance. A privacy fence of appropriate residential design may be required to limit off-site impacts. Landscape screening from surrounding residential uses may be required by the city depending on the type, location and proximity of residential areas to a specific facility;

9. submission of detailed program information including goals, policies, activity schedule, staffing patterns and targeted capacity which may result in the imposition of reasonable conditions to limit the off-site impacts;

10. submission of a formal site and building plan review if a new building is being constructed, an existing building is being modified, or the city otherwise determines that there is a need for such review; and
11. additional conditions may be required by the city in order to address the specific impacts of a proposed facility.

Section 3. Findings.

3.01 The proposal meets the general conditional use permit standards outlined in City Code §300.16 Subd.2.

3.02 The proposal meets the specific conditional use permit standards outlined in City Code 300.16 Subd.3(g)

1. The subject property is 54,760 square feet in size. This area exceeds the 36,000 square foot area needed for 12 residents.

2. The existing building is 3,928 square feet in size, exceeding the 3,600 square feet required for 12 residents.

3. No new additions are being proposed for the subject home.

4. No external building improvements are proposed that would alter the original character of the home.

5. The property is located on Baker Road, an arterial county road, includes a three-stall garage, and outdoor parking space for at least four vehicles. City code limits outdoor vehicle parking to four vehicles at any time, excluding vehicles of occasional guests who do not work or reside on the property. The 7 on-site parking spaces would limit traffic on site while still accommodating the residents, staff and limited guests expected on the site.

6. The property includes a three-stall garage and outdoor parking for at least four vehicles. The applicant indicates that drivers/parkers at the proposed 12-resident facility would include:

   • four day time staff members,
   
   • one to two staff members during the evening/night; and
   
   • a 12 passenger vehicle for outside activities.

As proposed, residents are not allowed to have vehicles on the premises, so they have not been included in this list. The existing garage and proposed driveway could accommodate all of these drivers/parkers even were all to be on site at the same time.
7. Per a condition of this resolution, the facility must conform to the requirements of the Minnesota state building code, fire code, health code, and all other applicable codes and city ordinances;

8. The subject property is bordered by vegetation to the north and east and a highway wall to the west. The subject home is located over:
   - 200 feet from Baker Road;
   - 100 feet from the northern home; and
   - 140 feet from the southern home.
   The existing vegetation and physical separation create adequate buffering from the subject structure, which is not being exteriorly altered, and neighboring homes.

9. This information has been submitted and was attached to the staff report.

10. No new construction or exterior building/site changes are proposed.

11. Additional conditions may be required by the city in order to address the specific impacts of a proposed facility.

Section 4. City Council Action.

4.01 The above-described conditional use permit is approved, subject to the following conditions:

1. Prior to occupancy by more than six residents:
   a) This resolution must be recorded with Hennepin County.
   b) The facility must be licensed by the Minnesota Department of Human Services to provide care to up to 12 people.
   c) The facility must be brought into compliance with all requirements of the Minnesota state building code, fire code, and health code.
   d) The applicant must submit detailed program information including goals, policies, activity schedule, and staffing patterns.
e) The applicant must apply for and receive a lodging and food license from the City of Minnetonka.

2. If the driveway will be paved, paving must extend to Baker Road. The applicant must secure permits as required by Hennepin County for driveway work.

3. The final drive pavement and any utility work needed should be adjusted to minimize tree loss and tree impacts and erosion control and tree protection to be installed and maintained as needed.

4. The property must comply with all provisions of City Code §845, Public Nuisances.

5. The city council may reasonably add or revise conditions to address any future unforeseen problems.

6. Any change to the approved use that results in a significant increase in traffic or a significant change in character would require a revised conditional use permit.

Adopted by the City Council of the City of Minnetonka, Minnesota, on December 4, 2017.

_______________________________________  
Terry Schneider, Mayor

Attest:

_______________________________________  
David E. Maeda, City Clerk

**Action on this resolution:**

Motion for adoption:  
Seconded by:  
Voted in favor of:  
Voted against:  
Abstained:  
Absent:  
Resolution adopted.
I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on December 4, 2017.

__________________________________
David E. Maeda, City Clerk
Brief Description: Concept plan review for Ridgedale Executive Apartments at 12501 Ridgedale Drive.

Action Requested: Discuss concept plan with the applicant. No formal action required.

Background:

Rotenberg Companies is proposing to redevelop portions of the existing commercial property located at 12501 Ridgedale Drive. The Ridgedale Executive Apartments concept plan contemplates redevelopment of the former RS Sports Grill portion of the property with a 6-story, 112-unit luxury apartment building. The existing office building, located on the same property, would remain.

The proposed housing will provide a mix of 1 to 2 bedroom units. A number of on-site amenities are included in the building proposal - including fitness facilities, a community room and an outdoor patio and pool area. (See attached plans)

The existing property includes two buildings – a former restaurant (formerly RS Sports Grill, and previously Redstone) and an office building which are located on the northern half of the site. Parking lots shared in common surround the buildings. The parking lot also extends onto the YMCA site to the east which is secured through a lease arrangement between the property owners. The south half of the site is an undeveloped wooded area that is protected with a conservation easement. The land along the south property line is approximately 30 feet higher in elevation than the pond and approximately 20 feet higher in elevation than the developed portion of the site. There are likely wetland features at the edges of the pond that extend into the eastern portion of the site.

Neighboring properties include Ridgedale Mall to the north and Ridgedale YMCA to the east. A stormwater pond which treats surface water runoff from Ridgedale Mall is west of the property. The Hennepin County Ridgedale Service Center and Library is located west of the pond. Immediately south of the site are single-family residential homes.

The site is zoned PID Planned I-394 District and guided for mixed use in the 2030 comprehensive plan. The Ridgedale Vision 2035 plan identifies this general area for residential housing opportunity with potential for 300 housing units. (See attachments).
Key Issues

City staff has identified the following considerations for any development of the subject properties:

- **Change of land use**: A change from commercial to residential would change the characteristics of people traveling to and from the site. Further analysis of traffic would be needed.

- **Site Plan**: The proposed site plan would intensify development on the site. Site circulation for residents and emergency response, snow removal, pedestrian connections become more important as site use intensifies.
• **Building Character:** Building elevations have been provided with fairly significant character details. Input on building massing and desired character is important.

**Review Process**

Staff has outlined the following review process for the proposal. At this time, a formal application has not been submitted.

• **Neighborhood Meeting.** The developer held a neighborhood meeting on November 6, 2017. Approximately 30 people attended the meeting raising concerns about building height and scale, trail connections, occupancy and crime.

• **Planning Commission Concept Plan Review.** The planning commission Concept Plan Review occurred on November 30, 2017. A summary of the meeting will be provided in a change memorandum for the December 4, 2017 city council meeting. The objective of this meeting is to identify major issues and challenges in order to inform the subsequent review and discussion. The meeting will include a presentation by the developer of conceptual sketches and ideas, but not detailed engineering or architectural drawings. No staff recommendations are provided, the public is invited to offer comments, and planning commissioners were afforded the opportunity to ask questions and provide feedback without any formal motions or votes.

• **City Council Concept Plan Review.** The city council Concept Plan Review is intended as a follow-up to the planning commission meeting and would follow the same format as the planning commission Concept Plan Review. No staff recommendations are provided, the public is invited to offer comments, and council members are afforded the opportunity to ask questions and provide feedback without any formal motions or votes.

**Staff Recommendation**

Staff recommends the city council provide comment and feedback on the identified key issues and others deemed appropriate. The discussion is intended to assist the applicant with future direction that may lead to the preparation of more detailed development plans.

Through:  Geralyn Barone, City Manager  
           Julie Wischnack, AICP, Community Development Director

Originator: Loren Gordon, AICP, City Planner
ADDITIONAL INFORMATION

Next Steps

- **Formal Application.** If the developer chooses to file a formal application, notification of the application would be mailed to area property owners. Property owners are encouraged to view plans and provide feedback via the city’s website. Through recent website updates: (1) staff can provide residents with ongoing project updates, (2) residents can “follow” projects they are particularly interested in by signing up for automatic notification of project updates; (3) residents may provide project feedback on project; and (4) and staff can review resident comments.

- **Neighborhood Meeting.** Prior to the planning commission meeting and official public hearing, an additional public meeting would be held with neighbors to discuss specific engineering, architectural and other details of the project, and to solicit feedback. This extends the timing that has historically been provided in advance of the planning commission review to allow more public consideration of the project specifics.

- **Council Introduction.** The proposal would be introduced at a city council meeting. At that time, the council would be provided another opportunity to review the issues identified during the initial concept plan review meeting, and to provide direction about any refinements or additional issues they wish to be researched, and for which staff recommendations should be prepared.

- **Planning Commission Review.** The planning commission would hold an official public hearing for the development review and would subsequently recommend action to the city council.

- **City Council Action.** Based on input from the planning commission, professional staff and general public, the city council would take final action.

Roles and Responsibilities

- **Applicants.** Applicants are responsible for providing clear, complete and timely information throughout the review process. They are expected to be accessible to both the city and to the public, and to respect the integrity of the public process.

- **Public.** Neighbors and the general public will be encouraged and enabled to participate in the review process to the extent they are interested. However, effective public participation involves shared responsibilities. While the city has an obligation to provide information and feedback opportunities, interested residents are expected to accept the responsibility to educate themselves about the project.
and review process, to provide constructive, timely and germane feedback, and to stay informed and involved throughout the entire process.

- **Planning Commission.** The planning commission hosts the primary forum for public input and provides clear and definitive recommendations to the city council. To serve in that role, the commission identifies and attempts to resolve development issues and concerns prior to the council’s consideration by carefully balancing the interests of applicants, neighbors, and the general public.

- **City Council.** As the ultimate decision maker, the city council must be in a position to equitably and consistently weigh all input from their staff, the general public, planning commissioners, applicants and other advisors. Accordingly, council members traditionally keep an open mind until all the facts are received. The council ensures that residents have an opportunity to effectively participate in the process.

- **City Staff.** City staff is neither an advocate for the public nor the applicant. Rather, staff provides professional advice and recommendations to all interested parties, including the city council, planning commission, applicant and residents. Staff advocates for its professional position, not a project. Staff recommendations consider neighborhood concerns, but necessarily reflect professional standards, legal requirements and broader community interests.
12501 RIDGEDALE DRIVE
Minnetonka, MN

Project Narrative For Concept Review
November 20, 2017

Developer: Ridgedale Executive Apartments, LLC
12455 Ridgedale Drive, Suite 103
Minnetonka, MN 55305
(Mr. Richard J. Rotenberg – Principal)
952-545-9059

Property Owner: The Rotenberg Companies, Inc.

Architect: Momentum Design Group
Jesse Hamer, LEED AP, 612-859-5833

Civil Engineer/
Landscape Architect: Civil Site Group, PC
Patrick Sarver, Landscape Architect
A. SUBMITTAL CONTENTS
Included in this submittal is this Project Narrative and the preliminary development plans and drawings listed on the attached Schedule of Plans & Drawings.

B. PROJECT LOCATION
The 12501 Ridgedale project site lies just south of Ridgedale Center on Ridgedale Drive generally between the YMCA (to the east) and the Hennepin County Government Center/Library (and pond) to the west. It is located within a “Mixed Use” land use category area in the City’s 2030 Comprehensive Guide Plan and is included in the study area of RIDGEDALE; A VISION FOR 2035 commissioned by the City of Minnetonka and dated September 2012.

C. PROPERTY – EXISTING CONDITIONS
The property on which the project is to be located is a single lot totaling approximately 193,047 square feet or about 4.43 acres in area. The re-development project is to be located at the north end of the property. The south end of the property has been maintained as a wooded bluff, with some wetland area below leading from the pond situated to the west of the property. Minimal or no impact on the south end of the property is expected. The northern part of the property is currently improved with a two-story office building and a one-story brick building (previously occupied as a branch bank by Norwest Bank and more recently as a restaurant by Redstone Grill). That so-called “Redstone” building would be removed as part of this re-development project. Parking lot improvements make up most of the rest of that north end. The current parking lot was extended onto the YMCA property to the east to accommodate the parking requirements of Redstone Grill. Those so-called YMCA parking lot improvements are expected to be removed.

Legal Description: Lot 3, Block 1, Ridgedale Center Fifth Addition, Hennepin County, Minnesota.
Ownership: The Rotenberg Companies, Inc.
PIN: 02-117-22-33-0009

D. SUMMARY OF THE PROPOSED PROJECT
The proposed 12501 Ridgedale project is the development of a new 111 unit apartment building which will include below grade and at grade indoor parking facilities. The building is designed to be located on the northerly part of the property, basically laid out along Ridgedale Drive and facing the Ridgedale Mall. It will be over the space now occupied by the restaurant building (which will be removed along with a substantial portion of the existing asphalt surface parking near the restaurant building). The office building (and its parking lot located just the east of the office building) will remain. The apartment units will be one and two bedrooms (and possibly one three bedroom). A few units may be larger; any more spacious apartments to be located on the first and/or sixth floors. Two levels of in-structure parking will be reserved for the apartment residents. One level will be underground and the other will be indoor parking within the first level of the building, as shown on the attached plans for parking. Forty-five (45) spaces of surface parking will be constructed on site and an existing 13 spaces are to remain, bringing the total of surface parking to 58 spaces.

E. PROJECT CONCEPT
Redstone's departure to join other restaurants at the mall has presented an excellent opportunity to participate in the transformation of the Ridgedale Village area. Our project is proposed to bring luxury apartment homes to what will become the Ridgedale Parkway, together with life and vitality to energize the Ridgedale Village as it grows and matures. Though only to include 111 apartments, the extraordinarily high quality of the 12501 Ridgedale project is anticipated to provide a substantial boost toward the critical mass necessary to achieve the City's vision for Ridgedale. The project is designed to introduce the diversity of upscale housing and fill the niche for it. We expect to satisfy the demand of empty nester baby boomers for the highest quality home coupled with the freedom and amenities of a luxury apartment -- an apartment home equivalent to the beautiful Minnetonka homes they're now leaving. These apartment homes will also attract young professionals and other newcomers to the City whose communities lack the means and/or the foresight to provide this sort of housing opportunity. As
described in the City’s Vision statement for Ridgedale Village, the 12501 Ridgedale project will bring residents who wish to urbanize and engage in the walkable community envisioned for the Ridgedale Village. The close, very walkable, proximity of the project to the parkway and shops, restaurants and events in the Ridgedale Village Center will certainly integrate the project with the Ridgedale Village Center so that each will be an especially desirable attribute of the other.

As said, the 12501 Ridgedale project will feature one and two bedroom luxury apartment homes designed and constructed to the highest condominium-caliber standards, offering residents the convenience of leasing, coupled with a thoughtfully programmed living environment. The apartments themselves will feature elegantly flowing floorplans, wide plank hardwood flooring, master bedroom suites with spacious walk-in closets and luxurious baths, private patios and gourmet kitchens. Many will offer expansive views of the adjacent pond and/or the wooded bluff to the south of the property. Upscale features at the project will include a well-appointed sun terrace offering a heated pool, poolside chaise lounging and an outdoor chef’s kitchen complete with large Viking grills and warming drawers. There will also be an additional wide array of amenities available to the residents, including multi-level heated parking for all residents, electric vehicle recharging stations, an indoor car wash bay at the lower parking garage, a state-of-the-art fitness center, a private yoga/dance studio, a sauna, a community room, a game room, virtual golf and a putting green as well as a beautifully appointed boardroom outfitted with video conferencing equipment and a TV monitor for presentations. There will be a remarkable attention to detail with an unparalleled commitment to the residents’ experience. A 24-hour on-site lifestyle concierge will offer the highest level of service, such as last minute dinner reservations, personal shopping, arranging for airport transportation, event planning, housekeeping and more.

The 12501 Ridgedale project is being designed to add an iconic identity to the Ridgedale Village and enhanced sense of place, while also maintaining (and improving) compatibility with the surrounding neighborhood. The building is designed with an elegant stone façade and clean white features to pair the welcoming and familiar style of the neighborhood with modern and luxurious finishes. The design sets a grand example for future development in the Ridgedale Village Center using upscale finishes and materials both on the interior and exterior of the building. This building design compliments the existing office building, integrating similar stone finishes, as well as continuing a similar warm, bright color pallet. These characteristics will provide a building at 12501 Ridgedale that residents and neighbors will both appreciate and enjoy as a striking enhancement of the neighborhood and will, hopefully, become an iconic addition to the regional community.

Of special concern in regard to compatibility was the goal to respect, and minimize the impact on, the residential neighborhoods located to the south of the project. To that end, the building has been sited on the property as far north as possible, lying along Ridgedale Drive, and designed to face northerly away from those residences and rather toward the mall. As the 12501 Ridgedale project is currently designed, the closest home is at least 430 feet away from the nearest point of the proposed building. The expectation has been that the heavily wooded bluff located at the south end of the project property between the neighbors to the south and the proposed project building to the north would effectively screen the project and serve as an adequate buffer. While foliage is on the trees and understory in those woods, the screening effect of those woods should be excellent. During the neighborhood meeting recently hosted by the developer, concern was raised by the neighbors about the visibility of the project building from their homes through the woods, especially during the times when the foliage is down. Though some screening would still be effected by the woods during those seasons, it appears that at least some of the building would be visible from several of the homes. In response to those concerns, the developer is committed to working with the affected residents to develop supplemental screening. Installation of evergreens at the top of the bluff may be a viable solution, perhaps even providing some additional screening for those neighbors from the views and sights of the mall itself (to the extent not screened by the proposed building itself).

It may be worthy of noting in regard to compatibility too that the restaurant that had been operating on the site, especially when busy, generated quite a bit of noise, lights and traffic (not to mention occasional police activity) – material aspects of which should be substantially reduced or eliminated by virtue of the change in use.

An additional concern voiced by the neighbors was the potential incompatibility of placing a public walking path through those woods as has been suggested by the city (staff) – both from a tree removal standpoint and also, likely more importantly, from a security standpoint. The developer expects to
evaluate these issues further with the city and work with both it and the neighbors in effort to resolve these issues.

As noted, the project has been designed to respect and preserve the beautiful natural features of the property - the wooded bluff, natural wetlands and the pond. But for the possible path, it is expected that these natural areas will be preserved as they are. The proposal also allows the easternmost portion of the existing parking lot to return to a natural green space. This allows future natural growth to integrate into the wetland and forested spaces of the site, improving the quality of the neighborhood and the environment. In addition to natural growth, water infiltration will increase in this location as it was previously an impervious surface. Through studies and design work from the civil engineer and landscape architect, the project strives to accomplish a sufficient and environmentally friendly site design in respect to its current surroundings, meeting the expectations for a high-quality development for the Ridgedale Village Center.

It is also expected that the building itself will integrate nicely with the new Ridgedale Parkway and Ridgedale Mall to the north of the building, with its high quality exterior finish (including natural cut stone) being compatible with the most recent improvements to the exterior materials at the mall. Its appearance viewed from the north is also expected to be buffered by the trees and vegetation along the Ridgedale Parkway. Our multi-family residential project will create a transition from the high intensity commercial retail mall and the residential neighborhoods to the south.

Finally, the 12501 Ridgedale project, offering a front row seat to the vibrant transformation of the Ridgedale Village Center, should serve as a beacon to empty nesters and young professionals throughout the metro area. The project offers a housing alternative that appears especially important and necessary to retain affluent baby boomers who are now empty nesting and want to downsize in Minnetonka. Though wanting the convenience of apartments, they do not want to downsize into lesser quality. Successful young professionals share similar values. Housing necessary to satisfy this niche is not currently available in Minnetonka. Without the leasing opportunity presented by the project, there will certainly be Minnetonka empty nesters that move to other communities that do offer such high quality apartment homes. Moreover, this project should attract similarly situated persons from other communities, including young professionals, whether baby boomers, Gen X or Gen Y. As mentioned in the 2035 vision statement, this is the demographic that want to urbanize and engage in a high quality experience within their community. Accordingly, the future residents of the 12501 Ridgedale project will be exactly those persons that will energize the Ridgedale Village envisioned by the city. They will be out and about, supporting and vitalizing Ridgedale Village Center - shopping, enjoying the broad array of other retail destinations and partaking of its fine dining opportunities - all within a short walk of the 12501 Ridgedale project. Accordingly, the 12501 Ridgedale project, if approved, and the residents it will bring, should provide an armature for the future investment and improvements necessary to successfully realize the vision that is the Ridgedale Village Center. Perhaps suffice to say, we expect the 12501 Ridgedale project would serve well the City’s goals for the transformation of Ridgedale and, as importantly, strengthen the entire image of Minnetonka.

F. ADDITIONAL PROJECT DETAILS*

1. A. Unit Count, Floor Areas (approx.)

<table>
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<tr>
<th>SF</th>
<th>Description</th>
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<tr>
<td>105,820 sf</td>
<td>111 Apartment Units</td>
</tr>
<tr>
<td>77,647 sf</td>
<td>Common and Amenity Areas</td>
</tr>
<tr>
<td>69,937 sf</td>
<td>Garage, 192 Indoor Parking Stalls</td>
</tr>
<tr>
<td>253,404 sf total</td>
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</tr>
</tbody>
</table>

B. Parking Count

- 192 garage stalls
- 58 surface stalls
- 250 total parking stalls
C. Unit Breakdown Per Floor

<table>
<thead>
<tr>
<th>FLOOR</th>
<th>GUEST UNIT</th>
<th>ONE BED</th>
<th>TWO BED</th>
<th>THREE BED</th>
<th>TOTAL</th>
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<tr>
<td>FLOOR TWO</td>
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<td>10</td>
<td>7</td>
<td>0</td>
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<td>0</td>
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<td>0</td>
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<td>1</td>
<td>21</td>
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<tr>
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<td>64</td>
<td>45</td>
<td>1</td>
<td>111</td>
</tr>
</tbody>
</table>

2. Other Detail

- GROSS SITE AREA
  - 4.43 Acres; 193,047 sf
- GROSS BUILDING AREA
  - 14,361 sf Office Building
  - 253,404 sf Apartment Building
- NET FAR
  - 1.06
- APARTMENT UNITS
  - 111 Units
- RESIDENTIAL DENSITY
  - 25.05 Units/Acres

*These details are current as of November 20, 2017 – the numbers may be modified as the project design matures.*
SCHEDULE OF PLANS & DRAWINGS

(12501 Ridgedale Drive)

1. Context Plan
2. Architectural Site plan
3. Floor Plans
4. 3D Views
5. Elevations
6. Site Sections
7. Site Views
8. Site Survey
9. Civil Site Plan
Loren,

Thank you for the map. It would be extremely helpful to have a conservation easement map of the entire wooded area along the southern strip of the Rotenberg property and to the west which includes the land adjacent to and around the retention pond that is apparently owned by General Growth Properties.

An emailed version of this would suffice. Thank you

Heather Stesin

HEATHER STESIN
DIRECT 612-619-9301

MARK P STESIN MD PA
763-582-1800  OFFICE
WWW.STESINENDO.COM

In a message dated 11/27/2017 11:25:25 AM Central Standard Time, lgordon@eminnetonka.com writes:

Heather,

The good news is a portion of the property is already in conservation easement. The image below shows the Rotenberg property outlined in light blue. Along the southern portion of the property is an area, shaded in brown, that represents the extents of a conservation easement. This easement would essentially keep the area natural to serve the purposes you noted and prevent development.

It is not realistic to request the remainder of the property, which is developed, and without an intrinsic natural resource base, be placed into similar protection.

Let me know if you have any questions.
Subject: Conservation Easement Request

Dear Ms Wischnack, Mr Gordon & Ms Colleran,

Please consider this a formal request to place the entire proposed property development by Rotenberg Companies; Ridgedale Executive Apartments at 12501 Ridgedale Drive into Conservation Easement.

We are requesting this to be done immediately for the purpose of protecting water quality,

conserving the wildlife habitat, preserving and protecting the open space and maintaining the beauty and character of the natural surroundings. In addition, the scenic beauty gives us "breathing room" in what otherwise would be an invasion of our privacy.

Sincerely,

Heather Stesin
2000 Norway Pine Circle
Minnetonka, MN  55305

HEATHER STESIN

DIRECT  612-619-9301

MARK P STESIN MD PA
763-582-1800  OFFICE
WWW.STESINENDO.COM
Richard,

I just read about your proposed luxury apartment project in Minnetonka.

I am writing to confirm something I’m sure you already know - that the luxury rental product you are looking to create is in extremely high demand. I get an average of 2-3 phone calls a week from people looking for luxury rentals from $3,000 to $10,000+ a month in the West Metro area.

I have been involved in luxury condominium sales for the past 5 years - during that time, I sold all 58 units at the Regatta project and 20 more units at the Landing - both in Wayzata. All in all it was over $90 million in sales of just condos. I have done another $10-15 Million in other condo sales in the West Metro. Through my experience, I’ve learned a lot about my buyers and also have learned a lot from the many others that inquired about rentals.

Basically, there is a large group of people in the Lake Minnetonka area that own 2-3 homes and are looking to downsize - some decide to purchase a condo - while many others are looking to rent. In trying to find solutions for both my buyers and my renters, it’s become obvious to me that there simply aren’t enough luxury rentals in the West Metro market to meet this demand. These clients do not want to go downtown. They want to stay in the area they know. These clients want easy walkability and a sense of community. From what I can tell this building will give them all of that and more!

I am very excited about the options your project could create within the market and if you can make it happen, I believe it will be a great success. Please let me know if there is anything I can do to help.

Sincerely,

Beth Ulrich | REALTOR®
Lakes Sotheby’s International Realty
o 952.230.3162 | m 612.964.7184
beth.ulrich@lakesmn.com
Hi Heather,

I want to put you at ease about your question of “who is in charge.” The city has very high expectations of development. The city also has the regulatory authority over development with zoning and building controls. So to the question of “who is calling the shots,” it is the city. Yes, developers can be excited about their projects and yes, the media does watch our website and interview developers before project are approved and built. That in no way means the city has bought into the project or that it is go. That may not always come across so clearly in the newspapers but I can assure you that the city’s review process is engaged, ethical and transparent.

As far as process, the city highly encourages developers with large projects to first pursue the concept plan review process prior to initiating the formal review process. The concept plan review is simply a discussion with the developer about the generalities of the project. It provides a means to inform, facilitate discussion and identify issues that could inform future reviews. Unlike the next stage, formal review, the concept plan review does not grant land use or zoning “entitlements.” The staff report for Thursday’s meeting is now published on line. In it is more detail about the review process. The report can be found in the staff report section of Upcoming Meetings on the web page link– https://eminnetonka.com/current-projects/planning-projects/1873-ridgedale-executive-apartments-12501-ridgedale-drive . I would encourage you to remain engaged by following the project on our website if you haven’t already. You can also sign up for email/text notifications when the project page information is updated.

As a neighbor, the development review process is important to understand where to engage and how to effectively communicate your concerns. Since development doesn’t happen in people’s neighborhoods regularly, it can be hard to know what to anticipate and expect. We are always open to meeting with neighbors to better help you understand how it works. We would be happy to meet with you/others if you wish. Let me know if you would like to meet before Thursday’s meeting or some other time. I did attend the neighborhood meeting and understand some of the concerns stated.

In regards to Thursday’s meeting, it will begin at 6:30 in the council chambers. However, given the number and length of items on the agenda, I would anticipate this item would not be up for discussion until at least 7:30.

Hope this helps with your questions and concerns. Let me know if you would like to discuss or meet.

Regards,

-Loren
From: Heather Stesin
Sent: Wednesday, November 22, 2017 9:42 AM
To: Loren Gordon <lgordon@eminnetonka.com>
Cc: Susan Thomas <sthomas@eminnetonka.com>; Terry Schneider <tschneider@eminnetonka.com>; Geralyn Barone <gbarone@eminnetonka.com>
Subject: What is the definition of CONCEPTUAL PLAN?

Loren,
Are the single family dwelling residents of the Ridgedale area being deceived that the meeting on Nov 30th is for conceptual plans for the Rotenberg Apartment Project? The developer is obviously hyping the project and is under the impression that it is a go. It appears as though he is calling the shots and has determined that there is no push back. I would hate to think that developers have that much influence over our city representatives. This does not feel right!

This was published 11/21/2017 (9 days before conceptual meeting)

I and our neighbors request an explanation.

HEATHER STESIN

DIRECT 612-619-9301

MARK P STESIN MD PA
763-582-1800 OFFICE
WWW.STESINENDO.COM
Ridgedale Executive Apartment mailings send to list areas 1, 2, 4 and 5.
City Council Agenda Item #14C(1)  
Meeting of December 4, 2017

Brief Description  
Concept plan review for Dominium at 11001 Bren Road East.

Action Requested  
Discuss concept plan with the applicant. No formal action required.

Background

Dominium is proposing to redevelop the existing commercial properties at 11001 Bren Road East. The concept plan contemplates redevelopment of the existing office building to construct a 6-story, 256-unit independent senior building and 198 units of affordable, work-force rental housing within two 4-story buildings on the 9.4 acre site. The proposed 454 units would provide a housing density of 48 units per acre. (The original concept plan indicated 475 units.) (See attached plans)

The existing site includes an office building and associated surface parking lot. Green space exists adjacent to the buildings and at the periphery of the parking lots. The site has steep grade changes along the west and northwestern edges of the property then sloping gradually from west to east. A wetland exists within the wooded area along the northern portion of the property. Site access is from Bren Road East located at the southeastern portion of the property. An existing trail extends along the southern portion of the site connecting to the broader Opus trail system.

Surrounding land uses are primarily office or business warehouse oriented. The site is zoned I-1 Industrial District and guided mixed use in the 2030 comprehensive plan.

Adjacent to the site is the future Green Line light rail transit extension and Opus Station. The station platform is immediately across Bren Road East from the proposed housing. The existing trail connection would be maintained and possibly in an improved condition. Construction on the rail line is anticipated to begin in 2018 with operations commencing in 2021. The Opus Station area plan identifies the site and other adjacent properties in close proximity to the station as candidates for redevelopment as new housing and employment. In planning for the Green Line extension, a housing analysis was performed for each of the 15 stations to project market demand for housing within ½ mile of the stations within the next 15 years. The analysis projected the market would likely demand over 11,000 housing units for the entire line from Eden Prairie to Minneapolis, of which, 600 housing units were projected for the Opus Station area. (See SWLRT Housing Gaps Analysis) Currently, there are 1,032 units under construction or proposed in the Opus Station area. (See attached map)
Key Issues

City staff has identified the following considerations for any development of the subject properties:

- **Change of land use**: The Opus business park was originally designed as a large mixed use development providing the opportunity for people to live, work and play. Despite the land use change from an employment use to housing, it is consistent with the vision for Opus. The housing gaps analysis also shows the need for additional housing in close proximity to the Opus Station.

- **Housing Type**: The plan identifies units that would be accessible to those earning 60 percent of the area’s median income. The city is losing affordable housing as identified in the city’s most recent housing study (See Attached). During the period from 2010 to 2015, the number of housing units affordable to households earning less than 80 percent of the area median income decreased by more than 2,200 housing units.

- **Site Plan**: The proposed site plan shows three buildings, two 4 stories in height and one 6 stories in height. All would have underground garage parking with additional shared surface parking. Access to the site is located in the existing location and at a new access point on the north property line just west of the connection to Bren Road West.

The site plan shows a number of amenity areas located throughout the site. Additional internal trails and walkways connect to the Opus trail system. Comments about the size, location and level of amenity of these areas are appropriate discussion items.

- **Building Character**: Input on building massing and desired character is important. This project could be the first redevelopment project near the Opus Station and will establish a design character for other projects to follow.

Review Process

Staff has outlined the following review process for the proposal. At this time, a formal application has not been submitted.

- **Neighborhood Meeting**: The developer held a neighborhood meeting on October 16, 2017. Approximately 30 people attended the meeting raising concerns about building height and scale, grading and retaining walls, effect on property values, traffic, occupancy, affordable housing and crime.
Planning Commission Concept Plan Review. The planning commission reviewed the concept plans at its November 16, 2017 meeting. The commission was generally supportive of the change in land use, affordable housing and overall look of the project. Specific comments included:

- Thoughts on amenities – hair salon?
- Building design – what prompted design changes? Underground parking area?
- Building materials are attractive; like the rhythmic design and massing.
- Public art is attractive.
- Tree and natural feature preservation is desirable.
- Like the village neighborhood feel with communal feel.
- Does the project depend on LRT?
- Trail connection to the south will encourage people to find other routes to the commercial area without additional connections.
- Does the parking hit the ratios you desire?
- Density...could you reduce it?
- What are similar projects?
- What to do with the senior housing building in 20 years? Is it flexible?
- Are there barriers to attracting people without some amenities like grocery?
- Trail resource is valuable to the development
- Pedestrian safety around the LRT; connectivity – trails to nowhere
- What to make this a distinctive Minnetonka?

City Council Concept Plan Review. The city council concept plan review is intended as a follow-up to the planning commission meeting and would follow the same format as the planning commission concept plan review. No staff recommendations are provided, the public is invited to offer comments, and council members are afforded the opportunity to ask questions and provide feedback without any formal motions or votes.

Staff Recommendation

Staff recommends the city council provide comment and feedback on the identified key issues and others deemed appropriate. The discussion is intended to assist the applicant with future direction that may lead to the preparation of more detailed development plans.

Through: Geralyn Barone, City Manager
        Julie Wischnack, AICP, Community Development Director
Originator: Loren Gordon, AICP, City Planner
ADDITIONAL INFORMATION

Next Steps

- **Formal Application.** If the developer chooses to file a formal application, notification of the application would be mailed to area property owners. Property owners are encouraged to view plans and provide feedback via the city’s website. Through recent website updates: (1) staff can provide residents with ongoing project updates, (2) residents can “follow” projects they are particularly interested in by signing up for automatic notification of project updates; (3) residents may provide project feedback on project; and (4) and staff can review resident comments.

- **Neighborhood Meeting.** Prior to the planning commission meeting and official public hearing, an additional public meeting would be held with neighbors to discuss specific engineering, architectural and other details of the project, and to solicit feedback. This extends the timing that has historically been provided in advance of the planning commission review to allow more public consideration of the project specifics.

- **Council Introduction.** The proposal would be introduced at a city council meeting. At that time, the council would be provided another opportunity to review the issues identified during the initial concept plan review meeting, and to provide direction about any refinements or additional issues they wish to be researched, and for which staff recommendations should be prepared.

- **Planning Commission Review.** The planning commission would hold an official public hearing for the development review and would subsequently recommend action to the city council.

- **City Council Action.** Based on input from the planning commission, professional staff and general public, the city council would take final action.

Roles and Responsibilities

- **Applicants.** Applicants are responsible for providing clear, complete and timely information throughout the review process. They are expected to be accessible to both the city and to the public, and to respect the integrity of the public process.

- **Public.** Neighbors and the general public will be encouraged and enabled to participate in the review process to the extent they are interested. However, effective public participation involves shared responsibilities. While the city has an obligation to provide information and feedback opportunities, interested residents are expected to accept the responsibility to educate themselves about the project.
and review process, to provide constructive, timely and germane feedback, and to stay informed and involved throughout the entire process.

- **Planning Commission.** The planning commission hosts the primary forum for public input and provides clear and definitive recommendations to the city council. To serve in that role, the commission identifies and attempts to resolve development issues and concerns prior to the council's consideration by carefully balancing the interests of applicants, neighbors, and the general public.

- **City Council.** As the ultimate decision maker, the city council must be in a position to equitably and consistently weigh all input from their staff, the general public, planning commissioners, applicants and other advisors. Accordingly, council members traditionally keep an open mind until all the facts are received. The council ensures that residents have an opportunity to effectively participate in the process.

- **City Staff.** City staff is neither an advocate for the public nor the applicant. Rather, staff provides professional advice and recommendations to all interested parties, including the city council, planning commission, applicant and residents. Staff advocates for its professional position, not a project. Staff recommendations consider neighborhood concerns, but necessarily reflect professional standards, legal requirements and broader community interests.
Location Map

Dominium
Address: 11001 Bren Rd E

City of
minnetonka

This map is for illustrative purposes only.
Revised Plans
EXISTING SITE INFLUENCES
BREN ROAD DEVELOPMENT, MINNETONKA
Previously Submitted Plan
ABOUT THIS CHAPTER:
The Transitional Station Area Action Plans are the product of a Hennepin County led effort to help communities along the Southwest LRT corridor prepare for SW LRT’s opening day in 2018 and beyond.

An Individualized plan has been created for each of the 17 stations in the Southwest corridor, each plan comprising a chapter in the larger Southwest Corridor Investment Framework. The station area action plans suggest ways to build on local assets, enhance mobility, identify infrastructure needs, and capitalize on promising opportunities for development and redevelopment near each station.

Plan Components:

INTRODUCTION 13-2
A brief overview of the station location and its surroundings

WHERE ARE WE TODAY? 13-4
A description of existing conditions in the station area, including:
» Land Use
» Transit Connections
» Access + Circulation Issues (Bike, Ped, and Auto)
» Infrastructure Needs

WHERE ARE WE GOING? 13-8
This section presents a number of recommendations for the station area in anticipation of opening day needs and the long-term TOD environment. This includes:
» Access + Circulation Plan
» Station Area Site Plan
» Infrastructure Plan
» Development Potential
» Summary of Key Initiatives

OPUS STATION WITHIN THE CORRIDOR:
A prestigious employment area connected to the station via an extensive network of trails and centered upon a walkable mixed-use core.

EMPLOYMENT The Opus station is a major employment center located near Highway 169, Highway 62, and Shady Oak Road (see Place Types discussion beginning on p. 119). It is the largest employment center in Minnetonka and home to many high-profile businesses including United Health Group, Comcast, and American Family Insurance. The station will be an important stop for the thousands of employees that commute to the Opus Business Park from surrounding areas.

TRAIL CONNECTIONS The area is characterized by a 6-mile trail network which gives the area a park-like feel, and a distinctive looped roadway network that links employment buildings with hotels, retail establishments, and local residential neighborhoods in the surrounding area. The trail system can be accessed off Smetana Road and Shady Oak Road at Red Circle Drive. Along with providing area employees with a space for passive recreation and exercise, the trails provide important connections to areas throughout the business park and beyond, however, it rarely connects to the front doors of the businesses.

NEIGHBORHOODS Residential areas are located within the business park in the north and east areas, including a mix of apartments, condominiums, and townhomes. Additional residential density will occur in the area over time and will generate transit ridership. While these areas are not transit-supportive in nature, they are all linked to the station via the extensive trail network.
Station Location

The Opus station is located in the center of the Opus Business Park, a major employment center with a mix of light industrial, office, housing, hotel accommodations, retail, and restaurants in the station area. The area is characterized by its campus-like setting, circuitous one-way road network, and off-street trail system. The Opus station is anticipated to serve local businesses and residents in the area. This station has strong potential to be a transit stop for reverse commuters.

NOTE: 10-minute walkshed approximates the area accessible within a 10-minute walk from the station platform using only the existing sidewalk/trail network. See Glossary for walkshed assumptions and methodology.

**OPUS STATION AREA TODAY:**

- West entrance on Shady Oak Road
- Existing office
- Local wetland
- Existing trail underpass
Where Are We Today?

The following section describes the station area’s EXISTING CONDITIONS, including the local context, land uses, transit and transportation systems, pedestrian and bicycle facilities, assets, destinations, and barriers to accessing the station. This analysis of current conditions presents key issues and opportunities in the station area and informs the recommendations for future station area improvements.

NOTE: Existing conditions maps are based on data provided by Hennepin County and local municipalities. The data used to create each map is collected to varying degrees of accuracy and represents infrastructure and conditions at varying points in time. Actual conditions may vary slightly from what is shown.

Land Use

The Opus station area is an important employment center with a mix of industrial, light industrial, and office uses. These are the predominant uses in the area, however, there are other uses that will potentially benefit from LRT transit, including nearby residential, hotel, and retail/commercial uses located near Shady Oak Road and Highways 62 and 169. There is also a fair amount of park and open space located to the north of the Opus station.
Roadway Network

The roadway network near the Opus station is a circuitous, one-way road network. It presents challenges to uninitiated motorists, pedestrians, and bicyclists. Roadways are limited and block sizes are large. Major roadways in the area include Shady Oak Road, located about a half-mile to the west of the station, Highway 62, located about a half-mile to the south of the station, and Highway 169, located about a half-mile to the east of the station.

Transit

Existing bus service near the Opus station includes bus route #12, which runs along Bren Road West, with bus stops on Bren Road West and Bren Road East near the proposed station platform. In addition to public bus transit, some local businesses offer a circulator bus shuttle service.
Sidewalk, Trails and Bikeways

The sidewalk system in the Opus station area is extremely limited. The off-street multi-use trail system that runs throughout the Opus campus offers connections to most areas and businesses. While trail access is generally good, many businesses lack trail connections to building entries. The existing trail network in the area offers grade separation from roadways, reducing conflicts between trail users and motorists.

Existing Sanitary Sewer

Sanitary sewer infrastructure consists of a collection of gravity flow sewer mains, lift stations, and pressurized forcemains that transport sewage to a wastewater treatment plant (WWTP). An efficient collection system has the capacity to accommodate all of the existing land uses within its particular sewershed. Beyond capacity, the material and age of pipes within a system can also impact a system’s effectiveness.

Sanitary sewer infrastructure within the project area is typically maintained by either the City of Minnetonka or by the Metropolitan Council Environmental Services (MCES) Division. MCES maintains a series of interceptor trunk sewers which collect sewage at key locations and convey sewage across community boundaries to regional WWTPs. Wastewater from the station area is treated by the MCES Blue Lake WWTP located in Shakopee.
Existing Water Main

Water main distribution systems serve to supply potable water to individual properties and to support fire suppression throughout the community. A well-designed system can maintain adequate pressure to support demand of individual properties and provide high flow rates to fire hydrants/fire suppression systems in emergency situations. Because of the complexity of water distribution networks and the importance of pressure, flow, and water quality, City water system models are used to evaluate a system's adequacy. The material and age of the system's water mains can also be factors in system breaks, leaks, and pressure and flow degradations.

Water pressure and flow rates can be influenced by: the size of water main serving an area, proximity and elevation relative to a water tower, proximity to a trunk water main with high flow capacity, if the main creates a loop, the demand of adjacent land uses, and the condition of the main.

Stormwater

Opus station is located in Nine Mile Creek Watershed District. A significant portion of the drainage is directed north into wetlands and then into Nine Mile Creek. The creek is impaired by chloride and fish biology. In addition, there are numerous wetlands throughout the area, many of which receive piped stormwater. The 100-year floodplain from the creek extends into the north portion of the walk zone.

Discharging within one mile of impaired water may trigger additional National Pollution Discharge Elimination System measures which require additional stormwater management. For impaired waters with a Total Maximum Daily Load, the requirements may increase further. Zoning requirements for areas within the 100-year floodplain may limit development/redevelopment potential. Any development/redevelopment is anticipated to improve existing drainage as a result of enforcing City and Watershed requirements.
Where Are We Going?

The plans and diagrams on the following pages illustrate a range of recommendations for infrastructure improvements, station amenities, and potential redevelopment opportunities within the station area.

The ACCESS AND CIRCULATION PLAN shown in Figure 13-9 provides a high level view of how future transit, automobile, bike, and pedestrian systems will connect to the station area and its surroundings.

Figure 13-10 illustrates the STATION AREA IMPROVEMENTS that will facilitate access to and from the station and catalyze redevelopment in the station area. This includes opening day and long-term station area improvements.

Figure 13-11 focuses on OPENING DAY STATION AREA IMPROVEMENTS only. These recommendations represent the improvements necessary to enhance the efficient function of the transit station, roadways, pedestrian and bicycle connections, and transit connections on opening day in 2018.

Station Area Improvements

The discussion below outlines a range of future station area improvements. While some of the identified improvements may be constructed as part of the LRT project itself, other improvements must be funded, designed and constructed by other entities and will require coordination between the City, County, and Metro Transit as well as local stakeholder and community groups.

ROADWAYS

Opening Day Improvements:

» Rely primarily on the existing street and block network to support pedestrians and cyclists. No new roadways are anticipated for opening day.

» Select roadway changes near the LRT station (noted below as long-term improvements) could be constructed by opening day to provide better traffic flow into and out of the area. Such improvements include the reversal of traffic flow on Red Circle Drive and/or Green Oak Drive. As of December 2013, these improvements are not part of the SW LRT anticipated base project scope and are not slated for opening day implementation (subject to change).

Long-Term Improvements:

» Over time, introduce new roads near the station platform. These new roads should be organized to create smaller blocks for future development and intensification near the transit station as well as enhance connections to the stations. Consider two-way movement near the station on these new roads to calm traffic near the station.

» Other future roadway changes near the LRT station include minor realignment and routing changes to Opus Parkway, Yellow Circle Drive, Blue Circle Drive, Green Oak Drive, Red Circle Drive, Bren Road East and Bren Road West, based upon a recent Opus Area Traffic Study prepared for the City of Minnetonka by WSB & Associates.

PEDESTRIAN CONNECTIONS

Opening Day Improvements:

» Extend the path connections from bus stops, Park and Ride, and Kiss and Ride locations to the proposed LRT station platform.

» Develop a new grade-separated crossing of Bren Road East leading to and from the north end of the station platform.

» Locate wayfinding signage at the station and key decision making points along the path network away from the station to direct people to area businesses, homes, and other destinations.

» Initiate path improvements throughout the network (as shown in Figure 13-9) including pedestrian-oriented lighting and underpass improvements.

Multi-use path connections
TRANSIT CONNECTIONS
Opening Day Improvements:
» Provide new bus facilities near the station platform for connecting bus routes.
» Develop a place for an employer-operated shuttle pick-up and drop-off.

BIKE CONNECTIONS
Opening Day Improvements:
» Provide bike parking to the east of the northern entrance to the platform where it is easily accessible to trail users and is highly visible.
» Explore the potential for bike share facilities at the station and key destinations away from the station to support riding to work from the station.

KISS AND RIDE
Opening Day Improvements:
» Develop a Kiss and Ride / Shuttle loop near the station platform.

PARK AND RIDE
Opening Day Improvements:
» Develop a small temporary Park and Ride facility to the northeast of the station with the intent of redeveloping the site over time.

STATION AMENITIES (Beyond SW LRT Base Project Scope)
Opening Day Improvements:
» Wayfinding – include signage and wayfinding near the station area platform, the Park and Ride/Kiss and Ride facility, and along trails near the station.
» Seating – provide comfortable and durable seating near the station platform and at the Park and Ride facility.

» Lighting – provide adequate lighting for the safety of pedestrians, bicyclists, and motorists near the station platform, at the Park and Ride facility, and near the Kiss and Ride/shuttle drop-off.
» Plaza – provide a public plaza area near the station platform to provide transit users with a paved queue area to wait for LRT trains, gather, and move about the station area.
» Bike Facilities – provide bicycle parking, lockers, and bike share facilities in a highly visible area near the station platform.
» Public Art – provide public art in the station area.

 POTENTIAL DEVELOPMENT
Long-Term Improvements:
» See the “Development Potential” discussion on page 13-16 for more on long-term development opportunities.

 UTILITIES
» See the “Station Area Utility Plan” beginning on page 13-18 for all utility recommendations.
FUTURE WALKSHE (WTH T S A P IMPROVEMENTS)

NOTE: Existing walkshed approximates the area accessible within a 10-minute walk from the station platform using only the existing sidewalk/trail network. Future walkshed incorporates all proposed improvements to the sidewalk/trail network. Walksheds are based on GIS modeling and available sidewalk/trail information and may not reflect exact on-the-ground conditions. See Glossary for detailed explanation of walkshed assumptions and methodology.
Opening Day Improvements

The following tables and diagrams outline the proposed improvements to be implemented in advance of SW LRT’s opening day in 2018. Table 13-1 and Figure 13-12 show opening day improvements that are part of the SW LRT anticipated base project scope; these improvements will be part of the overall project cost for construction of the LRT line. Table 13-2 and Figure 13-13 include opening day improvements that are recommended as part of the Southwest Corridor Investment Framework and are beyond SW LRT’s anticipated base project scope.

**TABLE 13-1. SOUTHWEST LRT ANTICIPATED BASE PROJECT SCOPE - OPENING DAY STATION AREA IMPROVEMENTS**

<table>
<thead>
<tr>
<th>PLAN KEY</th>
<th>IMPROVEMENT</th>
<th>PROJECT LOCATION</th>
<th>PROJECT NOTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>LRT Platform</td>
<td>Along the east side of Bren Rd. E.</td>
<td>Includes related LRT infrastructure</td>
</tr>
<tr>
<td>B</td>
<td>Park and Ride</td>
<td>Northeast of station platform</td>
<td>Approx. 90 stall surface lot, leased (includes private shuttle stop/turnaround)</td>
</tr>
<tr>
<td>C</td>
<td>Kiss and Ride</td>
<td>Northeast of station platform</td>
<td>Dropoff area and turnaround within Park and Ride lot</td>
</tr>
<tr>
<td>D</td>
<td>Bus Facilities</td>
<td>Bren Rd. W, north of park and ride</td>
<td>New bus bay on Bren Rd W. for 2 bus routes</td>
</tr>
<tr>
<td>E</td>
<td>Roadways</td>
<td>Intersection of Bren Rd. E and Bren Rd. W.</td>
<td>Realigned left turn lane from Bren Rd. W. to Bren Rd. E.</td>
</tr>
<tr>
<td>F</td>
<td>Sidewalk/Trail</td>
<td>Bren Rd. E., west of LRT station platform</td>
<td>Grade separated trail crossing</td>
</tr>
<tr>
<td>G</td>
<td>Sidewalk/Trail</td>
<td>Bren Rd. W., north of park and ride</td>
<td>ADA access ramp to existing grade separated trail crossing of Bren Rd. W.</td>
</tr>
<tr>
<td>H</td>
<td>Bike Facilities</td>
<td>Near station platform</td>
<td>Allowance for bike storage</td>
</tr>
<tr>
<td>I</td>
<td>Wayfinding</td>
<td>Near station platform</td>
<td>Allowance</td>
</tr>
<tr>
<td>J</td>
<td>Landscaping</td>
<td>Near station platform</td>
<td>Allowance</td>
</tr>
<tr>
<td>K</td>
<td>Water*</td>
<td>Varies</td>
<td>New water service and fire hydrant at station</td>
</tr>
<tr>
<td>L</td>
<td>Utilities*</td>
<td>Varies</td>
<td>Adjustment of existing utilities within project area</td>
</tr>
<tr>
<td>M</td>
<td>Stormwater management*</td>
<td>Varies</td>
<td>Allowance</td>
</tr>
</tbody>
</table>

*Note: Anticipated Southwest LRT Base Project Scope as of December 2013 (subject to change)

* Improvement not symbolized on opening day figures (exact location to be determined as part of the base project scope)

**TABLE 13-2. SOUTHWEST CORRIDOR INVESTMENT FRAMEWORK (TSAAP) - OPENING DAY STATION AREA IMPROVEMENTS**

<table>
<thead>
<tr>
<th>PLAN KEY</th>
<th>IMPROVEMENT</th>
<th>PROJECT LOCATION</th>
<th>PROJECT NOTES</th>
<th>PRIORITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Park and Ride</td>
<td>Northeast of station platform</td>
<td>Enhanced planting areas/trees</td>
<td>Secondary</td>
</tr>
<tr>
<td>2</td>
<td>Roadways</td>
<td>Red Circle Drive Reversal</td>
<td>New connections associated with reversing the traffic flow.</td>
<td>Primary</td>
</tr>
<tr>
<td>3</td>
<td>Sidewalk/Trail</td>
<td>Varies</td>
<td>Multi-use trails to complete gaps in trail system w/in 10 min walkshed</td>
<td>Secondary</td>
</tr>
<tr>
<td>4</td>
<td>Intersection Enhancement</td>
<td>Bren Rd. E and Yellow Circle Dr., southeast of station platform</td>
<td>Grade separated crossings</td>
<td>Secondary</td>
</tr>
<tr>
<td>5</td>
<td>Bike Facilities</td>
<td>Near station platform</td>
<td>Bike parking, lockers, pump station and bike share facilities (beyond SPO improvements)</td>
<td>Primary</td>
</tr>
<tr>
<td>6</td>
<td>Wayfinding</td>
<td>Near station platform and park and ride</td>
<td>Signage and wayfinding (beyond SPO improvements)</td>
<td>Primary</td>
</tr>
<tr>
<td>7</td>
<td>Stormwater management</td>
<td>Near station platform and park and ride</td>
<td>Green infrastructure (beyond SPO improvements)</td>
<td>Primary</td>
</tr>
<tr>
<td>8</td>
<td>Public Art</td>
<td>Near station platform and park and ride</td>
<td>Public art (beyond SPO improvements)</td>
<td>Secondary</td>
</tr>
<tr>
<td>9</td>
<td>Public Plaza</td>
<td>Near station platform</td>
<td>Public plaza with paving, seating, plantings, lighting, and signage (beyond SPO improvements)</td>
<td>Secondary</td>
</tr>
<tr>
<td>10</td>
<td>Sanitary Sewer</td>
<td>Near station platform</td>
<td>Upsize existing 8-inch sanitary sewer to 10-inch minimum in conjunction with LRT rail construction</td>
<td>Primary</td>
</tr>
</tbody>
</table>
Development Potential

OVERVIEW
Key factors at the Opus station that present opportunities for future redevelopment include the presence of older, low-rise, light industrial buildings near the proposed station platform that may be ripe for redevelopment into more intense, mixed-use.

The land uses in the Opus station area include a mix of office, light industrial, commercial/retail, residential, hotel, and park/open space uses. Several underutilized industrial sites present opportunities for future redevelopment in the area. The property directly east of and adjacent to the proposed station platform presents an opportunity for higher density and mixed land uses.

Key challenges that should be addressed to facilitate development potential include land uses, additional roadways and existing roadway improvements, smaller block sizes near the station, trail connectivity in the station area, and wayfinding.

LAND USES
Development potential for the Opus station area could include a mix of office, light industrial, residential, hotel, and retail uses.

PLANNING STRATEGIES
Strategies that should be considered to facilitate future development in the station area include the introduction of a finer grain of streets and block sizes to enhance station mobility and set up a framework for higher density development near the station. Streetscape and trail improvements connecting the station area with potential development sites, local destinations, neighborhoods, and bus transit facilities will enhance development potential in the area.

FIGURE 13-14. POTENTIAL DEVELOPMENT SITES

FUTURE LAND USE:
- RETAIL & OTHER COMMERCIAL
- OFFICE
Key Considerations for Change and Development Over Time

Development within the station area should focus on increasing density and mix of uses and creating a walkable street and block network within the Bren Road loop that can connect pedestrians via paths to more remote offices throughout station area. Key considerations should include:

**BUILT FORM AND LAND USE**

» Introduce higher density office, hotel, and commercial development with active street level uses facing the station and key pedestrian routes leading to and from the station.

» Design new buildings in the Bren Road loop to enhance pedestrian access by orienting them towards the street and locating them as close to the street line as possible.

» In employment buildings with manufacturing uses, locate the office components adjacent to pedestrian paths, streets and/or open spaces where they can contribute to street life and promote more “eyes on the street”

» Should the Merchandise Mart site be redeveloped, ensure new development establishes a new east-west pedestrian connection linking the southern end of the station platform with areas to the east.

» Design and size the Park and Ride facility so that it has the potential to be redeveloped with higher density uses over time.

» Design parking structures to reflect the characteristics of more active building types by screening diagonal ramps, screening parked cars from view, and when next to a street incorporating active uses at street level.

**PUBLIC REALM**

» Restrict outdoor storage within the station area so that it does not detract from the image of the area or discourage new higher density employment uses.

» Initiate pathway improvements including pedestrian-oriented lighting, underpass enhancements, and wayfinding at key decision-making points along all paths leading to and from the station.

**MOBILITY**

» Develop a new walkable street and block pattern on the lands within the Bren Road loop including a new two-way street system connecting Bren Road East with Bren Road West to create an address for new development.

» Extend the existing multi-use path network into the Bren Road Circle from all sides and connect the path extensions to the LRT platform.

» Minimize the impact of parking and circulation on pedestrians by locating parking in structures or to the rear or side of new buildings, and consolidating access and service drives.

» Parking access, loading, and servicing elements should be shielded and located to the rear of the building.

» Limit vehicular access points along Bren Road.
Station Area Utility Plan

OVERVIEW
The station area utility plan and strategies recommended below were developed by considering future transit-oriented development within the station area, as depicted by the Station Area Improvements Plan (Figure 13-10). Minnetonka will need to apply these localized recommendations to the city wide system to ensure that the potential development/redevelopment will not be limited by larger system constraints. Existing models or other methods can be used to check for system constraints in the station areas.

Minnetonka should also consider reviewing the condition of their existing utilities in the station development area. The station construction would provide Minnetonka an opportunity to address any utilities needing repairs. Once the larger system has been reviewed for system constraints, Minnetonka will be able to accurately plan for necessary utility improvements in their Capital Improvement Program (CIP). All utilities located beneath the proposed LRT rail or station platform should be encased prior to the construction of these facilities. The cost associated with encasing these facilities is assumed to be a project cost and is not included in potential improvements identified for the City of Minnetonka CIP.

APPROACH
Utility improvement strategies are outlined in this report for the ultimate station area development (2030), as well as improvements which should be considered prior to opening day anticipated in 2018. Although recommendations are categorized in one of these two timeframes, Minnetonka should weigh the benefits of completing more or less of these improvements as land becomes available for future development. Minnetonka should take the utility analysis a level further and model future utilities in their city utility system models.

The proposed development and redevelopment areas were evaluated based on Metropolitan Commission Sewer Availability Charge (SAC) usage rates and estimated flows. Estimated flows for one possible development scenario in this area indicate that internal to the station area, no more than eight inch pipe are necessary to serve the mix of proposed and existing development. Each utility system should still be reviewed to identify capacity and demand constraints to the larger system associated with increase in flows from the proposed developments and existing developments in the area. Minnetonka should anticipate the construction of new municipal utilities in conjunction with new or realigned roadways.

GENERAL RECOMMENDATIONS - SANITARY SEWER
Sanitary sewer recommendations for station area improvements include opportunities for Minnetonka to improve the existing sanitary sewer network, without necessarily replacing existing sanitary sewers. When recommendations for “improving” existing sanitary sewer are noted, Minnetonka should consider the level to which each specific sewer should be improved. Methods of improvement could include: lining the existing sewer, pipe joint repair, sewer manhole repair, relocation, and complete replacement.

The following items should be evaluated prior to opening day of the station, although action may not be required until necessary for development:

» Televising existing sewer mains in the station area and proposed development area to determine the condition of the sewer mains, susceptibility for backups or other issues and evaluate for infiltration and inflow (I&I).

» Locations of known I&I. If previous sewer televising records, city maintenance records, or an I&I study have shown problems, the city should consider taking measures to address the problem.

» The age and material of existing gravity and/or forcemain sanitary sewer in the identified station area. If the lines are older than the material’s typical design life or materials which are susceptible to corrosion relative to soils in the area, the city should consider repairing, lining or replacing the mains.

» Locations of known capacity constraints or areas where city sewer models indicate capacity issues. If there are known limitations, the city should further evaluate the benefit of increasing pipe sizes.

» City sewer system models (existing and future). A review of these models with future development would assist Minnetonka in determining if sewers in the project area should be increased to meet existing or future city system needs.

» Existing sewer pipes should be relocated or encased in areas where they cross or are immediately adjacent to the LRT line/station.
GENERAL RECOMMENDATIONS - WATER MAIN

Water main recommendations for station area improvements also include opportunities for Minnetonka to improve the existing water system network. Creating loops in the network can help prevent stagnant water from accumulating along water main stubs, and creating loops of similar sized water main provides the city a level of redundancy in their water network. Redundancy helps reduce the impacts to the community during system repairs, and also helps stabilize the pressure in the network.

The following items should be evaluated prior to opening day of the station, although action may not be required until necessary for development:

» The age and material of the existing mains in the identified station area. If the mains are older than the materials typical design life or materials which are susceptible to corrosion relative to soils in the area, the city should consider replacing the main.

» Locations of previous water main breaks. If water main breaks repeatedly occur in specific areas, the city should consider replacing or repairing the main.

» Locations with known water pressure issues or areas where city models indicate low pressure. If there are known limitations (for either fire suppression or domestic uses), the city should further evaluate the benefit of increasing main sizes.

» Locations with known or potential water quality issues. If there are mains known to be affecting the water quality (color, taste, odor, etc.) of their system, Minnetonka should consider taking measures to address the problem affecting water quality.

» City water system models (existing and future). A review of these models with future development would assist Minnetonka in determining if mains in the project area should be improved to meet existing or future city system needs based on demand constraints.

» Existing water main pipes should be relocated or encased in areas where they cross or are immediately adjacent to the LRT line/station.

GENERAL RECOMMENDATIONS - STORM SEWER

Local storm sewer improvements are recommended to be completed in conjunction with other improvements in the station area. Improvements which will likely require storm sewer modifications include: roadway realignments, roadway extensions, and pedestrian sidewalk/street scape improvements. Storm sewer improvements may consist of: storm sewer construction, manhole reconstruction, drain tile extensions, storm sewer relocation, and complete replacement. These local storm sewer improvements are included as part of the overall cost of roadway and streetscape improvements recommended in this plan. Where roadway/streetscape improvements are part of the SW LRT anticipated base project scope, associated storm sewer improvements are assumed to be a project cost. Minnetonka should also consider coordinating with the local watershed district and other agencies to review the condition of and capacity of existing trunk storm sewer systems serving more regional surface water needs.

STORMWATER BEST MANAGEMENT PRACTICES

There are numerous stormwater best management practices (BMPs) that can be used to address stormwater quality and quantity. As part of this project, BMP guides were developed for four stations (Royalston, Blake, Shady Oak, and Mitchell) which exemplify the range of development intensity and character in the urbanized environment along the Southwest LRT Corridor. The recommendations and practices identified in each of the four BMP guides are applicable to various stations along the corridor.

Potential stormwater management strategies for this station area may be similar to those shown in the BMP guide for the Shady Oak station (see p. 12-28). Minnetonka should consider implementing applicable best management practices similar to those in the Shady Oak Station BMP guide. Stormwater management recommendations should be constructed in conjunction with public and private improvements and future development/redevelopment in the station area.
Station Area Utility Plan (Continued)

STATION AREA UTILITY RECOMMENDATIONS
Utility recommendations (illustrated in Figure 13-15) are based on a localized analysis of proposed development. It is recommended that the City of Minnetonka take this analysis a step further and review system constraints to the existing and future sanitary sewer and water main systems using existing sewer CAD or water CAD models, or other methods of modeling these systems.

Opening Day Recommendations:
1. Encase existing sanitary sewer crossing the LRT rail construction.
2. Encase existing water main crossing the LRT rail construction.
3. Consider upsizing existing 8-inch sanitary sewer crossing Bren Road E. to 10-inch minimum in conjunction with LRT rail construction (confirm with City model).

Long-Term Recommendations:
1. Construct 8-inch minimum sanitary sewer in conjunction with roadway construction of new streets east of the station.
2. Construct 8-inch minimum water main in conjunction with roadway reconstruction/construction of new streets east of the station.
Draft Housing Market Assessment -
Executive Summary
STUDY IMPETUS

The City of Minnetonka (“City”), in anticipation of updating its’ Comprehensive Plan, requires the expertise of a consultant to provide a comprehensive housing assessment for the community. An important step in developing both short-term and long-range plans for economic development policy and strategic planning is developing an understanding of current and future housing needs in the community. Housing is in fact a critical element in economic development and in promoting community “livability,” attractiveness and competitiveness. Accordingly, the City retained Marquette Advisors to conduct a comprehensive analysis of housing needs in the community. Specifically, the primary objectives of the study are to assist the City and its elected officials in:

- Understanding demographic and economic growth factors which impact the housing supply/demand balance, and the attractiveness and/or affordability of the housing stock in the City of Minnetonka

- Identifying current and future housing needs by product type and price/rent level, based on demographics and market factors, City planning and economic development and housing goals

- Identify housing gaps and other specific housing needs for the County based on existing and projected demand for housing and identify barriers to development of various types of housing and/or housing products by affordability level.

- Assess the relationship between housing needs and economic development in Minnetonka and the surrounding west-metro market.

- Recommend strategies to enhance the availability of well-designed and appropriately priced housing products which are complementary to the goals/objectives of the City and supports its economic development, housing, and livability goals.

This Executive Summary provides a brief outline highlighting the key points from our analysis and conclusions. This section of the report is intended to summarize our findings and key issues, and is not a substitute for the full report, which contains additional information and data points which are critical to a full understanding of the basis for the conclusions drawn, and the context within which they were developed.
SUMMARY OF KEY ISSUES & CONCLUSIONS

Our report is organized into the following chapters: 1) Demographics & Economic Conditions; 2) Housing Characteristics; 3) Apartment Market Conditions; 4) Senior Housing Market Conditions; and 5) For-Sale Housing Market Conditions. The following are key findings and themes from our analysis.

Demographics & Economic Conditions

Key to our analysis of housing needs within the community is a comprehensive review of relevant demographic and economic data points and growth trends. This household composition and projected growth pattern facilitates our projections of future housing needs in Minnetonka by product type and by price/rent level. The following are key points from this analysis.

- **Population, Household & Employment Growth** -- Minnetonka had an estimated 51,752 residents and 22,717 households in 2016. Employment in the community was estimated at 44,788. Minnetonka has accounted for just 1.3% of metro area household growth since 2010. Forecasts by both ESRI Business Information Solutions, a national econometric forecasting firm, and the Twin Cities Met Council project a fairly modest growth pattern for Minnetonka. ESRI projects average annual growth of 177 households/year over the next five years in Minnetonka. The Met Council forecasts suggest the city will add an average of 240 households per year between 2020 and 2030, decreasing to 170 per year between 2030 and 2040. These forecasts equate to 1.5% to 2.0% of expected Twin Cities metro area household growth. **We believe these forecasts are in fact conservative, especially considering the deep and diverse base of employers in Minnetonka and anticipated business/employment growth in the city. Other factors relating to Minnetonka’s growth potential include its overall livability & attractiveness factors, and development opportunities relating to SW-LRT construction.**

- Presently, Minnetonka accounts for 2.6% of metro area employment. The Met Council projects that Minnetonka will account for more than 3.6% of regional employment growth over the next 20 years. We believe an opportunity exists for Minnetonka to capture a larger share of regional household growth in the coming years; however, this will require a ramp-up in construction of new housing products, inclusive of varied for-sale and rental housing options throughout the community. Given current land use, it is clear that this will require higher development densities, and in many cases creative public/private partnerships will be necessary due to rising land and construction costs.

- **An Aging Resident Base -- Senior households prominent in Minnetonka, with higher incomes compared to metro area** -- In Minnetonka, the median household income for households ages 65-74 was estimated at $76,457 in 2016, compared to $58,732 for the metro area. The median for Minnetonka households aged 75+ was $43,668, compared to $36,436 for the metro area. The large number of senior households in Minnetonka, and the comparatively higher incomes of that senior resident base, are variables which
attract senior housing developers. The increase in senior housing construction in and around the city recently relates largely to these data points.

- **Significant number of households ages 55-64** -- Also of note is the large group of older adult households ages 55-64 in Minnetonka, comprising an estimated 5,214 households in 2016, and their affluence, with a median income of $107,639. Many in this group will age into their “empty nest” and/or retirement years over the next 5-10 years. Based on the current trend, many will continue to “age in place,” remaining in their single family homes. Others may consider senior housing alternatives, although senior housing products with age restrictions and meals/care offerings typically attract a somewhat older renter profile (typically 75+). **Our assessment of household age & income data, paired with housing market factors, suggest that there may be an opportunity for developers to attract households who fall into the categories of “aging adult,” “active senior citizen,” and/or “empty nester” to alternative housing products such as condos or new rental apartment products targeting this demographic specifically. Age-restricted senior cooperative developments also fall into this category, and have been well received in Minnetonka.**

- **Jobs / Housing Balance** – Minnetonka has a strong and expanding business community. However, given the very limited production of new housing units in the community over several years, paired with low turnover rates in the existing housing stock with many seniors aging in place, **much of the Minnetonka-based workforce resides elsewhere. This relates in part to housing affordability, certainly, as documented in this report. However, scarcity of housing is perhaps more the issue. While Minnetonka’s housing stock, its rentals specifically, is relatively affordable, the fact is they are at near full capacity, with vacancy rates at 2.0% or lower for much of the apartment stock. Meanwhile, there is limited supply of home purchase opportunities in Minnetonka due to rising values and low turnover rates. In addressing future housing plans, the City should work to improve this jobs / housing balance through infill construction, redevelopment at higher densities, and the provision of life-cycle housing products which are sensitive to the needs of the current and future resident and worker base.**

- **A shift in household tenure** – **While the homeownership rate in Minnetonka, at 70.5%, is slightly higher when compared with metro area, we have seen slight declines in the homeownership rate.** In today’s market, in the Twin Cities and other markets across the US, large numbers of households are choosing to rent, rather than buy, for a variety of reasons, both economic and lifestyle-related.
Tenure Shift – Why rent vs. buy?

Economic Factors

○ Cost comparison, rent vs. buy
  - Avg. rent 2BR apt = $1,180/month in metro area & $1,292 in Minnetonka).
  - Avg. sale price $265,000 in 2016 in Twin Cities = $1,480/month (monthly mortgage + tax)
  - Avg. sale price in Minnetonka $355,000 in 2016 = $2,100/month (mortgage + tax)
  - And what does that does $265,000 buy in today’s market? Or $355,000 in Minnetonka? How does that compare to apartment quality and range of amenities? Possible home rehab/updates needed on top of acquisition price? At what cost? Ove: what period of time?
  - And what about savings & down payment requirements?
    - Down payment requirements higher in many cases.
    - Avg. price $265,000: 5% down payment = $13,250
    - Avg. price $355,000: 5% down payment = $17,750
  ○ High debt levels, impact of college debt
    - MN ranks 4th highest nationally in college debt.
    - 70% have “significant” college debt. Avg. nearly $40,000 per student.
    - Mobility – job/career changes; resale issue and timing

Lifestyle Factors

○ Maintenance-free living
  - Smaller households (single renters opting for Studio or 1BR). May not make sense to buy a larger SF home, or even a condo
○ Preference for “shiny & new” – and $265,000 doesn’t buy that, obviously, nor does $355,000 in Minnetonka.
○ Lifestyle appeal of modern apartments amenities, gathering spaces. Important to Millennials especially.
○ Prefer urban/walkable locations within mixed-use neighborhood context, offering connectivity to jobs, goods/services, restaurants, and amenities (simply more modern rental options there than ownership)
Housing Characteristics

Our Housing Characteristics chapter provides a snapshot of the current housing supply in the City of Minnetonka, sourced from the 2015 American Community Survey (ACS) from the US Census. Also presented is a summary of housing affordability in Minnetonka, comparing housing costs with household income groups, and a discussion of households with excess housing cost burden.

- **Minnetonka features large numbers of homes constructed in the 1970s and 1980s**, including both single family homes, as well as larger multi-unit buildings. Our analysis shows that Minnetonka features a number of large apartment complexes which were built in the 1980’s, especially. It is also interesting to note the very few new units added in Minnetonka between 2000 and 2015.

<table>
<thead>
<tr>
<th>YEAR STRUCTURE BUILT</th>
<th>City of Minnetonka</th>
<th>Minnetonka PMA</th>
<th>Twin Cities Metro Area</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015 Estimate</td>
<td>2015 Estimate</td>
<td>2015 Estimate</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>Total housing units</td>
<td>23,825</td>
<td>160,355</td>
<td>1,206,738</td>
</tr>
<tr>
<td>Built 2014 or later</td>
<td>24</td>
<td>131</td>
<td>1,130</td>
</tr>
<tr>
<td>Built 2010 to 2013</td>
<td>84</td>
<td>1,558</td>
<td>14,582</td>
</tr>
<tr>
<td>Built 2000 to 2009</td>
<td>1,221</td>
<td>17,669</td>
<td>160,119</td>
</tr>
<tr>
<td>Built 1990 to 1999</td>
<td>3,356</td>
<td>22,794</td>
<td>168,283</td>
</tr>
<tr>
<td>Built 1980 to 1989</td>
<td>412</td>
<td>24,817</td>
<td>162,200</td>
</tr>
<tr>
<td>Built 1970 to 1979</td>
<td>4,336</td>
<td>27,598</td>
<td>186,473</td>
</tr>
<tr>
<td>Built 1960 to 1969</td>
<td>3,181</td>
<td>19,567</td>
<td>129,086</td>
</tr>
<tr>
<td>Built 1950 to 1959</td>
<td>3,797</td>
<td>20,585</td>
<td>130,931</td>
</tr>
<tr>
<td>Built 1940 to 1949</td>
<td>504</td>
<td>7,746</td>
<td>50,456</td>
</tr>
<tr>
<td>Built 1939 or earlier</td>
<td>907</td>
<td>7,790</td>
<td>182,727</td>
</tr>
</tbody>
</table>

- **Ramp-up in new construction more recently, primarily focused on luxury apartments and senior housing, with strong positive market response to both product types quickly absorbed by renters/buyers.** Considering current market conditions, with sustained low vacancy rates and rising rents, we anticipate an increase in developer interest in Minnetonka in the short term, with interest in sites that are well connected to jobs/amenities, future LRT, and “walkability.”

![New Housing Units Permitted by Minnetonka](image-url)
- **Affordable housing – an increasingly scarce resource in Minnetonka.** Shown below is a summary of the affordable housing supply by affordability level compared to the number of households by income range in 2010 and 2015.

<table>
<thead>
<tr>
<th>2015</th>
<th>&lt;30% AMI</th>
<th>31-50% AMI</th>
<th>51-60% AMI</th>
<th>61-80% AMI</th>
<th>Totals, 0-80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Units by Affordability Range</td>
<td>329</td>
<td>1,095</td>
<td>1,173</td>
<td>2,548</td>
<td>5,145</td>
</tr>
<tr>
<td>Renter Units by Affordability Range</td>
<td>530</td>
<td>657</td>
<td>2,072</td>
<td>1,461</td>
<td>4,720</td>
</tr>
<tr>
<td><strong>A)</strong> Total Units by Affordability Range</td>
<td>859</td>
<td>1,752</td>
<td>3,245</td>
<td>4,009</td>
<td>9,865</td>
</tr>
<tr>
<td><strong>B)</strong> Households by Income Level</td>
<td>1,687</td>
<td>2,222</td>
<td>1,218</td>
<td>980</td>
<td>6,107</td>
</tr>
<tr>
<td><strong>A – B = (Insufficient Supply) or Surplus of Units</strong></td>
<td>828</td>
<td>470</td>
<td>2,027</td>
<td>3,029</td>
<td>3,758</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2010</th>
<th>&lt;30% AMI</th>
<th>31-50% AMI</th>
<th>51-60% AMI</th>
<th>61-80% AMI</th>
<th>Totals, 0-80% AMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner Units by Affordability Range</td>
<td>114</td>
<td>1,456</td>
<td>955</td>
<td>3,619</td>
<td>6,144</td>
</tr>
<tr>
<td>Renter Units by Affordability Range</td>
<td>666</td>
<td>642</td>
<td>2,210</td>
<td>2,210</td>
<td>5,926</td>
</tr>
<tr>
<td><strong>A)</strong> Total Units by Affordability Range</td>
<td>780</td>
<td>2,298</td>
<td>3,165</td>
<td>5,826</td>
<td>12,972</td>
</tr>
<tr>
<td><strong>B)</strong> Households by Income Level</td>
<td>1,723</td>
<td>1,050</td>
<td>1,073</td>
<td>1,828</td>
<td>6,572</td>
</tr>
<tr>
<td><strong>A – B = (Insufficient Supply) or Surplus of Units</strong></td>
<td>945</td>
<td>348</td>
<td>2,092</td>
<td>4,003</td>
<td>9,900</td>
</tr>
</tbody>
</table>

- As shown on the table, between 2010 and 2015, the number of housing units affordable to households earning <80% of the area median income decreased by more than 2,200 residential units. Meanwhile, the number of households with incomes of <80% of AMI decreased by only 465. Further, we noted that Minnetonka has seen considerable increases in rental rates over the past several months, including a 7.4% increase in the average apartment rent over the past 12 months as of 2017 Q2.

- **Increasing number of households with housing cost burden** – according to the Met Council, utilizing ACS survey data, an estimated 29% of Minnetonka residents have an “excess housing cost burden” – meaning, their housing cost is greater than 30% of their income. This is up from 22% in 2000, as shown below. Worse, an estimated 10% of owners and 19% of renters have “severe housing cost burden,” with a housing cost >50% of their income.

### Percent of Households Experiencing Housing Cost Burden in Minnetonka

![Graph showing percent of households experiencing housing cost burden from 1990 to 2015]
Apartment Market Conditions

Marquette Advisors has completed a review of regional apartment market conditions for Minnetonka, within the context of the SW metro area and the region as a whole. The following are key points from this analysis.

- **Sustained low vacancy over many many months, and now rising rents** -- Minnetonka apartments continue to report low vacancy levels. At mid-year 2017, Minnetonka apartment communities featured a combined 2.3% vacancy rate, holding steady over the past year. Meanwhile, the average rent was $1,263, a full 7.4% higher than one year ago. Landlords have been more aggressive with rent increases over the past year, recognizing the strong fundamentals inherent to the Minnetonka market.

- **Minnetonka accounts for small share of regional apartment construction recently** – The city of Minnetonka has seen the addition of just 509 new market rate apartments over the past 10 years, with 457 of those units opening in the city during the past 2-1/2 years. With sustained low vacancy rates, and rising rents, developers find Minnetonka ripening for new development as well-located deals are starting to “pencil out” in Minnetonka.
Market rents for new-construction modern apartments in the Minnetonka and throughout the SW metro area average approximately $2.00 to $2.10 psf ($1,800/month) at this time, varying somewhat based on location, quality and unit size/mix. Recent luxury apartment developments in Minnetonka have been well received, inclusive of four new properties with a combined 493 units built since 2015, all of which have experienced a rapid absorption and today feature low vacancy rates of ≈2.5%.

Our analysis indicates there is strong demand for general occupancy apartment product in Minnetonka, ranging from affordable rentals to luxury apartments. Given the strong market fundamentals, with rising rents and low vacancy, paired with demand generators and other attractiveness factors relating to Minnetonka such as connectivity and freeway access, future LRT, and an expanding base of employers, we expect increasingly strong developer interest in Minnetonka over the next several months.

Senior Housing Conditions

Marquette Advisors examined the current senior housing market, by product/service level, and summarizes this analysis as follows. Minnetonka has a strong and diversifying senior housing market, and a deep base of seniors and aging adults. Further, ongoing development and future construction of senior housing, or “active adult” products (perhaps new housing models) will have an impact upon other segments of the market going forward, notably the creation of more home ownership opportunities for younger buyers.

Supply by product type/service level -- Minnetonka features a total of 2,922 age-restricted senior housing units. This includes 694 ownership units (condo and co-op units) and 2,228 rental units. Minnetonka’s senior housing inventory is primarily market rate. The rental inventory includes a total of 83 contract-based affordable senior units, including 42 at Westridge and another 41 units at Beacon Hill.

Strong senior demographics & current low vacancy rate at 3.7% signal pent-up demand for additional senior units in Minnetonka. We note that vacancy rates are consistently low across all properties and service levels, indicating that there has been a positive market response to all varieties of senior housing in the market area. Two additional senior campus developments are in the works (Cherrywood Pointe and Crest Ridge) which will bring another 245 combined rental units to market in 2017 and 2018.

Depth of aging adult / empty nester market in Minnetonka signals an opportunity for product types including: 1) Adult/senior housing cooperatives (age 55+ or 62+), which to date have enjoyed much success in the Minnetonka market, and 2) new “active adult” housing concepts geared to attract empty nesters and active seniors. This may or may not be age-restricted, and will include both rental and ownership models. Developers around the country are in the process of rolling out new models geared toward this important market segment, recognizing that this market is sizable and will demonstrate a preference for housing products which differ somewhat from traditional senior housing.
models. Minnetonka is prime market for these housing products. Further, the provision of “lifecycle” housing for this group in Minnetonka will also “free-up” existing single family homes in the community, such that larger numbers of younger buyers will be able to find housing here, ideally near their place of employment.

**For-Sale Market Conditions**

Key points from our analysis of for-sale housing market conditions in Minnetonka are as follows.

- Minnetonka is an attractive community in which to invest in home ownership, offering a strong economic base and quality jobs, quality schools and public amenities, and a diverse mix of retail stores, shopping nodes and restaurants. At the same time, the city has seen limited new construction and features a housing stock with increasing numbers of older adults and seniors aging-in-place. As such, there are limited opportunities for younger buyers in Minnetonka, certainly inclusive of first-time-buyer prospects, as even young to middle-age families seeking a “move-up” home that is closer to their job, or in a preferred school district.

- Presented below is a summary of Minnetonka and metro area home value distribution data, showing the number of homes by value range. It is interesting to note, quite simply, the supply of owner-occupied housing in Minnetonka, which comprised an estimated 2.0% of the metro area stock. Recall that Minnetonka businesses (and government) employ more than 2.6% of the region’s workforce. The fact is, most of these workers reside elsewhere.

- Further, Met Council forecasts indicate that Minnetonka will account for more than 3.6% of metro area employment growth over the next 20 years. This growth will result in 1) increasing demand, 2) increases in home values/pricing in the Minnetonka community, and, likely, 3) an increase in home owner cost burden in the community.

<table>
<thead>
<tr>
<th>HOME VALUE DISTRIBUTION</th>
<th>City of Minnetonka</th>
<th>Twin Cities Metro Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Owner-occupied units</td>
<td>2015 Estimate</td>
<td>2016 Estimate</td>
</tr>
<tr>
<td></td>
<td>Percent</td>
<td>Percent</td>
</tr>
<tr>
<td>Less than $50,000</td>
<td>15,998</td>
<td>785,412</td>
</tr>
<tr>
<td>$50,000 to $99,999</td>
<td>395</td>
<td>26,927</td>
</tr>
<tr>
<td></td>
<td>2.5%</td>
<td>3.7%</td>
</tr>
<tr>
<td>$100,000 to $149,999</td>
<td>669</td>
<td>38,301</td>
</tr>
<tr>
<td></td>
<td>4.2%</td>
<td>4.9%</td>
</tr>
<tr>
<td>$150,000 to $199,999</td>
<td>760</td>
<td>105,382</td>
</tr>
<tr>
<td></td>
<td>4.8%</td>
<td>13.4%</td>
</tr>
<tr>
<td>$200,000 to $299,999</td>
<td>1,775</td>
<td>188,165</td>
</tr>
<tr>
<td></td>
<td>11.1%</td>
<td>21.4%</td>
</tr>
<tr>
<td>$300,000 to $499,999</td>
<td>4,956</td>
<td>227,328</td>
</tr>
<tr>
<td></td>
<td>31.0%</td>
<td>28.9%</td>
</tr>
<tr>
<td>$500,000 to $999,999</td>
<td>5,186</td>
<td>155,089</td>
</tr>
<tr>
<td></td>
<td>32.4%</td>
<td>19.7%</td>
</tr>
<tr>
<td>$1,000,000 or more</td>
<td>1,927</td>
<td>52,708</td>
</tr>
<tr>
<td></td>
<td>12.0%</td>
<td>6.7%</td>
</tr>
<tr>
<td></td>
<td>325</td>
<td>9,512</td>
</tr>
<tr>
<td></td>
<td>2.0%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>
Housing Market Assessment
City of Minnetonka

Executive Summary

- More relevant than current home values in the community is what is actually selling, and at what price. Below is a summary of Minnetonka and metro area sale transactions by price range, over the past several years, and through May of 2017. Minnetonka has accounted for 1.5% to 1.9% of metro area annual sales volume since 2008, and less than 1.3% of sales at <$300,000 during this period. The average sale price in Minnetonka increased to $355,000 in 2016, and $386,000 through the first half of 2017.

- The key issue within the for-sale market in Minnetonka is the limited supply of homes for purchase by both first-time buyers, and “move-up” buyers, many of whom are likely employed in the community and would prefer to reside close to their place of work, in Minnetonka which offers quality schools and high livability factors as noted herein. A perhaps less obvious issue is the lack of attractive housing options for older adults and seniors in Minnetonka who continue to age in place.

<table>
<thead>
<tr>
<th>Twin Cities Metro Area -- Residential Sales Transaction Volume, 2008 to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&lt;300,000</td>
</tr>
<tr>
<td>$300,000-$499,999</td>
</tr>
<tr>
<td>$500,000-$799,999</td>
</tr>
<tr>
<td>$750,000-$999,999</td>
</tr>
<tr>
<td>$1,000,000-$1,499,999</td>
</tr>
<tr>
<td>$1,500,000+</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>City of Minnetonka -- Residential Sales Transaction Volume, 2008 to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&lt;300,000</td>
</tr>
<tr>
<td>$300,000-$499,999</td>
</tr>
<tr>
<td>$500,000-$799,999</td>
</tr>
<tr>
<td>$750,000-$999,999</td>
</tr>
<tr>
<td>$1,000,000-$1,499,999</td>
</tr>
<tr>
<td>$1,500,000+</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>


<table>
<thead>
<tr>
<th>City of Minnetonka -- % of Metro Area Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>$&lt;300,000</td>
</tr>
<tr>
<td>$300,000-$499,999</td>
</tr>
<tr>
<td>$500,000-$799,999</td>
</tr>
<tr>
<td>$750,000-$999,999</td>
</tr>
<tr>
<td>$1,000,000-$1,499,999</td>
</tr>
<tr>
<td>$1,500,000+</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>


Source: Northstar MLS
Housing Demand Forecast

The following is a summary of our short-term and long-term demand forecast for both rental and for-sale housing in Minnetonka. Our housing demand forecast takes into account local and regional demographic and economic conditions, and growth trends.

<table>
<thead>
<tr>
<th>HH Group by % of AMI</th>
<th>1-5 Years</th>
<th>5-10 Years</th>
<th>10-15 Years</th>
<th>15-20 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rental</td>
<td>For-Sale</td>
<td>Rental</td>
<td>For-Sale</td>
</tr>
<tr>
<td>&lt;80% of AMI</td>
<td>176</td>
<td>0</td>
<td>176</td>
<td></td>
</tr>
<tr>
<td>61-80% of AMI</td>
<td>59</td>
<td>0</td>
<td>59</td>
<td></td>
</tr>
<tr>
<td>81-100% of AMI</td>
<td>176</td>
<td>0</td>
<td>176</td>
<td></td>
</tr>
<tr>
<td>100%+ of AMI</td>
<td>381</td>
<td>381</td>
<td>762</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>792</td>
<td>381</td>
<td>1,173</td>
<td></td>
</tr>
<tr>
<td>(Annual Averages)</td>
<td>158</td>
<td>76</td>
<td>235</td>
<td></td>
</tr>
</tbody>
</table>

Source: Marquette Advisors

<table>
<thead>
<tr>
<th>Senior Housing Demand by Product Type/Service Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Minnetonka</td>
</tr>
<tr>
<td>Product/Service Level</td>
</tr>
<tr>
<td>Independent</td>
</tr>
<tr>
<td>Assisted Living</td>
</tr>
<tr>
<td>Memory Care</td>
</tr>
<tr>
<td>Total (Annual Averages)</td>
</tr>
</tbody>
</table>

Source: Marquette Advisors

It is important to clarify that our forecast numbers really represent potential demand. The forecast assumes that an adequate number of new units will in fact be constructed in Minnetonka to meet this demand. If not, Minnetonka will likely capture a lesser share of regional population and household growth. Moreover, given the community’s business base and expansion profile, we anticipate that the housing shortage will have a negative impact upon employers’ efforts to recruit, hire and retain employees, as much of the workforce will be forced to find housing elsewhere.

We recognize the challenges related to new construction housing in Minnetonka, especially at affordable price points, given current land use, limited site availability, and land and construction costs. We look forward to working with the City in developing strategies to support life-cycle housing in the community within the context of the current and future market environment and the noted constraints.
A. Site and building plan review with a setback variance for gymnasium, office, storage, and classroom additions at Clear Spring Elementary at 5701 County Road 101.

This item was postponed until the planning commission meeting on November 30, 2017.

9. Other Business

A. Concept plan review for Dominium at 11001 Bren Road East.

Chair Kirk introduced the proposal and called for the staff report.

Gordon reported. He recommended that commissioners provide comments and feedback on the identified key issues and additional issues commissioners deem appropriate. The discussion is intended to assist the applicant with future direction that may lead to the preparation of more detailed development plans.

Gordon stated that the income limit for a tenant residing in affordable housing would be in the middle $50,000 range. The rent would be estimated at $800 to $1,200 depending on the type of unit. The average rental rate for an apartment in Minnetonka is about $1,300. The applicant would apply for tax credits.

Chair Kirk asked how easily a pedestrian could walk from Opus to other locations. Gordon pointed out existing trails. There is a gap now that would be addressed during future redevelopment. Wischnack stated that there is an Opus walkability study that details every connection and makes suggestions for improvements that are included in the capital improvement plan for the city. Most of the trails pass under the roads in Opus.

Ryan Lunderby, applicant, stated that he appreciated the opportunity to receive feedback and answer questions. He introduced Mike Rich, architect for the project. Mr. Lunderby stated that:

- Dominium properties is building a lot of new construction similar to the proposal around the metropolitan area. Dominium is a long-term owner. Decisions are made for the long term. Quality finishes would be used.
- Regardless of a property's ability to fund capital improvements, Dominium reinvests in its properties.
- The site is a great opportunity to add affordable housing.
- Costs will continue to rise, especially with the completion of the light rail. The market is favorable right now to build affordable housing.
• The proposal would be for a 256-unit senior community with independent living and 198 units of affordable, work-force housing.

Mike Rich introduced Brady Halvorson, a landscape architect, and George Johnson, who assisted with the plans. Mr. Rich stated that:

• The wooded areas, trail system, future Opus station, and townhouse development are important elements of the site.
• There is a 30-foot grade change.
• He reviewed the site plan.
• The drive would link the three buildings.
• A second entrance and exit is being considered for the site.
• The site would be fully accessible to transit.
• Pavers may be used to customize the trails as preferable locations for walking paths would be identified.
• The senior building would be six stories. It would be positioned so that it would not create shadows on its neighbors. There would be a drop-off area. There would be underground parking beneath the footprint of the building. The underground parking area would connect with the family-housing building.
• The trail would be enhanced with landscaping and look more like a linear park.
• There would be separate tot lots and play areas outside and inside the building.
• The senior building would have amenity areas, an on-site trail system, and a tot lot.
• A dog run is being considered.
• The building would be shifted back to break up the elevations.
• Dense landscaping would be planted to provide a buffer to neighbors.
• An outdoor pool is being considered for a common area.
• Public art may be incorporated at the entrance.
• The first floor of family housing would be walk-outs with individual patios that connect to paths.
• He provided photos of a similar facility in Minneapolis.
• The buildings would have colors and material to match its natural surroundings. Stone, brick, and wood would be used in earth tones.
• A very pedestrian-friendly environment would be created.
• There would be a series of retaining walls to create a living environment, maintain the urban forest, and provide a buffer to the neighbors on the west.
- A substantial amount of parking would be located below grade.
- Each building would have its own set of amenities.
- He would appreciate comments and feedback.

Powers asked if incorporating services like a hair salon had been considered for the senior building. Mr. Lunderby answered affirmatively. He stated that salon space would be available to providers that would use the space for free and coordinate their times with the residents. Additional amenities would be large gathering rooms with kitchens, card and craft rooms, a movie theater, and a fitness room. Local groups could provide exercise classes. Residents would not be charged for exercise classes. Dominium has purchased a shuttle bus that takes seniors to different services and events on a set schedule or as needed.

Schack asked what prompted the change in design of the senior building from a horseshoe shape to a straight building with an additional story. Mr. Rich explained that the proposed building would provide the ideal unit-type mix and the sizes of the units were increased. The previous configuration had a wing closer to the street. The entrance would have been on the side which would have caused conflicts. The current proposal would allow direct access to underground parking and eliminate the need to drive through the site. It would also provide an adequate number of parking stalls for each unit underground. The first shape conflicted with the location of the wetland.

Mr. Rich clarified that there was a concept plan that included two underground parking levels and five residential floors. The current concept plan has one underground parking level and six residential floors.

Schack thought the elevation illustration was very helpful. In response to her question, Mr. Rich stated that it would be possible for townhome residents to see over the four-story building roof and see the six-story building in the distance. There are existing trees that would remain on the site and additional trees would be added to create a buffer and block the view.

Powers thought this was the most comprehensive concept plan he has ever seen. He loved how the project team considered so many angles. The concept plan would create an ownership feel for the village. Residents would regret ever having to leave.

Mr. Lunderby agreed. Residents could age and continue to raise their families without having to move. The management staff would live at the property. The design pays attention to running and maintaining the buildings.
Calvert found the materials attractive. She liked the color scheme, rhythmic sense of the design, and broken-up mass. She encouraged the use of public art. Her grandparents lived in the same one-bedroom apartment their entire married life. She liked the buffer, preservation of trees, and additional landscaping. Preserving as many natural features as possible would make the proposal a more appealing place to live. She liked the village-center concept with communal spaces.

In response to Chair Kirk’s question, Mr. Lunderby stated that the demand for affordable housing is so great that his company cannot build enough of it. The proposal would fill a void and create a mix of housing types in the neighborhood.

Chair Kirk liked the number of amenities in the proposal. He suggested that pictures of examples of the amenities be provided.

Chair Kirk asked how much the proposal would depend on the SWLRT being completed. Mr. Lunderby said that the SWLRT would benefit the proposal, but it would move forward without the SWLRT.

Chair Kirk encouraged connecting the trail that would travel south.

In response to Chair Kirk’s question, Mr. Lunderby stated that the amount of parking was determined by studies conducted at similar facilities and would equal 1.5 stalls to 1 general-occupancy unit and 1.2 stalls to 1 senior unit.

In response to Chair Kirk’s question, Mr. Lunderby stated that the possibility of decreasing the number of units is limited by the fixed-land price, rent caps, and investors’ comfort levels. Chair Kirk noted that the amenities package is contingent on the number of units.

Mr. Lunderby stated that The Bluffs at Nine Mile Creek in Eden Prairie has density similar to the proposed concept plan.

Calvert asked if the building could be used for resident of other age in 20 years. Mr. Lunderby answered in the affirmative. The minimum compliance period for affordable housing is 15 years. The rent differential is $400 to $600 a month from affordable units to market-rate units. There are not many independent-living, high-quality developments for seniors in the city. Retail businesses and services would follow the completion of the proposal. This is the logical, front-end use of redevelopment coming to the area.

Wischnack provided that Minnetonka has 2,900 units of senior, age-restricted units and 24,000 households. Of the 2,900 senior units, 700 are cooperatives.
and condominiums and 2,200 are rental. The vacancy rates indicate quite a demand.

Chair Kirk invited those present to comment. No one responded.

Chair Kirk would prefer a second street access.

Schack liked how the proposal would provide a transition to the SWLRT. Keeping the area open and fluid is an important concept. A change in visual impact would slow traffic down and make the area more pedestrian safe. She previously lived in Opus and really liked it. It is a unique area. The proposal would be a great opportunity. The trail system would be really cool. It would provide an “uptown alternative” and an opportunity to enjoy the nature in the area.

Calvert encouraged pedestrian safety to be taken into account near the SWLRT station. Connecting the trails would be important to improve walkability of the area.

Powers would like the site to have a distinct feel of being in Minnetonka from a pedestrian’s view and from an aerial view. He encouraged the applicant to provide information regarding the energy conservation component of the proposal.

Sewall agreed with providing as many pedestrian safety measures as possible. He encouraged buffering, especially to the neighbors on the southwest. He recognized the big need for affordable housing and he was comfortable with an entire building of affordable housing, but thought there would be benefits of spreading it out throughout the city. He was excited for the area to be developed.

O’Connell supports the concept plan. The density does not scare him. The area already has market-rate units and more will be added as the area continues to be developed. He recommended the applicant be prepared to address traffic concerns. The area already has traffic issues. He liked the design. The applicant has a great reputation. There is a demand for this product on the investors’ side.

Knight agreed with O’Connell. He works south of Opus. There are a lot of employees at his workplace that would benefit from this proposal by reducing their commute. He likes the proposal. The Opus area is the perfect location for the proposed density. He likes the looks of the building. He cycles to work on the street, so he would oppose reducing the number of lanes on Bren Road.
Chair Kirk summarized his understanding that commissioners found the change in land use and affordable housing component appropriate and that buffering and walkability are important priorities. The look of the building is agreeable.

Chair Kirk liked how the SWLRT and new development in the area could provide an urban vibe that could become part of Minnetonka.

Chair Kirk noted that the city council is tentatively scheduled to review the concept plan on December 4, 2017. He looked forward to an application for the project being submitted in the future.

10. Adjournment

Schack moved, second by Knight, to adjourn the meeting at 8:20 p.m. Motion carried unanimously.

By:

Lois T. Mason
Planning Secretary
City Council Agenda Item #14C(2)  
Meeting of December 4, 2017

**Brief Description**  Dominium Apartments funding inquiry

**Recommendation**  Discuss funding inquiry and provide feedback

**Background**

Dominium Apartments is proposing the redevelopment of an existing commercial property located at 11001 Bren Road East (Digi International). The current concept plan contemplates redevelopment of the existing Digi International site to construct 454 units of rental housing on the 9.4 acre site (the original concept contemplated 475 units). The proposed redevelopment includes a mix of workforce and senior housing units ranging from one to three bedrooms. The developer is proposing that all units would consist entirely of workforce and senior housing affordable to households earning up to 60% AMI ($54,240 for a family of four). The rents are structured to be capped at approximately 30% of the income level and range from $1,017 for a 1-bedroom, $1,221 for a two-bedroom, and $1,410 for a three-bedroom unit (inclusive of utilities).

The concept plan also includes common-space amenities, outdoor recreational space, underground parking and a boulevard with surface parking. Additionally, the site is located adjacent to the proposed Southwest LRT station. The concept plan includes additional trail connections and connections to the station platform.

**Funding Inquiry**

Dominium’s financing sources, totaling approximately $114 million, include a request to the city to issue approximately $64 million in conduit bond debt, nearly $30 million in 4% low-income housing tax credits (LIHTC) equity, and $11 million in deferred fees. The developer will seek additional funding through Hennepin County and the Metropolitan Council to attract an additional $900,000 to the project. The project as proposed results in a gap of approximately $8.5 million dollars.

To fill the gap, the developer is requesting that the city participate financially by creating a new 26-year Tax Increment Financing (TIF) Housing District to generate up to approximately $7.6 million in assistance. Dominium’s request also assumes a 2% annual inflation on the valuation. Historically, the city has not included inflation as a factor in the TIF calculation as it was not necessary to do so. For this project, the inclusion of inflation allows the developer to be repaid more quickly if the district performs well. If the district does not perform well the repayment risk remains with the developer because there is never a guarantee that a TIF district will pay out the projected increment. Without the inclusion of inflation, the financing gap increases by
$1,468,000. The attached memo from Ehlers further explains the financial request and explains inflation in greater detail.

Dominium would be responsible for finding ways to reduce costs and/or seek additional non-city financing to resolve the remaining financing gap of $880,000, assuming inflation of 2% is included in the TIF calculation. If inflation is not included the financing gap is $2,348,000 ($1,468,000 + $880,000).

The developer is requesting TIF assistance of up to $7,611,000. It is likely that the requested amount of assistance will fluctuate as Dominium refines the unit mix and site plan is revised (the latest concept plan from the November 16, 2017 planning commission meeting contemplates 454 units). Any assistance would be adjusted proportionately to reflect the demonstrated gap. Staff is proposing that any TIF assistance be structured as a pay-as-you-go TIF Note to ensure the TIF payment risk is the responsibility of the developer. The attached Council Policy 2.14 provides further guidance on the use of TIF. In addition, Policy 2.5 provides guidance on the issuance of tax-exempt financing.

**EDAC Subcommittee Review – October 25, 2017**

On October 25, EDAC Commissioners Isaacson, Yunker, and Jacobsohn met as a subcommittee to review the request using Council Policy 2.14, the council’s policy on TIF Financing as a guide for the assistance request. The EDAC subcommittee expressed that the request for TIF assistance with 2% inflation was reasonable and concluded that it met the following criteria:

- The project is compatible with the Comprehensive Guide Plan as a proposed mixed-use development;
- The project would not occur “but for” the assistance;
- The project is in a high priority “village area” as identified in the Comprehensive Guide Plan;
  - Project is located in Opus and is a high priority “village area”
- The project includes affordable housing units, which meets the city’s affordable housing standards;
  - 100% of units with rents at 60% AMI.
- The proposed project amenities will benefit a larger area than identified in the development; and
- The project will maximize and leverage the use of other financial resources.
  - Developer is proposing a mix of financing sources.

In addition, the EDAC subcommittee provided feedback on items for the EDAC to consider at the November 27 meeting. The EDAC subcommittee requested the following additional information:
• The commissioners asked staff to prepare an analysis on the historical context of property value inflation on a sample of Minnetonka multifamily projects. Staff analyzed the historical property valuation on Belgrove (1988-2017), Boulevard Gardens (1998-2017), and Claremont (1988-2017). The Belgrove and Claremont both experienced a 14% cumulative increase in valuation while Boulevard Gardens experienced an 11% cumulative increase in valuation. Both the Belgrove and Claremont apartments experienced short timeframes with a decline in valuation year over year. However, the cumulative individual valuations for the three properties is positive.

• The commissioners requested information on the existing and proposed housing developments in OPUS. The attached map includes an overview of housing in Opus. There are currently 1,030 units of existing housing (red), 332 units under construction (yellow), and 700 proposed (blue). The Southwest LRT Housing Gaps Analysis recommended the following housing production in Opus in 2015-2030
  o Rental
    ▪ 120 units at 80-100% AMI
    ▪ 340 units at 100%+ AMI
  o Ownership
    ▪ 70 units entry-level
    ▪ 70 units mid-market
  o Total of 600 rental and ownership units

In addition, Minnetonka has currently met 50% (122 units) of the city’s 2011-2020 Livable Communities Affordable housing goals for production of new affordable (rental and ownership) and 136% (509 units) of the new lifecycle housing as of 2017.

Lastly, recent housing data prepared for the 2040 comprehensive plan by Marquette Advisor’s indicated that Minnetonka lost approximately 2,200 units affordable to households earning <80% of the area median income between 2010 and 2015. It is anticipated that this trend will continue on naturally occurring affordable housing (NOAH) properties as rents continue to rise, vacancy rates remain historically low, and new households enter the market.
EDAC Review – November 27, 2017

The EDAC reviewed the TIF financing request at the November 27 meeting. The EDAC generally concurred that the request for the 26-year TIF Housing District, with the inclusion of two-percent inflation, met the requirements of the TIF policy and that the request was consistent with the city’s treatment of similar projects. The commissioners did concur that the remaining $880,000 gap should be Dominium’s responsibility to solve. The attached unapproved minutes from the November 27, 2017 meeting cover the commissioner’s feedback in greater detail.

Recommendation

The project concept by Dominium will help meet the city’s affordable housing goals outlined in the 2008 Comprehensive Guide Plan, the city’s 2011-2020 affordable housing goals, and new housing construction needs identified in the Southwest Corridor Housing Strategy.

Staff recommends the city council review the funding inquiry and provide feedback on the request. No formal recommendation is requested at this time. If the developer submits a formal planning application and financing request, a detailed financial analysis would be prepared and presented to the EDAC and city council to consider at a future date.

Next Steps

- Developer submits formal application
- TBD – Prepare a development agreement

Submitted through:
- Geralyn Barone, City Manager
- Julie Wischnack, AICP, Community Development Director

Originated by:
- Alisha Gray, EDFP, Economic Development and Housing Manager

Additional Information

Memo from Ehlers

Dominium Financial Request

EDAC Unapproved Minutes – November 27, 2017
TIF Policy

Tax Exempt Financing Policy

Opus Area Housing

History of Affordability and Assistance

Minnetonka Housing Action Plan (2011-2020 Affordable Housing Goals)

Southwest LRT Corridor Housing Strategy

Southwest LRT Housing Gaps Analysis
Memo

To: Alisha Gray, Economic Development and Housing Manager
From: James Lehnhoff & Stacie Kvivang - Ehlers
Date: November 20, 2017
Subject: Digi Site Redevelopment – Dominium Project Proposal Review

The City of Minnetonka requested that Ehlers review the development pro forma and Tax Increment Financing (TIF) request from Dominium for their proposal to construct 475 affordable apartments at 11001 Bren Road East. The existing office building would be demolished and replaced with 210 general occupancy apartments and 265 age-restricted apartments. All of the apartments would be affordable to households at or below 60% of area median income (AMI). If the number of units change, the analysis would be updated and the TIF calculation adjusted accordingly.

To help close a nearly $8.5 million financing gap, Dominium requested that the City create a new 26-year Housing TIF District with a 2% inflationary factor to generate up to $7,611,000 of TIF assistance. The remaining gap amount would need to be filled through a combination of project cost reductions and other non-City sources. The project must comply with the statutory required income restrictions for the term of the Housing TIF District (statutes do not require rent restrictions). However, the City has extended the compliance period to 30 years and required rent restrictions in prior projects. The 2017 income limits as calculated by the United States Department of Housing and Urban Development are:

<table>
<thead>
<tr>
<th>Household Size</th>
<th>60% AMI Income Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$37,980</td>
</tr>
<tr>
<td>2</td>
<td>$43,440</td>
</tr>
<tr>
<td>3</td>
<td>$48,840</td>
</tr>
<tr>
<td>4</td>
<td>$54,240</td>
</tr>
</tbody>
</table>

We have reviewed the project based on general industry standards for construction, land, and project costs; affordable rental rates and operating expenses; developer fees; available funding sources; underwriting criteria; and, project cash flow. The development pro forma assumptions are generally reasonable and within industry standards. The site acquisition costs of approximately $21,000 per unit are above the typical range of $5,000 to $15,000 per unit found in similar affordable apartment projects throughout the metro area. Dominium contends that the higher site costs relate, in part, to the existing buildings on the site and market demand for locations near future LRT stations.
Dominium has maximized the first mortgage and 4% low-income housing tax credits (LIHTC). They expect to apply for at least $900,000 in additional public resources from such entities as Hennepin County and the Metropolitan Council. Nevertheless, the project currently has a remaining demonstrated funding gap of $880,000 as noted in the table below. Dominium will need to reduce costs and/or seek other non-City sources to fill the remaining gap.

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
<th>Per Unit</th>
<th>% of Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Mortgage</td>
<td>$64,020,000</td>
<td>$134,779</td>
<td>56%</td>
</tr>
<tr>
<td>TIF Note Request (26 years with 2% Inflation)</td>
<td>$7,611,000</td>
<td>$16,023</td>
<td>7%</td>
</tr>
<tr>
<td>4% LIHTC</td>
<td>$29,924,000</td>
<td>$62,998</td>
<td>26%</td>
</tr>
<tr>
<td>Met Council/Hennepin County TOD</td>
<td>$500,000</td>
<td>$1,053</td>
<td>0%</td>
</tr>
<tr>
<td>Hennepin County HOME Funds</td>
<td>$400,000</td>
<td>$842</td>
<td>0%</td>
</tr>
<tr>
<td>Deferred Developer/Contractor Fee (79% of total fees)</td>
<td>$10,819,427</td>
<td>$22,778</td>
<td>9%</td>
</tr>
<tr>
<td>Gap (TBD)</td>
<td>$880,000</td>
<td>$1,853</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$114,154,427</strong></td>
<td><strong>$240,325</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Uses

<table>
<thead>
<tr>
<th>Sources</th>
<th>Amount</th>
<th>Per Unit</th>
<th>% of Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition Costs</td>
<td>$10,000,000</td>
<td>$21,053</td>
<td>9%</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>$79,587,222</td>
<td>$167,552</td>
<td>70%</td>
</tr>
<tr>
<td>Professional Services</td>
<td>$2,868,195</td>
<td>$6,038</td>
<td>3%</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>$2,347,395</td>
<td>$4,942</td>
<td>2%</td>
</tr>
<tr>
<td>Contractor Fee</td>
<td>$4,578,785</td>
<td>$9,640</td>
<td>4%</td>
</tr>
<tr>
<td>Developer Fee</td>
<td>$9,091,788</td>
<td>$19,141</td>
<td>8%</td>
</tr>
<tr>
<td>Cash Accounts/Escrows/Reserves</td>
<td>$5,681,042</td>
<td>$11,960</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$114,154,427</strong></td>
<td><strong>$240,325</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**TIF Inflation Implications**

The requested TIF assistance of $7.611 million assumes 2% annual inflation in valuation. Including inflation helps reduce the gap from $2.348 million to the current $880,000 and is a strategy that has been employed in other communities on other Dominium projects (however the TIF term has typically been only been 15 years).

The risk of including inflation remains with the developer. When calculating the potential value of the TIF for a development project, it is common to assume 0% inflation in valuation during the term of the District. This is the most conservative method to estimate future TIF because the TIF is calculated not only on the property valuation, but is also based upon the overall tax rate of the City. In calculating annual TIF, the City must use the lesser of the frozen overall tax rate when the district was certified or the current tax rate. When overall property valuations are increasing in the City, the City’s overall tax rate will likely go down. Likewise, if property valuations are decreasing (like the recent recession), the City’s overall tax rate will likely go up. What this means is that over the term of a TIF district, the TIF will be calculated based upon the frozen rate and the current rate, depending upon which is lowest. As noted in the charts on the following page, if the City’s overall tax rate were to decrease by 3.15 percentage points, the property’s valuation would need to increase by approximately 5.5% in order to generate the same amount of TIF:
For comparison purposes, the following chart shows the result of assuming 0%, 1%, and 2% inflation on the estimated present value of TIF for the development:

<table>
<thead>
<tr>
<th>TIF Inflation Scenarios</th>
<th>TIF Inflation Assumption</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sources</td>
<td>2%</td>
</tr>
<tr>
<td>First Mortgage</td>
<td>$64,020,000</td>
</tr>
<tr>
<td>TIF Note Request (maximum 26 year term)</td>
<td>$7,611,000</td>
</tr>
<tr>
<td>TIF Note Request (maximum 26 year term)</td>
<td>$7,611,000</td>
</tr>
<tr>
<td>4% LIHTC Equity</td>
<td>$29,924,000</td>
</tr>
<tr>
<td>Other Non-City Public Sources (e.g. Met Council, Hennepin City)</td>
<td>$900,000</td>
</tr>
<tr>
<td>Deferred Developer/Contractor Fee (79% of total fees)</td>
<td>$10,819,427</td>
</tr>
<tr>
<td>Remaining Gap (TBD)</td>
<td>$880,000</td>
</tr>
<tr>
<td>Total</td>
<td>$114,154,427</td>
</tr>
</tbody>
</table>

The City’s TIF Districts are structured with a “pay-as-you-go” TIF Note. With this type of structure, the City does not provide up-front funding. The developer seeks the funding either through their first mortgage or a second mortgage for the TIF amount. Therefore, the risk of the TIF being generated is borne by the developer, not the City. If the TIF is inadequate to repay the TIF Note in full, the City has no obligation to make up the shortfall. If we look at the difference in allowing inflation, Dominium has $785,000 at risk if the City allows 1% annual inflation. Likewise, if the City allows 2% annual inflation, Dominium has approximately $1.47 million at risk.

Overall, Dominium is making payments on both their first and second (TIF) mortgages. Both of these mortgages require certain debt coverage (typically 120% to 125%) to provide banks the comfort that the revenues generated will be adequate to repay the mortgages. In review of their coverage on both mortgages, they have approximately 120% coverage (even at the 2% inflation on the TIF). If for whatever reason the development falls below the required coverage, the developer is still able to make the payments, they just receive less profit. If the coverage falls below 100%, typically their financing parameters are full recourse, meaning that the developer has to make the payment from other sources, regardless.
Excluding inflation in the sizing of a TIF Note is a common approach because it reduces risk to the developer. The developer is more likely to realize the full value of the TIF Note because it doesn’t rely on ever increasing property values and, in reality, the TIF Note is likely to be repaid early. With or without inflation, the primary risk remains with the developer because there is never a guarantee that a TIF District will produce the projected amount of increment.

Including or excluding inflation is solely the City’s decision. When a developer, like Dominium, has substantial experience, strong organizational finances, and is well-capitalized, there is less concern about their ability to manage or absorb a potential future shortfall. Dominium has acknowledged the risk associated with including inflation, and other communities have permitted inflation to help close up-front gaps when justified by a project.

Please contact either of us at 651-697-8500 with any questions.
October 23, 2017

Julie Wischnack & Alisha Gray
Community Development – City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345

Re: Proposed Redevelopment of Digi International HQ, 11001 Bren Road East

Dear Julie and Alisha,

Dominium is proposing to build a multifamily apartment community on the site located at 11001 Bren Road East, the current headquarters of Digi International Inc. If approved, this would be Dominium’s second multifamily apartment community in Minnetonka. Dominium, founded in 1972 and headquartered in Plymouth, MN, specializes in high quality rental housing. Dominium also has a professional management company that manages our 28,000 apartment homes across the U.S. We are excited about the opportunity to make a significant investment in to the City of Minnetonka and contribute to the redevelopment and transformation of the Opus campus area into a transit-friendly, walkable, and diverse mixed-use neighborhood.

Proposed Development

Directly adjacent to the planned Opus Station on the Metro Transit Green Line Light Rail Extension, the proposed development would consist of two projects on the 9.4 acre site: a 265-unit independent living senior community and a workforce community of two approximately 105-unit buildings. The buildings are oriented to minimize density near the townhome neighbors to the north and maximize the features of the site, including mature trees and a small wetland to the north, the proximity to the LRT stop to the east, and the public walking path to the south.

The proposed development would also contribute to the other recent developments that are bringing additional housing to the area that has to date has predominantly been comprised of office space. This project would help accelerate the demand created for services that typically follow the development of new housing units, adding amenities and retail businesses that all nearby residents can enjoy.

These communities would also make a major impact in maintaining the affordability of the neighborhood well into the future, with all units reserved for tenants at the 60% Area Median Income (AMI) level. In the metro region, a family of four at the 60% AMI level can make up to $90,400 per year; rents are capped at about $950 for a one bedroom home, $1,150 for a two bedroom, and $1,350 for a three bedroom. See below for the planned unit mix (mix subject to change):

<table>
<thead>
<tr>
<th>Senior Community</th>
<th># of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-bedroom, one bath</td>
<td>70</td>
</tr>
<tr>
<td>Two-bedroom, two bath</td>
<td>135</td>
</tr>
<tr>
<td>Three-bedroom, two bath</td>
<td>60</td>
</tr>
</tbody>
</table>

2905 Northwest Blvd, Suite 150 • Plymouth, MN 55441-2644 • Corporate 763/354-5500 • Fax 763/354-5519 • Web dominiumapartments.com
Workforce Community (2 buildings)

<table>
<thead>
<tr>
<th>Unit Type</th>
<th># of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-bedroom, one bath</td>
<td>45</td>
</tr>
<tr>
<td>Two-bedroom, two bath</td>
<td>90</td>
</tr>
<tr>
<td>Three-bedroom, two bath</td>
<td>75</td>
</tr>
</tbody>
</table>

Financing Details

The proposed development is expected to exceed $112 million in total development costs. Due to the nature of having the rents capped at affordable levels, and increasing land prices as discussed in the City’s 2030 Comprehensive Plan, the project is left with a funding gap (after maximizing the first mortgage proceeds and tax credit equity) which would need to be filled in order to make this project feasible. As such, the development will be applying to a variety of additional sources of funding to fill this gap, including several local public grants and loan programs. These funding opportunities are as follows:

1. Metropolitan Council Transit Oriented Development (TOD) funds
2. Metropolitan Council Local Community Development Account (LCDA) funds
3. Hennepin County Transit Oriented Development (TOD) funds
4. Hennepin County HOME funds
5. Minnesota Department of Employment and Economic Development (DEED) Brownfield and Cleanup funds

While Dominium is hopeful in receiving awards for these funds, all of the sources above have been oversubscribed in several of the recent funding rounds. Since the development does qualify well for some of these programs, we are assuming being awarded $900,000 between these funding opportunities.

Benefits to City from the Proposed Development

In connection with the proposed development, the City would receive several benefits. Among these are financial benefits which are summarized below.

<table>
<thead>
<tr>
<th>Financial Benefits to City</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Equivalency Charge</td>
<td>$867,100</td>
</tr>
<tr>
<td>Sewer Equivalency Charge</td>
<td>$488,000</td>
</tr>
<tr>
<td>Park Dedication Fees</td>
<td>$2,375,000</td>
</tr>
<tr>
<td>Tax-Exempt Bond Fees</td>
<td>$84,000</td>
</tr>
<tr>
<td>TIF Administrative Fees (over TIF term)</td>
<td>$1,663,000</td>
</tr>
<tr>
<td>Building Permit &amp; Plan Review Fees</td>
<td>$523,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6,000,100</strong></td>
</tr>
</tbody>
</table>

Also, as required and planned for in partnership with the Metropolitan Council, the City of Minnetonka has goals for affordable rental housing production for seniors and families, especially near fixed transit. This development would provide a significant number of high-quality affordable housing units for 30 years towards those goals, adding housing options to the neighborhood to balance the luxury market-rate development pressure that accompanies transit investment.
Request for City Assistance

We are requesting the following funds from the City of Minnetonka:

1. Tax Increment Financing (TIF)
   a. 26 year term
   b. 2% inflation on property taxes to calculate amount of TIF Note
   c. TIF Note Amount - $7,491,000
   d. 30 year affordability term

2. Other Assistance
   a. $1,000,000 deferred payment of park dedication fees
   b. Note from City of $1,000,000
   c. 30-year term
   d. No payments until maturity
   e. “Last in Dollars”
      i. If Dominium receives more than $900,000 from the local sources of funding described above, it will reduce its $1,000,000 request to the City dollar-for-dollar.

Please contact us with any questions or comments. We sincerely appreciate the consideration of the City and look forward to continuing our work together on this proposed redevelopment.

Best Regards,

[Signature]

Ryan Lunderby
Vice President & Project Partner
(763) 354-5634
rlunderby@dominiuminc.com

CC:
Willy Boulay, Dominium
Ahmed Abdelhameed, Dominium
1. Call to Order

Chair Isaacson called the meeting to order at 6 p.m.

2. Roll Call

EDAC commissioners present: Michael Happe, Ken Isaacson, Lee Jacobsohn, Melissa Johnston, and Jerry Knickerbocker were present. Jacob Johnson and Charlie Yunker were absent.

Staff present: Community Development Director Julie Wischnack, Economic Development Housing Manager Alisha Gray, consultant James Lehnhoff with Ehlers and Associates, and consultant Gina Fiorini of Kennedy and Graven.

Councilmember present: Tony Wagner.

3. Approval of September 7, 2017 Minutes

Knickerbocker moved, Jacobsohn seconded a motion to recommend that the EDAC approve the minutes from the September 7, 2017 meeting as included in the agenda. Happe, Jacobsohn, Johnston, Knickerbocker, and Isaacson voted yes. Johnson and Yunker were absent. Motion passed.

4. Dominium Apartments Concept Plan and Financial Request

Gray and Lehnhoff reported.

Knickerbocker stated that he had no problem with the request. The memo explained things clearly. He asked if the tax bill being considered by congress could have an effect on the tax credits. Lehnhoff answered affirmatively. The current house bill would remove private-activity bonds for uses with these types of projects.

Ryan Lunderby, of Dominium, agreed with Lehnhoff. The house version of the bill would eliminate private-activity bonds. The senate bill draft kept private-activity bonds. It is being speculated that the senate bill may drive tax reform, but that has not yet been determined. The vote is scheduled for December 8, 2017 which would allow the tax reforms to be done before the end of the year. Advocates in the industry are contacting legislators to request the private-activity bonds be preserved. If bonds would be eliminated, then this project would not go forward.
Knickerbocker noted that the developer would still have a deficit. Due to the uniqueness of the project and the cost of the land, he thought that the city’s 30-year requirement for affordable rents and income requirements may not be reasonable. He suggested reducing the affordable restrictions to 26 years to coincide with the term of the TIF district. Lehnhoff explained that would not have an impact on the TIF value. A bank would limit a TIF-district term to up to 26 years.

In response to Happe’s question, Lehnhoff explained that the developer would put a large percentage of the developer and contractor fees back into the project to make the gap as small as it reasonably can. The deferred developer fee is paid back to them through cash flow over the next 15 or more years depending on how long it takes to pay back the deferred amount. The reason that developers using tax credits will do that is that it would boost how much of the 4 percent tax credit equity is generated. There is a financial benefit to the project to do it that way versus reducing the fee to the net amount up front.

Happe asked if the developer fee would be $9 million up front and $10 million deferred, so the total would be $19 million. Lehnhoff explained that Dominium would collect a contractor fee and a developer fee. Within the program requirements, there are limits that MHFA has set. The fees would be below the maximum allowed limits for the total amount. The total fees would equal $13.6 million and 80 percent of that would be deferred and, essentially, put back into the project.

Lehnhoff reviewed Page 2 of the memorandum that listed the contractor total fee of $4,578,000 and developer fee of $9,100,000 for a total of approximately $13.7 million. Of that, $10.8 million would be put back into the project. In reality, the net fee is not received up front. The fee would be received over time as performance requirements would be met.

Happe confirmed with Lehnhoff that $3.6 million or less would be received up front. The gap would total approximately $900,000 or $2,300,000 depending on inflation.

Happe asked if the proposal would be contingent on the SWLRT being completed. Mr. Lunderby said that the project would move forward without the SWLRT. There is enough of a demand for affordable housing that it would still move forward.

Mr. Lunderby appreciated the feedback and the commissioners’ time. The proposal is a unique opportunity to bring affordable housing, which is in such great demand, to the Opus area near all of the great employers. Dominium has been around for 45 years and would own the proposal for the length of the TIF term. He appreciated the commissioners’ consideration.

Chair Isaacson asked if the rents and incomes would be required to meet affordability standards for 30 years. Gray answered affirmatively.
Knickerbocker thought a better use of the land would be for business, but the market may not indicate that.

Wischnack invited commissioners to review the housing report which identifies “Class B” properties in the city which have similar rents to the rents designated as affordable. There are a lot of apartments in the city that have similar rent. There has been no new stock in this arena for a long time.

Gray provided a staff report on the EDAC subcommittee meeting.

Mr. Lunderby stated that the market right now has low interest rates and high-equity pricing for tax credits. This market may not last forever. Looking at the Opus development overall, this proposal would provide a chance to bring 475 affordable-housing units into the area. That might not be possible in the future when land prices increase even further. The project would provide housing for seniors and workers. There would probably be more market-rate development in the future that would provide a mix. Services typically follow the creation of households. Once the area starts to turn over, the demand would increase for services for the residents.

Commissioner Happe asked if a mix of affordable housing and market-rate units had been considered. Mr. Lunderby stated that there is an incredible demand for affordable housing for independent seniors and general occupancy.

Commissioner Happe asked what services would be available for seniors. Mr. Lunderby stated that the senior units would be restricted to age 55 and above. The finishes would be high end and look like a market-rate project. There would be club rooms with community kitchens, salons, theaters, craft rooms, a library, and outdoor spaces. Exam rooms would be available for routine exams by health professionals. Transportation would be provided by a shuttle to bring residents to appointments and shopping.

Wischnack reviewed the housing demand report which indicates that there is a need for 370 units of independent senior housing and an additional 320 units of independent senior housing in the next 5 years to 7 years.

Mr. Lunderby explained that the annual debt service on the Series B TIF note would be approximately $700,000. Typically those are underwritten by the lender with a little bit of debt coverage on the TIF increment as well to provide a cushion built into the financing vehicle. If taxes or the increment would be lower than that, then Dominium would cover that amount. Dominium’s properties in Hennepin County that were built in the early 2000s averaged property tax increases close to 4 percent per year.

Chair Isaacson noted that the equity investor would look closely at the underwriting because it would have $30 million in equity in the deal if the debt would go bad. Mr. Lunderby agreed.

Gray continued her presentation.
Johnston asked what the city’s tax capacity is at currently. Wischnack answered 1.3 percent of the total tax base. Other communities of similar size have a much higher number.

Jacobsohn reported that those present at the subcommittee meeting agreed that the proposal would definitely fit within the TIF policy. They agreed with the 2 percent inflation partially because it reduces the request for additional funds from the city and puts the risk with Dominium. That was an easy decision.

Chair Isaacson agreed. Subcommittee members felt the proposal met the requirements of the TIF policy. The amount is large, but when it is broken apart and put in context, it would be at the mid-point or low end of historical support for this type of project. There was general support. The memo addressed that the three members of the subcommittee felt that the proposal would meet the TIF policy and the request. It would be consistent with the city’s treatment of similar projects.

Knickerbocker agreed that the request is appropriate and he supports the $7,611,000, 26-year TIF term with 2-percent-inflation factor.

Happe would be more comfortable with a mix of affordable and market-rate units. He was not comfortable with the gap in the financing. The developer is taking all of the risk with the interest rate, but he thought it would be better to balance the proposal and reduce the fee. Chair Isaacson explained that the developer could do so, but, there is a catch-22 situation since the developer fee is on an eligible basis which translates to equity. The growth rate may be a better way to describe it than interest. He was not sure that the liability on the second mortgage is any different than the first mortgage.

Mr. Lunderby explained that the developer fees on the uses’ side of the equation generate the basis which translates to equity. Of the amounts that are in the contractor fee and developer fee, approximately 30 percent to 40 percent of that is coming from federal resources that reduce the amount needed from a local or state level. Reducing the fees would have a negative impact creating a wider gap. An option, as listed in the report, is that the $880,000 gap would be Dominium’s responsibility to figure out. Dominium has made a request to the city through deferment of park dedication and other resources to fill that. Those dollars would be a last-in situation. At the very end of it, Dominium would have an opportunity to defer more fees and solve the $880,000 gap. There is a threshold level of paid developer fee that the investor-community looks to have to know that the deal would be feasible. That is what is being balanced.

Chair Isaacson said that there are a number of things still in play. The interest rate has not yet been locked. He would not speak on gap financing. Determining what the estimate for current proceeds from equity are and what the interest rate on the mortgage would be could easily swing 50 basis points. There may not be a gap if the interest rate is right.
Lehnhoff clarified that during the meeting, “interest rate” was mistakenly spoken when the speaker intended to refer to “inflation” when referring to the TIF district.

5. **Staff Report**

Gray reported:

- A ribbon cutting was held at The Farm and Vine, a restaurant in the Highland Bank Building.
- The Metropolitan Council rejected the bids and advertised for new bids that are due in January. The goal is to award the bid in April of 2018. A corridor protection wall is being required by DNSF to protect the freight rail from SWLRT. A supplemental environmental review will be done.
- There is a road reconstruction project planned for next summer near Highland Bank. The MTC bus stop will be moved to line up with the crosswalk. Adding future bus stops on Ridgedale Drive was also discussed.
- Cherrywood Pointe is nearly complete.
- Mesaba Capital had a groundbreaking last week.
- Mastercraft should begin construction soon.
- Total Wine and Cheesecake Factory are open.
- The Open to Business Program received 96 views on the website. New ads will be in the *Minnetonka Memo*. In 2018, a business newsletter will be created.
- The economic gardening program through Hennepin County has two Minnetonka companies.

Beth Kodluboy, executive director of HOME Line, stated that HOME Line has been serving Minnetonka residents since 1992. HOME Line provides legal advice specific to keeping residents in a safe, decent, and affordable home. HOME Line helps prevent callers from making poor decisions that may lead to eviction. In 2016, it served 132 families in Minnetonka, prevented 7 evictions, and saved families over $17,000 in returned damage deposits and monies owed for security deposits and repairs. Most of the callers have low incomes. In Minnetonka, 80 percent of the callers met HUD’s low income standards. Financing repairs, security deposits, and breaking leases are the top three issues in Minnetonka. HOME Line estimates to help between 132 and 150 families in Minnetonka in 2017. November has been a record month. The cost would be between $5,200 and $5,800. The number of foreclosures has gone down to 1 or 2 a year. She was available for questions.

Happe thought the service is important.

Knickerbocker asked when Hennepin County will make its allocation of CDBG funds. He asked what would happen if other non-profits also request funding. He did not think it would be timely to act on this request.
Gray explained that Hennepin County will make its allocation of CDBG funds in March of 2018.

Wischnack explained that HOME Line is not eligible for CDBG funds. This process has always been done for HOME Line which utilizes money from the development fund.

Knickerbocker asked if the city could enter into a contract with HOME Line so that it would be treated as a contract for services rather than HOME Line having to request money each year. Wischnack said that could be considered for next year. The 2018 budget will be adopted next week.

Johnston moved, Jacobsohn seconded a motion to recommend that the city council allocate $5,200 to HOME Line. Happe, Jacobsohn, Johnston, and Isaacson voted yes. Knickerbocker voted no. Johnson and Yunker were absent. Motion passed.

Gray continued the staff report:

- Staff is proposing that The Mariner receive $210,000 for its project and $67,000 go to WHALT of the funds provided by the Metropolitan Council.
- The loan programs are being moved over to the center for energy and environment for administration. Residents can apply on line or request a paper application.
- Minnetonka Heights has a buyer. The buyer is looking at keeping most of the rents at affordable levels, but rents could change to market rate. Chair Isaacson was curious if the purchase price was based on affordable or marketable rates.

6. Other Business

The next EDAC meeting is scheduled for Thursday, December 7, 2017 at 6 p.m.

7. Adjournment

Jacobsohn moved, Johnston seconded a motion to adjourn the meeting at 7:30 p.m. Happe, Jacobsohn, Johnston, Knickerbocker and Isaacson voted yes. Johnson and Yunker were absent. Motion passed.
Purpose of Policy:
This policy establishes criteria which guide the economic
development authority and the city council when considering the
use of tax increment financing and tax abatement tools in
conjunction with proposed development.

Introduction

Under the Minnesota Statutes Sections 469.152 to 469.1799, the city of Minnetonka has
the authority to establish tax increment financing districts (TIF districts). Tax increment
financing is a funding technique that takes advantage of the increases in tax capacity and
property taxes from development or redevelopment to pay public development or
redevelopment costs. The difference in the tax capacity and the tax revenues the property
generates after new construction has occurred, compared with the tax capacity and tax
revenues it generated before the construction, is the captured value, or increments. The
increments then go to the economic development authority and are used to repay public
indebtedness or current costs the development incurred in acquiring the property,
removing existing structures or installing public services. The fundamental principle that
makes tax increment financing viable is that it is designed to encourage development that
would not otherwise occur.

Under Minnesota Statutes, Sections 469.1812 to 469.1815, the city of Minnetonka has
the right to abate property taxes. A city may grant an abatement of some or all of the
taxes or the increase in taxes it imposes on a parcel of property if the city expects the
benefits of the proposed abatement agreement to at least equal the costs of the
proposed agreement. Abatement would be considered a reallocation or rededication of
taxes for specific improvements or costs associated with development rather than a
"refund" of taxes.

It is the judgment of the city council that TIF and abatement are appropriate tools that
may be used when specific criteria are met. The applicant is responsible for
demonstrating the benefit of the assistance, particularly addressing the criteria below.
The applicant should understand that although approval may have been granted
previously by the city for a similar project or a similar mechanism, the council is not
bound by that earlier approval. Each application will be judged on the merits of the
project as it relates to the public purpose.

TAX INCREMENT FINANCING

The Economic Development Authority (EDA), as authorized by the city, will be
responsible to determine that (1) a project would not occur “but for” the assistance
provided through tax increment financing; and (2) no other development would occur on
the relevant site without tax increment assistance that could create a larger market value
increase than the increase expected from the proposed development (after adjusting for
Projects eligible for consideration of tax increment financing include but are not limited to the following:

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city.

- Priority will be given to those projects which:
  - are within the “village areas” identified in the city’s most recently adopted Comprehensive Guide Plan;
  - are mixed use or residential in nature, and include affordable housing units which meet the city’s affordable housing standards;
  - contain amenities or improvements which benefit a larger area than the identified development;
  - improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or
  - maximize and leverage the use of other financial resources.

**Costs Eligible for Tax Increment Financing Assistance**

The EDA will consider the use of tax increment financing to cover project costs as allowed for under Minnesota Statutes. The types of project costs that are eligible for tax increment financing are as follows:

<table>
<thead>
<tr>
<th>Utilities design</th>
<th>Site related permits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural and engineering fees directly attributable to site work</td>
<td>Soils correction</td>
</tr>
<tr>
<td>Earthwork/excavation</td>
<td>Utilities (sanitary sewer, storm sewer, and water)</td>
</tr>
<tr>
<td>Landscaping</td>
<td>Street/parking lot paving</td>
</tr>
<tr>
<td>Streets and roads</td>
<td>Curb and gutter</td>
</tr>
<tr>
<td>Street/parking lot lighting</td>
<td>Land acquisition</td>
</tr>
<tr>
<td>Sidewalks and trails</td>
<td>Legal (acquisition, financing, and closing fees)</td>
</tr>
<tr>
<td>Special assessments</td>
<td>Surveys</td>
</tr>
<tr>
<td>Soils test and environmental studies</td>
<td>Sewer Access Charges (SAC) and Water Access Charges (WAC)</td>
</tr>
</tbody>
</table>
Forms of Assistance

Tax increment financing will generally be provided on a “pay-as-you-go” basis wherein the EDA compensates the applicant for a predetermined amount for a stated number of years. The EDA will have the option to issue a TIF Note with or without interest, where the principal amount of the TIF Note is equal to the amount of eligible project costs incurred and proven by the developer. In all cases, semi-annual TIF payments will be based on available increment generated from the project. TIF payments will be made after collection of property taxes.

Fiscal Disparities

TIF Districts will generally be exempt from the contribution to fiscal disparities. Tax revenues for fiscal disparities, generated by the TIF project, will be the responsibility of properties inside the district. The exception to this policy is when MN Statutes require that fiscal disparities be paid from within a TIF District, as is the case with Economic Development Districts.

TAX ABATEMENT

The tax abatement tool provides the ability to capture and use all or a portion of the property tax revenues within a defined geographic area for a specific purpose. Unlike TIF, tax abatement must be approved by each major authority under which the area is taxed, and therefore, usually only city property taxes will be abated. In practice, it is a tax “reallocation” rather than an exemption from paying property taxes. Tax abatement is an important economic development tool that, when used appropriately, can be useful to accomplish the city’s development and redevelopment goals and objectives. Requests for tax abatement must serve to accomplish the city’s targeted goals for development and redevelopment, particularly in the designated village center areas. At the time of any application for a Comprehensive Guide Plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that tax abatements will be requested.

Projects Eligible for Tax Abatement Assistance

Projects eligible for consideration of property tax abatement include but are not limited to the following:

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city; and
- Priority will be given to those projects which:
  - increase or preserve the tax base
  - provide employment opportunities in the City of Minnetonka;
City of Minnetonka  
City Council Policy 2.18

- provide, help acquire or construct public facilities;
- finance or provide public infrastructure;
- improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or
- produce long-term affordable housing opportunities.

**Fiscal Disparities**

Tax revenues for fiscal disparities, generated by the abatement project, will be the responsibility of properties inside the district.

**REVIEW PROCESS**

All applications for TIF and tax abatement will be reviewed by city’s community development director. After review by the city’s financial consultant, the community development director may refer the request to the EDA. The EDA will hold appropriate public hearings and receive public input about the use of the financial tools. The EDA will provide a recommendation regarding the assistance to the city council.

The city council must consider, along with other development decisions, the request for assistance and will make the final decision as to the amount, length, and terms of the agreement.

Adopted by Resolution No. 2014-074  
Council Meeting of July 21, 2014
Policy Number 2.5
Tax Exempt Financing for Industrial Development, Health Care Facilities,
Multi-Family Housing, and 501 (c)(3) Projects
(Private Activity Tax Exempt Financing)

Purpose of Policy: This policy establishes factors that guide the city council in
consideration of applications for tax exempt financing for industrial
development, health care facilities, multi-family housing
developments, and qualified 501 (c)(3) projects.

Introduction
Under the Minnesota Municipal Industrial Development Act, Minnesota Statutes Sections
469.152 to 469.165 (the “IDR Act”), the city of Minnetonka has the authority to issue
industrial development and health care facility bonds or notes to attract or promote
economically sound industry, commerce, and health care in the city.

Under Minnesota Statutes, Chapter 462C (the “Housing Act”), the city is authorized to
issue housing revenue bonds to finance multi-family residential housing projects for low
and moderate income persons and elderly persons. Projects must be embodied in a
Housing Program, as defined in the Housing Act.

Additionally, the city may issue tax exempt financing for qualified 501 (c)(3) entities for
various project types including housing, health care, nursing homes and educational
facilities.

The council is aware that such financing for certain private activities may be of benefit to
the city and will consider requests for tax exempt financing subject to this council policy.
The council considers tax exempt financing to be a privilege, not a right.

It is the judgment of the council that tax exempt financing is to be used on a selective
basis to encourage certain development that offers a benefit to the city as a whole,
including significant employment and housing opportunities, as well as for those projects
that may be carried out through a qualified non-profit organization. It is the applicant’s
responsibility to demonstrate the benefit to the city, both in writing and at the public
hearing(s). The applicant should understand that although approval may have been
granted previously by the city for the issuance of financing for a similar project or a
similar debt structure, the council is not bound by that earlier approval. Each application
will be judged on the merits of the project as it relates to the public purpose of the
Housing Act or the IDR Act and benefit to the city at the time the request for financing is
being considered.

Part A: Standards
Applications must meet all of the following standards to be eligible for consideration:

• At the time of any application for a guide plan amendment, rezoning or site plan
  approval for a project, whichever occurs first, the applicant must divulge that private
  activity tax exempt financing will be requested.
The project must meet the objectives of and be otherwise consistent with the IDR Act or the Housing Act and any other controlling laws.

The projects must comply with all applicable federal, state, regional, and city laws, including compatibility with the Comprehensive Guide Plan and the development plans and objectives of the city, as well as applicable zoning and land use regulations and ordinances.

A project application must demonstrate financial feasibility and adequate bond holder security through credit enhancement, rating or a financial review by a third party accounting firm or the city’s financial advisor.

Industrial and health care projects must not be speculative, i.e., they must either be for the applicant’s sole use or 60 percent of the square footage must be pre-leased.

The principal amount of the tax-exempt obligations will be limited to the sum of costs that are financeable with tax-exempt obligations under state and federal law. The proceeds of the tax-exempt obligations cannot be used for working capital expenditures. Capital equipment may be financed with the proceeds of tax-exempt obligations only if the City Council finds the equipment to be essential to the new, redeveloped or expanded business.

Those applications which exceed the minimum standards will generally be considered more favorably than those which only meet these standards.

**Part B: Additional Review Standards**

Those applications meeting all of the standards listed above will be further reviewed to determine compliance with the following additional review standards. Applications meeting more of the following standards will generally be considered before those which just meet some of them or meet them less extensively:

- Facilitation of the city’s development or redevelopment objectives.
- The number and type of additional jobs created or retained in the city.
- For housing projects, the number, type and affordability of new or newly available housing units.
- The projected increase in property tax revenue.
- The amount of equity participation above 10 percent.
- The quality of the project, as represented by renderings, site plans, the applicant's record of development, etc.
- The project’s impact on additional city services.
• For projects located outside of the city, the benefit the project brings to the region, including the number of Minnetonka residents and/or businesses served.

The view of individuals and businesses expressed at the public hearing(s) on the project will also be considered.

Part C: Other Provisions
• A project will not normally be given preliminary approval until all city planning and zoning requirements have been met and all related permits and approvals have been issued. Planning and zoning matters may be considered simultaneously with preliminary approval of the project.

• City officials will not deliver documents for the issuance of tax exempt obligations until all required fees have been paid by the applicant to the city and special counsel to the city has issued a favorable opinion on those matters for which special counsel is responsible.

• The council resolution giving preliminary approval to a project must specify:
  - That the approval given terminates at the end of the calendar year from the date of the resolution and may be renewed only upon request of the applicant.
  - That the applicant agrees to pay all required fees and reimburse the city for any and all costs incurred by it in the financing.
  - That the city reserves the right in its sole discretion to withdraw the preliminary approval at any time prior to the issuance of tax exempt obligations for the project upon its determination that the purposes of the appropriate Act and this policy would not be served thereby, or if any material misstatement is made. The council's decision on this matter is uncontestable.

• The director of community development, under the direction of the city manager, is responsible for the administration and processing of applications for tax exempt financing. The director of community development is to prepare and revise, from time to time, necessary application forms and informational material in order to carry out the objectives of the policy.

• The following fees for the processing of applications are established:
  - A non-refundable application fee of $3,500, and
  
  An administrative fee equal to one-eighth of one percent (.125%) of the principal amount of the bonds. The application fee must accompany the original application. The administrative fee must be paid at or prior to delivery of the bonds to the original purchaser. The proceeds of the administrative fee must be deposited in a special fund of the city to be used to defray administrative costs of the city in the administration of private activity financing.
• The applicant must select a financial advisor acceptable to the city or an underwriter to assist the applicant in preparing all necessary application documents and materials. The financial adviser will subject a letter that establishes the financial feasibility of the project. Applications may, in the alternative, include a signed letter from a responsible financial institution or underwriter indicating that the project is economically feasible and viable and stating that bonds can be successfully sold for the project or that an individual or institution intends to purchase all of the bonds.

The applicant must receive approval from the appropriate state agencies, secure financing by the end of the calendar year in which approval was given and commence construction within one year of the date of the resolution giving preliminary approval to the project or the housing program. Upon application, the council may approve an extension of the preliminary approval.

• The city is to be reimbursed and held harmless for any out-of-pocket expenses related to the tax exempt financing including, but not limited to, legal fees, financial analyst fees, bond counsel fees, and the city’s administrative expenses in connection with the application. The applicant must execute a letter to the city undertaking to pay all such expenses even if they exceed the deposit.

Part D: Miscellaneous Matters
Refundings
The council will approve the refunding of a tax-exempt issue only upon a showing by the applicant of substantial debt service savings and/or the removal of bond covenants significantly impairing the financial feasibility of the project.

For each application for refunding, the non-refundable application fee must be paid together with any city expenses in excess of that fee. If the administrative fees listed in paragraph 5 of Part C were paid for the original bond issue, no new administrative fees are required. If the administrative fees were not paid for the original bond issues, they must be paid for the refunding issue.

Subsequent Proceedings
Where changes to the underlying documents or credit facilities of outstanding bond issues are to be made and require council action, no administrative fee is charged but a non-refundable fee of $2,500 must be deposited with the city to cover administrative costs. No formal application form is required.

Arbitrage and Reporting
The city must be copied on any reporting to bondholders and/or trustees that the borrower produces. The borrower must also undertake arbitrage calculations every five years or more often if required for legal compliance, and copy the city with these calculations.

IRS Examination/Audit
If the borrower is subject to an IRS examination/audit on the tax exempt financing, the city’s bond counsel must be involved in a timely fashion on any responses to IRS inquiries. The borrower will reimburse the city for any costs the city occurs related to the
examination/audit.

**Issue by Another Political Subdivision (Host Approval)**
The city will consider requests for approval of tax exempt financing by another political subdivision for projects located in the city of Minnetonka. In these cases, a non-refundable application fee of $250 must be paid and all procedures followed through the approval of the preliminary resolution. No administrative fee is charged.

**City as Issuer for Another Political Subdivision**
The city may consider requests for tax exempt financing for projects located in another city. Host approval must first be given by the jurisdiction in which the project is located. All projects must meet the city's standards as deemed applicable by the Community Development Director, and application and administrative fees will be collected as called out in Part C.

**Deadlines**
The council conducts all tax exempt financing matters at regularly scheduled council meetings generally held on the second and fourth Monday of each month. Documents for council consideration must be at the city office ten days preceding the council meeting at which the matter is to be considered. No exceptions to this requirement will be made. In the case of a publicly offered bond issue, the documents, when submitted, may specify a maximum price and maximum effective interest rate if prices and rates have not yet been established.

**Public Hearings**
Published and mailed notice of any required public hearing may be set and arranged administratively by city staff.

**Economic Development Authority as Issuer**
Regarding any tax exempt financing for which the Minnetonka Economic Development Authority (EDA) is to be the issuer, the EDA is to follow the adopted council policy applicable to such financing.

Adopted by Resolution No. 84-7547
Council Meeting of August 6, 1984

Adopted by Resolution No. 84-7563
Council Meeting of August 27, 1984

Amended by Council Motion
Council Meeting of November 18, 1985

Amended by Resolution No. 97-104
Council Meeting of July 28, 1997

Amended by Resolution No. 2003-077
Council Meeting of August 25, 2003

Amended by Resolution No. 2015-019
Council Meeting of March 23, 2015
Opus Housing
November 2017

- **1,030 existing units**
- **332 units under construction**
- **700 units proposed**

- **Claremont Apts.**
  - 319 units (market)

- **South Hampton**
  - 115 units (affordable)

- **Elmbrook**
  - 46 units (affordable)

- **Cloud 9 Condos**
  - 164 units (mix)

- **Green Circle Condos**
  - 312 units

- **Dominium**
  - 454 units (affordable)

- **The Mariner**
  - 246 units (market/affordable)

- **RiZe at Opus Park**
  - 332 units (market/affordable)

- **Townhomes of Shady Oak**
  - 74 units

- **1,030 existing units**
- **332 units under construction**
- **700 units proposed**
## ASSISTANCE TO AFFORDABLE HOUSING PROJECTS

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Number of Affordable Units</th>
<th>Total Assistance</th>
<th>Years of Affordability</th>
<th>Assistance per Unit per Year</th>
<th>Affordability Level</th>
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</thead>
<tbody>
<tr>
<td>Dominium</td>
<td>475</td>
<td>$7,611,000 (est)</td>
<td>30</td>
<td>$534</td>
<td>60% AMI</td>
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<tr>
<td>Shady Oak Redevelopment</td>
<td>49</td>
<td>$1,209,000 (est)</td>
<td>30</td>
<td>$822</td>
<td>60% AMI</td>
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<tr>
<td>Newport Partners (Mariner)</td>
<td>55</td>
<td>$556,179 (est)</td>
<td>30</td>
<td>$337</td>
<td>60% AMI</td>
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<tr>
<td>Tonka on the Creek</td>
<td>20</td>
<td>$2,283,000</td>
<td>30</td>
<td>$3,805</td>
<td>50% AMI</td>
</tr>
<tr>
<td>Applewood Pointe</td>
<td>9</td>
<td>$1,290,000</td>
<td>Initial Sale/Ongoing maximum %</td>
<td>$4,777 (est)</td>
<td>80% AMI</td>
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<tr>
<td>At Home (Rowland)</td>
<td>21</td>
<td>$2,500,000</td>
<td>30</td>
<td>$3,968</td>
<td>50% AMI</td>
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<tr>
<td>Cedar Point Townhomes</td>
<td>9</td>
<td>$512,000</td>
<td>15</td>
<td>$3,792</td>
<td>50% AMI</td>
</tr>
<tr>
<td>Glen Lake (St. Therese, Exchange)</td>
<td>43</td>
<td>$4,800,000</td>
<td>30</td>
<td>$3,721</td>
<td>60% AMI</td>
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</tbody>
</table>
| Ridgebury                              | 56                          | $3,243,000             | 30                     | $1,930                       | Initially--80% AMI  
|                                        |                             |                        |                        | Now—No income limit      |                     |
| Beacon Hill (apartments)               | 62                          | $2,484,000             | 25                     | $1,602                       | 50% AMI             |
| West Ridge Market (Crown Ridge, Boulevard Gardens, Gables, West Ridge) | 185                         | $8,514,000             | 30                     | $1,534                       | Crown Ridge—60% AMI  
|                                        |                             |                        |                        | Boulevard Gardens—60% AMI | Gables—initially 80% AMI, now no income limit |
|                                        |                             |                        |                        | West Ridge—50% AMI          |                     |
| The Ridge                              | 52                          | $1,050,000             | 30                     | $673                         | 60% AMI             |
| Homes Within Reach (2004-2012 grant years) | 35                          | $1,740,000             | 99                     | $502                         | 80% AMI             |
MINNETONKA HOUSING ACTION PLAN
FOR THE YEARS 2011-2020
METROPOLITAN LIVABLE COMMUNITIES ACT

Introduction

In 1995, the Minnesota Legislature created the Livable Communities Act (LCA) to address the affordable and life-cycle housing needs in the Twin Cities metropolitan area. When the LCA was established, Minnetonka was one of the communities to sign up to participate in the program, negotiating a series of affordable and lifecycle housing goals with the Metropolitan Council for 1996-2010.

In August 2010, the Minnetonka City Council passed a resolution electing to continue participating in the LCA for the years 2011-2020. As part of that resolution, the city agreed to the following affordable and lifecycle housing goals:

<table>
<thead>
<tr>
<th>New Affordable Units (rental and ownership)</th>
<th>246 to 378</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Lifecycle Units</td>
<td>375 to 800</td>
</tr>
</tbody>
</table>

The purpose of this Housing Action Plan is to outline the steps and tools that the city may use between the years 2011-2020 to help meet its LCA goals.

Overview of Minnetonka Housing Trends

Development Conditions

Minnetonka is a desirable community in which to live. Its natural environment, good schools, and homes on large lots contribute to the attraction of Minnetonka as a great place to live, work and play. As such, the demand for these community attributes has led to increased home values that have risen to the point that most single-family homes, despite their age, are not affordable to low and moderate income families. Land values, in particular, have increased substantially, making it difficult for developers to build affordable and mid-priced single-family homes.

Additionally, Minnetonka is a fully developed city with little vacant or underdeveloped land available for new housing development. With the combination of increasing land values and little developable land, most of the affordable homes in the community are rental units and for-sale condominiums and townhomes.

Aging of the Population

One of the biggest demographic shifts affecting this nation is the aging of the “baby boomer” generation (the large generation of people born between 1946 and 1964). This trend is already apparent in Minnetonka, where the median age in 2007 was 52 years old and 44% of the households were age 55 and older. As the population continues to
age, housing location, types, and proximity to public transit or transit alternatives will become increasingly important.

Preservation and Rehabilitation of the Existing Housing Stock

Much of Minnetonka’s single-family housing stock was built between 1950 and 1970 while most multi-family housing was built in the 1970s and 1980s. As the housing stock continues to age, additional maintenance and repairs will be needed in order to keep homes in adequate condition and to preserve neighborhood character. Older homes may need to be updated in order to attract younger families to the community. Also, as both Minnetonka’s population and housing age, older residents may require increased support through funding and in-kind service programs that will help them to maintain and make necessary repairs to ensure that their homes are safe, accessible, energy efficient, and habitable.

While not all older homes are affordable, older homes tend to be the more affordable housing stock in Minnetonka. The preservation of these homes is critical to providing homeownership opportunities for those who could normally not afford to live in the community.

Current Housing Conditions

In 2007, there were approximately 22,500 housing units in Minnetonka, of which 76.6% are owner-occupied. The housing stock includes a mix of the following types:

- 57% single-family
- 20% condominium/townhome
- 18% general-occupancy rental
- 5% senior (including independent and assisted living facilities)

Land values in Minnetonka continue to greatly influence the cost of housing. In Minnetonka, land accounts for about one-third of a home’s total value, thus making up a large proportion of the home value. For a single-family home, the median value is $326,850, with only about 1% of the single-family homes valued under $200,000. The median value of Minnetonka’s multi-family for-sale homes (i.e. condominiums and townhomes) in 2007 was $200,000. Multi-family homes contribute to the bulk of the city’s affordable for-sale housing stock because they are generally more affordable than Minnetonka’s single-family detached homes.

The average monthly rents at Minnetonka’s market-rate multi-family apartments are much higher than other market-rate apartments in the metropolitan area. In the 1st Quarter 2007, Minnetonka’s average apartment rents were $1,106 compared to the metropolitan area’s average apartment rental rate of $876. Additionally, only about 20% of Minnetonka rental units are considered affordable under the Metropolitan Council’s definition.


**Housing Goals**

In addition to the city’s agreement to add new affordable and lifecycle housing units as set out in the 2011-2020 affordable and lifecycle housing goals with the Metropolitan Council, the city’s 2008 Comprehensive Plan update also provides a series of housing goals that the city will be working towards achieving. These goals include:

1. Preserve existing owner-occupied housing stock.
2. Add new development through infill and redevelopment opportunities.
3. Encourage rehabilitation and affordability of existing rental housing and encourage new rental housing with affordability where possible.
4. Work to increase and diversify senior housing options.
5. Continue working towards adding affordable housing and maintaining its affordability.
6. Link housing with jobs, transit and support services.

More details on these goals as well as action steps are provided in the 2008 City of Minnetonka Comprehensive Plan Update.

**Tools and Implementation Efforts to Provide Affordable and Lifecycle Housing**

**Housing Assistance Programs**

The purpose of housing assistance programs is to provide renters or homeowners help in obtaining a housing unit. These programs can be federal, state, or local programs. For the years 2011-2020, Minnetonka anticipates the following programs will be available to Minnetonka residents.

**Section 8 Voucher Program**

The Section 8 Voucher Program is funded by the U.S. Department of Housing and Urban Development (HUD), and administered by the Metro HRA on behalf of the city. The program provides vouchers to low income households wishing to rent existing housing units. The number of people anticipated to be served depends on the number of voucher holders wishing to locate in Minnetonka as well as the number of landlords wishing to accept the vouchers.

**Shelter Plus Care**

The Shelter Plus Care program is another federal program administered by the Metropolitan Council and sometimes the City of St. Louis Park. This program provides rental assistance and support services to those who are homeless with disabilities. There are a small number of these units (less than 10) in the city currently, and it is unlikely there will be any more added.

**Minnesota Housing Finance Agency Programs**

The Minnesota Housing Finance Agency (MHFA) offers the Minnesota Mortgage Program and the Homeownership Assistance Fund for people wishing to purchase a
home in Minnetonka. The Minnesota Mortgage Program offers a below market rate home mortgage option, while the Homeownershp Assistance Fund provides downpayment and closing cost assistance. It is unknown how many people are likely to use these services as it seems to depend on what the market conditions are.

**Homes Within Reach**
Homes Within Reach, the local non-profit community land trust, acquires both new construction and existing properties for their program to provide affordable housing in the city. Using a ground lease, it allows the land to be owned by Homes Within Reach and ensures long-term affordability. Additionally, if rehabilitation is needed on a home, Homes Within Reach will rehabilitate the home before selling the property to a qualified buyer (at or less than 80% area median income). It is anticipated that approximately three to five homes per year will be acquired in Minnetonka as part of this program.

**City of Minnetonka First Time Homebuyer Assistance Program**
In 2010, the city levied for funds to begin a first time homebuyer assistance program. The program is anticipated to begin in 2011. General program details include funds for downpayment and closing costs of up to $10,000, which would be structured as a 30 year loan and available to those at incomes up to 115% of area median income or those that can afford up to a $300,000 loan. The number of households to be assisted depends on the amount of funding available for the program. Currently, this program is anticipated to be funded with HRA levy funds.

**Employer Assisted Housing**
Through employer assisted housing initiatives, Minnetonka employers can help provide their employees with affordable rental or home ownership opportunities. There are several options that employers can use to both increase the supply of affordable housing, as well as to provide their employees with direct assistance by:
- Providing direct down payment and closing cost assistance
- Providing secondary gap financing
- Providing rent subsidies

No employer assisted housing programs have been set up to date; however, it is a tool that the city has identified in the past as an opportunity for those who work in Minnetonka to live in Minnetonka.

**Housing Development Programs**
Housing development programs provide tools in the construction of new affordable housing units—both for owner-occupied units as well as rental units.

**Public Housing**
There are currently 10 public housing units, located in two rental communities, which offer affordable housing options for renters at incomes less than 30% of area median income. The Metropolitan Council and Minneapolis Public Housing Authority administer
the public housing program on behalf of the city. It is not anticipated that more public housing units will be added to the city.

HOME Program
HOME funds are provided through Hennepin County through a competitive application process. The city regularly supports applications by private and non-profit developers that wish to apply for such funds. Homes Within Reach has been successful in the past in obtaining HOME funds for work in Minnetonka and suburban Hennepin County.

Other Federal Programs
The city does not submit applications for other federal funding programs such as Section 202 for the elderly or Section 811 for the handicapped. However, the city will provide a letter of support for applications to these programs.

Minnesota Housing Finance Agency Programs
The Minnesota Housing Finance Agency (MHFA) offers a variety of financing programs, mainly for the development of affordable rental housing. Similar to federal programs, the city does not usually submit applications directly to MHFA; however, it will provide letters of support for applications to the programs.

Metropolitan Council Programs
The Metropolitan Council, through participation in the LCA, offers the Local Housing Incentives Account and Livable Communities Demonstration Account programs to add to the city’s affordable housing stock. Over the past 15 years, the city has received nearly $2 million in funds from these programs, and will continue to seek funding for projects that fit into the criterion of the programs.

Twin Cities Habitat for Humanity
The Twin Cities Habitat for Humanity chapter has had a presence in Minnetonka in the past, completing four affordable housing units. At this time there are no projects planned for Minnetonka, as land prices make it significantly challenging unless the land is donated. The city is willing to consider projects with Habitat for Humanity in the future to assist those with incomes at or below 50% of area median income.

Tax Increment Financing
Minnetonka has used tax increment financing (TIF) to offset costs to developers of providing affordable housing in their development projects. The city will continue to use TIF financing, as permitted by law, to encourage affordable housing opportunities. Unless the state statutes provide for a stricter income and rental limit, the city uses the Metropolitan Council’s definition of affordable for housing units.

Housing Revenue Bonds
The City has used housing revenue bonds for eight rental projects since 1985. Housing revenue bonds provide tax exempt financing for multi-family rental housing. The bond program requires that 20 percent of the units have affordable rents to low and moderate income persons. The city will continue to use housing revenue bonds for projects that
meet housing goals and provide affordable units meeting the Metropolitan Council’s guidelines.

Housing and Redevelopment Authority (HRA) Levy
By law, the city’s Economic Development Authority (EDA) has both the powers of an economic development authority and a housing and redevelopment authority (HRA). It can use these powers to levy taxes to provide funding for HRA activities, including housing and redevelopment. The city first passed an HRA levy in 2009 to support Homes Within Reach, and now uses the funds to support its own housing rehabilitation and homeownership activities for those at 100-115% of area median income.

Community Development Block Grant (CDBG) funds
CDBG funds are allocated to the city by HUD each year. Based upon the needs, priorities, and benefits to the community, CDBG activities are developed and the division of funding is determined at a local level. CDBG funds are available to help fund affordable housing.

Livable Communities Fund
In 1997, special legislation was approved allowing the City to use funds remaining from Housing TIF District No. 1 for affordable housing and Livable Communities Act purposes. The city can use these funds to help achieve its affordable housing goals.

Housing Maintenance and Rehabilitation
As the city’s housing stock continues to age, a number of programs are already in place to help keep up the properties.

Minnesota Housing Finance Agency Programs--Rental
The Minnesota Housing Finance Agency (MHFA) offers a variety of financing programs, for the rehabilitation of affordable rental housing. The city does not submit applications for these programs as the city does not own any rental housing; however, it will provide letters of support for those wishing to apply.

Minnesota Fix-up Fund
The Minnesota Housing Fix-Up Fund allows homeowners to make energy efficiency, and accessibility improvements through a low-interest loan. Funded by MHFA, and administered by the Center for Energy and Environment, the program is available to those at about 100% of area median income.

Community Fix-up Fund
The Community Fix-Up Fund, offered through Minnesota Housing, is similar to the Fix-Up Fund, but eligibility is targeted with certain criteria. In the city, Community Fix-Up Fund loans are available to Homes Within Reach homeowners, since community land trust properties cannot access the Fix-Up Fund due to the ground lease associated with their property.
Home Energy Loan
The Center for Energy and Environment offer a home energy loan for any resident, regardless of income, wishing to make energy efficiency improvements on their home.

Emergency Repair Loan
Established in 2005, the City’s Emergency Repair Loan program provides a deferred loan without interest or monthly payments for qualifying households to make emergency repairs to their home. The amount of the loan is repaid only if the homeowner sells their home, transfers or conveys title, or moves from the property within 10 years of receiving the loan. After 10 years, the loan is completely forgiven. This loan is funded through the City’s federal Community Development Block Grant (CDBG) funds in order to preserve the more affordable single-family housing stock by providing needed maintenance and energy efficiency improvements. The program is available to households with incomes at or below 80% of area median income. On average, 10 to 15 loans are completed each year.

City of Minnetonka Home Renovation Program
In 2010, the city levied for funds to begin a home renovation program. The program is anticipated to begin in 2011. This program would be similar to the existing federal community development block program (CDBG) rehabilitation program. The challenge with CDBG funding involves the maximum qualifying household income of 80% of AMI, Use of HRA funds, would allow the City of Minnetonka Home Renovation Program more flexibility to include households up to 115% AMI, which equates to 82% of all Minnetonka households. The program would be geared toward maintenance, green related investments and mechanical improvements. Low interest loans would be offered up to $7,500 with a five year term.

H.O.M.E. program
The H.O.M.E. program is a homemaker and maintenance program that is designed to assist the elderly. The H.O.M.E. program assists those who are age 60 and older, or those with disabilities with such services as: house cleaning, food preparation, grocery shopping, window washing, lawn care, and other maintenance and homemaker services. Anyone meeting the age limits can participate; however, fees are based on a sliding fee scale. Nearly 100 residents per year are served by this program.

Home Remodeling Fair
For the past 17 years, the city has been a participant in a home remodeling fair with other local communities. All residents are invited to attend this one day event to talk to over 100 contractors about their remodeling or rehabilitation needs. Additionally, each city has a booth to discuss various programs that are available for residents. Approximately 1,200 to 1,500 residents attend each year.
Local Official Controls and Approvals

The city recognizes that there are many land use and zoning tools that can be utilized to increase the supply of affordable housing and decrease development costs. However, with less than two percent of the land currently vacant in the city, most new projects will be in the form of redevelopment or development of under-utilized land. New infill development and redevelopment is typically categorized as a planned unit development (PUD), which is given great flexibility under the current zoning ordinance.

Density Bonus
Residential projects have the opportunity to be developed at the higher end of the density range within a given land use designation. For example, a developer proposing a market rate townhouse development for six units/acre on a site guided for mid-density (4.1-12 units/acre) could work with city staff to see if higher density housing, such as eight units/acre, would work just as well on the site as six units/acre. This is done on a case by case basis rather than as a mandatory requirement, based on individual site constraints.

Planned Unit Developments
The use of cluster-design site planning and zero-lot-line approaches, within a planned unit development, may enable more affordable townhome or single-family cluster developments to be built. Setback requirements, street width design, and parking requirements that allow for more dense development, without sacrificing the quality of the development or adversely impacting surrounding uses, can be considered when the development review process is underway.

Mixed Use
Mixed-use developments that include two or more different uses such as residential, commercial, office, and manufacturing or with residential uses of different densities provide potential for the inclusion of affordable housing opportunities.

Transit Oriented Development (TOD)
TOD can be used to build more compact development (residential and commercial) within easy walking distance (typically a half mile) of public transit stations and stops. TODs generally contain a mix of uses such as housing, retail, office, restaurants, and entertainment. TODs provides households of all ages and incomes with more affordable transportation and housing choices (such as townhomes, apartments, live-work spaces, and lofts) as well as convenience to goods and services.

Authority for Providing Housing Programs
The City of Minnetonka has the legal authority to implement housing-related programs, as set out by state law, through its Economic Development Authority (EDA). The EDA was formed in 1988; however, prior to that time, the city had a Housing and Redevelopment Authority (HRA).
City Council Agenda Item #14D
Meeting of December 4, 2017

Brief Description
Resolution approving the second amendment to the regulatory agreement for Minnetonka Heights

Recommendation
Adopt the resolution

Background

Heartland Heights, LLC has a contract to purchase Minnetonka Heights in December. Minnetonka Heights is an affordable rental community with 172 rental apartments and townhomes located at 5809 County Road 101. Heartland is requesting that the city council approve an amendment to a regulatory agreement that is tied to the original bonding that occurred for the project.

The buyer “Heartland” is a local real estate investment and management company that plans to own the property long-term and intends to improve the property after it is acquired. The anticipated improvements include: elevator upgrades, roof and ADA entry door replacements, and playground equipment upgrades. The budget for these investments is estimated at $784,025.

Heartland is anticipating that it will retain affordability on at least 90 units that are under the current Project-Based Section 8 contract that runs through 2034, and up to 9 units that fall under tax credit requirements. Project Based Section 8 housing is a government-funded program that provides rental housing to low-income households in privately owned and managed rental units. The subsidy stays with the building and is not tied to a specific tenant. The Project-Based Section 8 rents are currently capped at 30% of the household’s income. In addition, the project received a tax credit allocation and bond financing in 1999 that applied additional income and rental restrictions to 155 units (some overlap with Section 8). After the sale, it is anticipated that a minimum of 90 Project Based Units will remain at the property and 68 tax credit units will remain affordable. The rent on the tax credit units will remain available to households earning 60% of the Area Median Income (AMI) or less. The buyer intends to seek additional United States Housing and Urban Development (HUD) project-based Section 8 in 2018, to continue the affordability on the remaining 14 units.

If Heartland is able to obtain the additional HUD assistance it anticipates, the following rental scenarios apply for the current residents:

- Most residents (57%) will have no change; 16% will experience large rental decreases; 27% will see monthly increases ranging from $5 to $200.
- In this scenario, the resident’s share of the monthly rent would be limited to 30% of their household’s monthly income.

<table>
<thead>
<tr>
<th>Rent Change</th>
<th>Number of Households</th>
<th>Percentage of Households</th>
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<tbody>
<tr>
<td>No change</td>
<td>99</td>
<td>57%</td>
</tr>
<tr>
<td>Decrease</td>
<td>27</td>
<td>16%</td>
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</table>
$225/mo.
average

Increase*
$113/mo.
average

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<thead>
<tr>
<th></th>
<th>Current HUD Rent for 90 – Project Based Section 8 units</th>
<th>Current Non-HUD Rent (Tax Credit) for 82 units</th>
<th>Preliminary Market Rent</th>
<th>Estimated Tax Credit Rent Limits (60% AMI)</th>
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<td>1 bed sm</td>
<td>$620</td>
<td>$612</td>
<td>$890</td>
<td>$1,017</td>
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<td>1 bed lg</td>
<td>695</td>
<td>638</td>
<td>900</td>
<td>1,017</td>
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<td>725</td>
<td>721</td>
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<td>1,221</td>
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<tr>
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<td>766</td>
<td>744</td>
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<tr>
<td>2 bed TH**</td>
<td>760</td>
<td>771</td>
<td>1,310</td>
<td>1,112*</td>
</tr>
<tr>
<td>3 bed TH**</td>
<td>797</td>
<td>808</td>
<td>1,620</td>
<td>1,280*</td>
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</table>

* Original limit amount reduced by utility allowance ($109 for 2-bed; $130 for 3-bed)
**TH denotes town home units

Heartland is requesting that the council consider the second amendment to the regulatory agreement at the December 4 city council meeting. The regulatory agreement maintains affordability on a portion of the units and requires the buyer to report annually to verify tenant income eligibility. All existing outstanding debt, including two deferred EDA loans will be repaid through the sale of the property. The current outstanding balance on the two deferred EDA loans issued in 1999 is $400,000 (1% interest). The total repayment amount on the two outstanding EDA loans with interest is estimated at $474,378. Staff is researching how the returned funds can be utilized for future projects. Staff is anticipating that the deferred loan that originated from the Metropolitan Council will be returned to the Development Fund and the EDA Housing deferred loan will be returned to the Livable Communities Account.
The city’s EDA counsel, Julie Eddington, will be in attendance at the meeting to answer any questions related to the second amendment of the regulatory agreement. In addition, representatives from Heartland will be in attendance to answer questions related to the acquisition and continued affordability.

Recommendation

Staff recommends the city council adopt the resolution approving the Second Amendment to the Regulatory Agreement between the City of Minnetonka and Heartland Heights, LLC.

Submitted through:
  Geralyn Barone, City Manager
  Julie Wischnack, AICP, Community Development Director
  Merrill King, Finance Director

Originated by:
  Alisha Gray, Economic Development and Housing Manager

Additional Information
City Council Report March 15, 1999
November 22, 2017

Alisha Gray
Economic Development and Housing Manager
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345-1502

Re: Resolution approving the execution of a Second Amendment to Regulatory Agreement with Heartland Heights, LLC

Dear Alisha,

The City of Minnetonka (the “City”) issued its Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A (the “Series 1999A Bonds”), and its Multifamily Housing Revenue Refunding Bonds (Archer Heights Apartments Project), Series 1999B (the “Series 1999B Bonds,” and together with the Series 1999A Bonds, the “Series 1999 Bonds”), for the benefit of Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the “Original Owner”), to refinance a 172-unit multifamily rental housing development located within the City (the “Project”). In connection with the issuance of the Series 1999 Bonds, the City, the Original Owner, and U.S. Bank National Association, as trustee for the Series 1999 Bonds, entered into a First Amendment to Regulatory Agreement, dated as of May 1, 1999 (the “Prior Regulatory Agreement”). The Original Owner agreed to certain affordable housing restrictions for the Project pursuant to the Prior Regulatory Agreement.

Heartland Heights LLC, a Minnesota limited liability company (the “Owner”), intends to acquire the Project from the Original Owner. Upon the acquisition of the Project by the Owner, the Original Owner will use the proceeds of the sale to pay the principal of and interest on the Series 1999 Bonds. Typically, when tax-exempt bonds are paid off, the applicable regulatory agreement terminates. However, Section 1.103-8(b)(7) of the Treasury Regulations provides that if one or more housing assistance payments contracts under Section 8 of the United States Housing Act of 1937 remain in place after bonds are paid off, the regulatory agreement must remain in place. The Project currently has a housing assistance payments contracts under Section 8. We have drafted a Second Amendment to Regulatory Agreement (the “Regulatory Agreement”), which will amend, restate, and replace the Prior Regulatory Agreement in order to remove references to the Series 1999 Bonds and remove references to state laws related to bonds.

Julie A. Edington
Attorney at Law
Direct Dial (612) 337-9213
Email: jeddington@kennedy-graven.com
The City Council will consider the enclosed resolution at its meeting on December 4, 2017. The resolution approves the execution and delivery by the City of a new Second Amendment to Regulatory Agreement. Pursuant to the Regulatory Agreement, the Owner will continue to comply with the income and rent restrictions found in the Prior Regulatory Agreement and will provide the City with annual rental reports.

Please contact me with any questions about the foregoing.

Sincerely,

Julie A. Eddington
City Council Agenda Item #3  
Special Meeting of March 15, 1999

Brief Description: Items related to the refinancing and renovation of the Archer Heights housing development:

   A. Resolution authorizing the issuance and sale of multifamily housing revenue refunding bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project) Series 1999A, establishing the security therefor and authorizing the execution of documents.

   B. Resolution authorizing the issuance and sale of multifamily housing revenue refunding bonds (Archer Heights Apartments Project) Series 1999B, establishing the security therefor and authorizing the execution of documents.

   C. Resolution approving loan agreements between the City of Minnetonka, the Economic Development Authority in and for the City of Minnetonka, and Minnetonka Heights Limited Partnership, and related documents (Metropolitan Council and Minnetonka Housing Account funds).

Recommended Action: Action recommended is to adopt the resolutions.

Background

The owners of the Archer Heights housing development have been working for many months to complete the sale/refinancing and rehabilitation of the development. As Councilmembers may recall, this financing will pay for a major renovation of the 172 existing apartment and townhome limits at Archer Heights. The 32 new affordable townhomes approved for the development are not included in this financing, but will be constructed as a separate future project.

All arrangements for rehab construction have been made, and have been approved by HUD and MHFA. Construction work will start very quickly after the closing occurs on the financing. Many units at Archer Heights are vacant right now, as part of a plan that will allow households to move within the complex as rehab work proceeds from building to building.

Resolution authorizing Housing Revenue Refunding Bonds

In May, 1998 the City issued $6,500,000 of housing revenue bonds for this project. These bonds were “parked” pending the arrangement of additional financing. Now, as described in the enclosed letter from Bruce Batterson of Kennedy & Graven, two separate issues of refunding bonds are proposed to redeem the original bond issue, and provide funds to the project.
As further described by Mr. Batterson, the bonds are payable solely from revenues generated by Archer Heights, and are in no way an obligation of the City.

Two resolutions authorizing issuance of the new bond issues are enclosed for Council consideration. Staff recommends the Council adopt the resolutions.

Resolution approving Loan Agreements for Metropolitan Council and City/EDA funding contributions

As described in the enclosed Sources and Uses description of project financing, many agencies have assisted in funding the Archer Heights renovation project. These include HUD, MHFA, the Family Housing Fund, Metropolitan Council and the City/EDA. The Family Housing Fund in particular is making a very significant contribution of $700,000. The Metropolitan Council is contributing $100,000, and staff recommends the City/EDA contribute $300,000 from the Housing Account.

The Loan agreements necessary to document the financial assistance from the City/EDA and the Metropolitan Council have been prepared by Steve Bubul of Kennedy & Graven. The Metropolitan Council contribution takes the form of a grant to the City, so the City is responsible for documenting that loan.

As pointed out in the enclosed memorandum from Steve Bubul, these loans are expected to be subordinate to most of the other financing liens for Archer Heights. The agreements also require the housing have affordable rents for 30 years.

Mr. Bubul has also drafted the enclosed resolution approving the loan agreements, for City Council consideration. A similar resolution was adopted by the EDA Commissioners at their March 9, 1999 meeting, and staff recommends the Council adopt the enclosed resolution.

Staff Comments

Staff would like to make Councilmembers aware that even though the new financing ensures the continued affordability of the housing at Archer Heights, there will be some rent increases involved. Archer Heights has historically had low rents, even for subsidized housing, with all units having rents of $500 per month or less. As described in the enclosed memo from Mark Ruff of Ehlers and Associates, units will now have rent increases of approximately 10%. While those units having Section 8 coverage are protected to some degree from these increases, others are not.

Because of this concern, MHFA has allocated $40,000 that can be used to offset all or part of the rent increases that would otherwise affect approximately 40 existing tenant households at Archer Heights. These funds could offset the full amount of the increases for about 2 years, or be spread over a longer period of time and offset just
part of the increase. New tenants will be subject to the full increases in rent payments.

Finally, staff appreciates the time and effort the Mayor and City Council have devoted over the past 2 years to keep the Archer Heights project moving forward, and thereby ensuring the continued availability of these homes as affordable housing.

Staff will assist HUD and MHFA in monitoring construction over the coming months to see that the renovation work is completed successfully.

Respectfully submitted,

David M. Childs
City Manager

By: Ronald S. Rankin, Community Development Director
City of Minnetonka
Archer Heights Refinance and Rehabilitation

**SOURCES OF FUNDS**

- FHA Insured 223 (a) (7) $3,040,000
- Low Income Housing Tax Credits (4% Credit) 2,119,859
- HUD 241 (Existing Loan) 1,600,000
- City of Minnetonka 300,000
- Metropolitan Council 100,000
- Family Housing Fund 700,000
- MHFA ARIF 1,100,000
- MHFA PARIF 700,000
- General Partner 302,361

**USES OF FUNDS**

- Purchase Price $4,800,000
- Relocation 300,000
- Rehabilitation 3,503,000
- Contingency 235,000
- Developer Fee 500,000
- Operating Reserve 250,000
- Costs of issuance 374,220
- Rounding 0

**Total** $9,962,220

**Notes**

1. Sources and uses based upon Glaser Financial run dated March 5, 1999
CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting recording officer of the City of Minnetonka, Minnesota (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. _______ entitled: "RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (GNMA COLLATERALIZED MORTGAGE LOANS/ARCHER HEIGHTS APARTMENTS PROJECT), SERIES 1999A, ESTABLISHING THE SECURITY THEREFOR AND AUTHORIZING THE EXECUTION OF DOCUMENTS" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a special meeting on March 15, 1999, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof:

and the following voted against the same:

WITNESS my hand officially as such recording officer this _____ day of ____________, 1999.

____________________________________
City Manager
BE IT RESOLVED by the City Council of the City of Minnetonka, Minnesota (the “City”), as follows:

Section 1. Recitals.

1.01. Pursuant to Minnesota Statutes, Chapter 462C, as amended (the “Act”), the City has heretofore issued its Rental Housing Revenue Bonds (Archer Heights Apartments Project), Series 1998 (the “Prior Bonds”) in the aggregate principal amount of $6,500,000 pursuant to an Indenture of Trust, dated as of May 1, 1998 (the “Prior Indenture”), between the City and U.S. Bank Trust National Association, as trustee (the “Trustee”).

1.02. By a Loan Agreement, dated as of March 1, 1998 (the “Prior Loan Agreement”) between the City and Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the “Borrower”), the City agreed to lend the proceeds of the Prior Bonds to the Borrower to finance a Project consisting of the acquisition and rehabilitation of a 172-unit multifamily rental housing facility within the City known as Archer Heights Apartments (the “Project”), and the Borrower agreed to repay the loan at times and in amounts sufficient to pay the principal of and interest on the Prior Bonds when due.

1.03. The Prior Bonds are now outstanding in the principal amount of $6,500,000. Under the terms of the Prior Indenture, the Prior Bonds are subject to redemption and prepayment on and after August 1, 1998.

1.04. The Borrower has requested that the City issue its Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A (the “Series 1999A Bonds”) under the Act and lend the proceeds thereof to the Borrower who will agree to apply such proceeds to the refunding of a portion of the outstanding Prior Bonds.

1.05. Forms of the following documents relating to the Series 1999A Bonds have been prepared and submitted to the City Council:
(b) a Loan Agreement (the "Loan Agreement"), among the City, the Borrower, Glaser Financial Group, Inc. (the "Lender"), and the Trustee, whereby the City will apply the proceeds derived from the sale of the Series 1999A Bonds to refund a portion of the outstanding principal of the Prior Bonds, and a portion of the moneys on deposit with the Trustee under the Prior Indenture will be used to fund two Mortgage Loans (the "Mortgage Loans") by the Lender to the Borrower, each to be evidenced by a promissory note (together, the "Mortgage Notes") of the Borrower, secured by a mortgage lien (together, the "Mortgages") on the Project to be insured by the Federal Housing Administration ("FHA"), and upon endorsement of the Mortgage Loans by the FHA, the Lender is to issue and deliver to the Trustee, as security for the Series 1999A Bonds, two securities (the "GNMA Securities") issued by the Lender and guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA");

(c) a Bond Purchase Agreement (the "Bond Purchase Agreement"), among the City, the Borrower and U.S. Bancorp Piper Jaffray Inc. (the "Underwriter"), whereby the Underwriter agrees to purchase the Series 1999A Bonds;

(d) an First Amendment Number to Regulatory Agreement (the "Regulatory Agreement"), among the City, the Trustee and the Borrower, amending the Regulatory Agreement, dated as of May 1, 1998, relating to the Prior Bonds.

Section 2. Findings. It is hereby found and determined that the City is authorized by the Act to issue the Series 1999A Bonds and it is in the public interest that the City issue the Series 1999A Bonds under the terms and conditions specified in the Indenture. As provided in the Indenture, the Series 1999A Bonds are and shall be special, limited obligations of the City. Neither the full faith and credit nor the taxing power of the City is or shall be pledged to payment of the principal of, premium, if any, and interest on the Series 1999A Bonds. The principal of, premium, if any, and interest on the Series 1999A Bonds shall be payable solely from the sources specified in the Indenture. No Series 1999A Bond or any provision of any other document relating thereto shall be at any time construed to constitute an indebtedness or obligation of any sort of the State of Minnesota or Hennepin County.

Section 3. Authorization and Approval.

3.01. It is recognized that as of the date of adoption of this Resolution, the precise interest rates, maturity dates and amounts, and redemption dates and prices of the Series 1999A Bonds have not been finalized. Therefore, the Mayor and City Manager of the City are authorized to approve those details of the Series 1999A Bonds, without further action by this Council, provided that (i) no interest rate on a Series 1999A Bond shall exceed ____% per annum; and (ii) the aggregate principal amount of the Series 1999A Bonds may not exceed $_______. The execution and delivery of the Series 1999A Bonds shall be conclusive evidence of the approval of such interest rates, maturity dates and amounts, redemption dates and prices, and the purchase price of the Series 1999A Bonds.
3.02. The forms of the Loan Agreement, the Indenture, the First Amendment to Regulatory Agreement, and the Bond Purchase Agreement are hereby approved. When the details of the Series 1999A Bonds have been finalized pursuant to Section 3.01, the Mayor and City Manager are hereby authorized and directed, in the name of and on behalf of the City, to execute and deliver the Loan Agreement, the Indenture, the First Amendment to Regulatory Agreement and the Bond Purchase Agreement in substantially the forms on file with the City, but with all such changes therein as may be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof.

3.03. The Series 1999A Bonds, in substantially the form prescribed by the Indenture, shall be executed by facsimile or manual signatures of the appropriate officers of the City and shall be delivered to the Trustee for authentication and for delivery to the original purchasers of the Series 1999A Bonds, or to the Underwriter, acting on their behalf, upon receipt by the Trustee of the purchase price specified in the Bond Purchase Agreement.

3.04. The City consents to the use by the Underwriter, in accordance with applicable-securities laws and regulations, and authorizes preparation and distribution of a Preliminary Official Statement and an Official Statement or other disclosure documents meeting the requirements of applicable federal and state securities laws. The City has not participated in the preparation of any offering materials, has not made an independent investigation with respect to the information contained therein, and assumes no responsibility for the accuracy or completeness of the information contained therein.

3.05. The officers and employees of the City are hereby authorized and directed to do all acts and things, and to execute all documents necessary in connection with the issuance of the Series 1999A Bonds. If the Mayor or City Manager is absent or unable to execute any document herein authorized to be executed by either or both of them, such document may be executed by the acting Mayor or by the deputy or assistant City Manager. The approval hereby given to the form of any document shall include such additions and amendments thereto or deletions therefrom as the officers executing such document on behalf of the City may find necessary or desirable, and the execution of any document by an officer of the City shall be conclusive evidence of its approval and authorization hereunder. The Mayor and City Manager are authorized and directed to prepare and furnish to the Underwriter and to Bond Counsel certified copies of all proceedings and records of the City relating to the Prior Bonds and the Series 1999A Bonds, as they appear on the books and records of the City. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.

3.06. The Trustee is hereby authorized in the name of the City to make such investments or purchase such securities as with the approval of the Borrower, the Underwriter, and Bond Counsel are necessary and appropriate to effect the defeasance of the Prior Bonds as provided in the Indenture.
CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting recording officer of the City of Minnetonka, Minnesota (the "City"), hereby certify that the attached resolution is a true copy of Resolution No. ________ entitled: "RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF MULTIFAMILY HOUSING REVENUE REFUNDING BONDS (ARCHER HEIGHTS APARTMENTS PROJECT), SERIES 1999B, ESTABLISHING THE SECURITY THEREFOR AND AUTHORIZING THE EXECUTION OF DOCUMENTS" (the "Resolution"), on file in the original records of the City in my legal custody; that the Resolution was duly adopted by the City Council of the City at a special meeting on March 15, 1999, and that the meeting was duly held by the City Council and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

I further certify that, upon vote being taken on the Resolution at said meeting, the following Council Members voted in favor thereof:

and the following voted against the same:

WITNESS my hand officially as such recording officer this _____ day of __________, 1999.

__________________________________
City Manager
ADOPTED: March 15, 1999

Mayor

Attest:

City Manager
BE IT RESOLVED by the City Council of the City of Minnetonka, Minnesota (the "City"), as follows:

Section 1. Recitals.

1.01. Pursuant to Minnesota Statutes, Chapter 462C, as amended (the "Act"), the City has heretofore issued its Rental Housing Revenue Bonds (Archer Heights Apartments Project), Series 1998 (the "Prior Bonds") in the aggregate principal amount of $6,500,000 pursuant to an Indenture of Trust, dated as of May 1, 1998 (the "Prior Indenture"), between the City and U.S. Bank Trust National Association, as trustee (the "Trustee").

1.02. By a Loan Agreement, dated as of March 1, 1998 (the "Prior Loan Agreement") between the City and Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the "Borrower"), the City agreed to lend the proceeds of the Prior Bonds to the Borrower to finance a Project consisting of the acquisition and rehabilitation of a 172-unit multifamily rental housing facility within the City known as Archer Heights Apartments (the "Project"), and the Borrower agreed to repay the loan at times and in amounts sufficient to pay the principal of and interest on the Prior Bonds when due.

1.03. The Prior Bonds are now outstanding in the principal amount of $6,500,000. Under the terms of the Prior Indenture, the Prior Bonds are subject to redemption and prepayment on and after August 1, 1998.

1.04. The Borrower has requested that the City issue its Multifamily Housing Revenue Refunding Bonds (Archer Heights Apartments Project), Series 1999B (the "Series 1999B Bonds") under the Act and lend the proceeds thereof to the Borrower who will agree to apply such proceeds to the refunding of a portion of the outstanding Prior Bonds.

1.05. Forms of the following documents relating to the Series 1999B Bonds have been prepared and submitted to the City Council:

(a) an Indenture of Trust (the "Indenture"), between the City and the Trustee, whereby the City prescribes the terms and conditions for the issuance of the Series 1999B Bonds;
(b) a Loan Agreement (the “Loan Agreement”), between the City and the Borrower, whereby the City will loan the proceeds derived from the sale of the Series 1999B Bonds to the Borrower to refund a portion of the outstanding principal of the Prior Bonds, and the Borrower will agree to repay the loan by making payments sufficient to pay the principal of and interest on the Series 1999B Bonds when due;

(c) a Bond Purchase Agreement (the “Bond Purchase Agreement”), among the City, the Borrower and U.S. Bancorp Piper Jaffray Inc. (the “Underwriter”), whereby the Underwriter agrees to purchase or place the Series 1999B Bonds;

(d) an First Amendment Number to Regulatory Agreement (the “Regulatory Agreement”), among the City, the Trustee and the Borrower, amending the Regulatory Agreement, dated as of May 1, 1998, relating to the Prior Bonds; and

(e) a Bond Repurchase Agreement executed by SunAmerica Inc., a Delaware corporation (“SAP”), the general partner of the limited partner of the Borrower, for the benefit of the Trustee, to further secure the Series 1999B Bonds (this document not to be executed by the City).

Section 2. Findings. It is hereby found and determined that the City is authorized by the Act to issue the Series 1999B Bonds and it is in the public interest that the City issue the Series 1999B Bonds under the terms and conditions specified in the Indenture. As provided in the Indenture, the Series 1999B Bonds are and shall be special, limited obligations of the City. Neither the full faith and credit nor the taxing power of the City is or shall be pledged to payment of the principal of, premium, if any, or interest on the Series 1999B Bonds. The principal of, premium, if any, and interest on the Series 1999B Bonds shall be payable solely from the sources specified in the Indenture. No Series 1999B Bond or any provision of any other document relating thereto shall be at any time construed to constitute an indebtedness or obligation of any sort of the State of Minnesota or Hennepin County.

Section 3. Authorization and Approval.

3.01. It is recognized that as of the date of adoption of this Resolution, the precise interest rates, maturity dates and amounts, and redemption dates and prices of the Series 1999B Bonds have not been finalized. Therefore, the Mayor and City Manager of the City are authorized to approve those details of the Series 1999B Bonds, without further action by this Council, provided that (i) no interest rate on a Series 1999B Bond shall exceed _____% per annum; and (ii) the aggregate principal amount of the Series 1999B Bonds may not exceed $_______. The execution and delivery of the Series 1999B Bonds shall be conclusive evidence of the approval of such interest rates, maturity dates and amounts, redemption dates and prices, and the purchase price of the Series 1999B Bonds.

3.02. The forms of the Loan Agreement, the Indenture, the First Amendment to Regulatory Agreement, the Bond Purchase Agreement and the Bond Repurchase Agreement are hereby approved. When the details of the Series 1999B Bonds have been finalized pursuant to Section 3.01, the Mayor and City Manager are hereby authorized and directed, in the name of and
on behalf of the City, to execute and deliver the Loan Agreement, the Indenture, the First Amendment to Regulatory Agreement and the Bond Purchase Agreement in substantially the forms on file with the City, but with all such changes therein as may be approved by the officers executing the same, which approval shall be conclusively evidenced by the execution thereof.

3.03. The Series 1999B Bonds, in substantially the form prescribed by the Indenture, shall be executed by facsimile or manual signatures of the appropriate officers of the City and shall be delivered to the Trustee for authentication and for delivery to the original purchasers of the Series 1999B Bonds, or to the Underwriter, acting on their behalf, upon receipt by the Trustee of the purchase price specified in the Bond Purchase Agreement.

3.04. The City consents to the use by the Underwriter, in accordance with applicable securities laws and regulations, and authorizes preparation and distribution of a Preliminary Official Statement and an Official Statement or other disclosure documents meeting the requirements of applicable federal and state securities laws. The City has not participated in the preparation of any offering materials, has not made an independent investigation with respect to the information contained therein, and assumes no responsibility for the accuracy or completeness of the information contained therein.

3.05. The officers and employees of the City are hereby authorized and directed to do all acts and things, and to execute all documents necessary in connection with the issuance of the Series 1999B Bonds. If the Mayor or City Manager is absent or unable to execute any document herein authorized to be executed by either or both of them, such document may be executed by the acting Mayor or by the deputy or assistant City Manager. The approval hereby given to the form of any document shall include such additions and amendments thereto or deletions therefrom as the officers executing such document on behalf of the City may find necessary or desirable, and the execution of any document by an officer of the City shall be conclusive evidence of its approval and authorization hereunder. The Mayor and City Manager are authorized and directed to prepare and furnish to the Underwriter and to Bond Counsel certified copies of all proceedings and records of the City relating to the Prior Bonds and the Series 1999B Bonds, as they appear on the books and records of the City. All such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the City as to the truth of all statements contained therein.

3.06. The Trustee is hereby authorized in the name of the City to make such investments or purchase such securities as with the approval of the Borrower, the Underwriter, and Bond Counsel are necessary and appropriate to effect the defeasance of the Prior Bonds as provided in the Indenture.
ADOPTED: March 15, 1999

Mayor

Attest:

City Manager
CITY OF MINNETONKA

RESOLUTION NO. ____

RESOLUTION APPROVING LOAN AGREEMENTS BETWEEN
THE CITY OF MINNETONKA, THE ECONOMIC
DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF
MINNETONKA AND MINNETONKA HEIGHTS LIMITED
PARTNERSHIP AND RELATED DOCUMENTS

WHEREAS Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the "Borrower") has requested that the City issue its Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A (the "Series 1999A Bonds") and its Multifamily Housing Revenue Refunding Bonds (Archer Heights Apartments Project), Series 1999B (the "Series 1999B Bonds") (collectively, the "Bonds") and lend the proceeds thereof to the Borrower who will agree to apply such proceeds to the refunding of a portion of certain outstanding bonds issued by the City to finance the acquisition and rehabilitation of a 172-unit multifamily rental housing facility within the City known as Archer Heights Apartments (the "Project"); and

WHEREAS, the City has received from the Metropolitan Council certain grant funds intended, in part, to facilitate development of the Project; and

WHEREAS, the City and its Economic Development Authority ("Authority") have determined that it is in the best interests of the Authority and the City to provide certain additional financial assistance to the Project in order to improve and retain affordable housing in the City; and

WHEREAS, the Authority is authorized under 1997 Laws, Chapter 231, 10, Section 21 to establish a housing development account in order to finance acquisition and rehabilitation of housing for low and moderate income persons; and

WHEREAS, there has been presented before the City a form of loan agreement between the City, the Authority and the Borrower providing for a loan of to the Borrower in the amount of $100,000, representing the funds granted to the City by the Metropolitan Council (the "Metropolitan Council Loan Agreement"); and a form of loan agreement between the Authority and the Borrower providing for loan to the Borrower in the amount of $300,000, representing funds from the Authority housing development account (the "EDA Loan Agreement"); and

WHEREAS, the City has reviewed the Metropolitan Council Loan Agreement, and the EDA Loan Agreement and finds that the execution of the same and the City's performance of its obligations thereunder are in the best interest of the City and its residents.

NOW, THEREFORE, be it resolved by the City Council of the City of Minnetonka as follows:

1. The Metropolitan Council Loan Agreement and the EDA Loan Agreement, as presented to the City, are hereby in all respects approved, subject to modifications that do not alter
the substance of the transaction and that are approved by the officials authorized to execute the
documents, provided that execution of such documents by such officials shall be conclusive
evidence of their approval.

2. The Mayor and City Manager are hereby authorized to execute the Metropolitan
Council Loan Agreement on behalf of the City and to carry out, on behalf of the City, the City's
obligations thereunder.

3. The Mayor and City Manager are also authorized to execute a Master Subordination
Agreement and Estoppel Certificate (the "Subordination Agreement") and a Master Disbursement
Agreement (the "Disbursement Agreement") among the City, the Authority, the Borrower and
various other parties, providing for disbursement and lien priority of the Authority's loans along
with various other loans being made in connection with the Project, the form of which shall be
approved by the City attorney, the Mayor and City Manager, provided that execution of such
documents by City officials shall be conclusive evidence of their approval.

Approved by the City Council of the City of Minnetonka this 15th day of March, 1999.

___________________________
Acting Mayor

Attest:

___________________________
City Clerk
March 8, 1999

Ronald Rankin  
Community Development Director  
City of Minnetonka  
14600 Minnetonka Boulevard  
Minnetonka, Minnesota 55343-1597

RE: City of Minnetonka, Minnesota Multifamily Housing Revenue Refunding Bonds  
(GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A

City of Minnetonka, Minnesota Multifamily Housing Revenue Refunding Bonds  
(Archer Heights Apartments Project), Series 1999B

Dear Ron:

Enclosed are the bond resolutions for consideration by the City Council at its special meeting March 15. There are two resolutions, one for the Series 1999A Bonds and one for the Series 1999B Bonds. The total principal amount of the two bond issues will not exceed $6,500,000; the maximum amount and interest rate for each issue will be provided prior to the Council meeting.

These two series of bonds are being issued to refund the $6,500,000 Rental Housing Revenue Bonds (Archer Heights Apartments Project), Series 1998, issued by the City in May, 1998, to finance a portion of the cost of acquisition and rehabilitation of Archer Heights Apartments (the “Project”) by Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the “Borrower”). Proceeds of the two series will be used to redeem the Series 1998 Bonds, and proceeds of the Series 1998 Bonds will be applied, together with other moneys, to costs of the Project.

The bonds are payable solely from revenues of the Project and other security provided by the Borrower, as described below. The City is not liable in any way for payment of the Bonds.
The Series 1999A Bonds will be secured by two securities (the "GNMA Securities"), which are payable primarily from the Borrower's repayment of two FHA-insured mortgage loans on the Project. The GNMA Securities will be guaranteed as to timely payment of principal and interest by the Government National Mortgage Association ("GNMA"). On the basis of the GNMA guaranty, the Series 1999A Bonds are expected to be rated "Aaa" by Moody's. The Series 1999A Bonds will be purchased by U.S. Bancorp Piper Jaffray Inc. (the "Underwriter") and offered and sold to the public.

The Series 1999B Bonds will be secured by a Loan Agreement between the City and the Borrower and assigned to the Trustee. In addition, pursuant to a Bond Repurchase Agreement, SunAmerica Inc., the general partner of the limited partner in the Borrower, will agree to purchase all of the outstanding Series 1999B Bonds if an event of default occurs and the Series 1999B Bonds are accelerated. The Series 1999B Bonds will not be rated, and the Underwriter will place them with institutional investors.

We have reviewed the documents and other proceedings, and the resolutions are in the proper form for adoption by the Council. Adoption of the two resolutions is the only action required to authorize the issuance of the Series 1999A Bonds and the Series 1999B Bonds. No public hearing is required.

Steve Bubul from our office will attend the March 15 meeting. In the meantime, please feel free to call Steve or me if you or any Council members have any questions.

Very truly yours,

Bruce M. Batterson
MEMORANDUM

TO: Mayor Anderson and Councilmembers
FROM: Stephen Bubul
DATE: March 12, 1999
RE: Archer Heights

Following is a summary of the EDA and City loan transactions in the Archer Heights project.

Generally

The City is issuing two series of bonds to refund the $6,500,000 multifamily housing revenue bonds issued by the City in 1998 to acquire and rehabilitate the Archer Heights Project. To help bridge the funding gap that remains, the EDA and City will provide two loans: $100,000, obtained by a grant from the Metropolitan Council Housing Incentive Account, and $300,000 from the EDA’s housing development account.

Metropolitan Council Loan

The Metropolitan Council will grant $100,000 to the City for project costs. The City and EDA will enter into a Loan Agreement with Minnetonka Heights Limited Partnership (the “Borrower”). In that agreement, the City assigns the grant money to the EDA for administration. The significant terms of the Loan Agreement are as follows:

- The interest rate is 1%
- The loan is secured by a subordinated mortgage on the project.
- The loan is repayable on the earlier of (1) default under the Loan Agreement, Mortgage, or the Regulatory Agreement (which sets the income requirements for the project); (2) transfer of project ownership, or (3) 30 years after the date of closing.
- The Borrower assumes any obligations of the EDA or City under the Metropolitan Council grant agreement, except any obligations regarding re-use of loan repayments.
EDA Funds

The EDA will enter a loan agreement with the Borrower for the $300,000 loan from the EDA housing development account. This loan has the same terms as the Metropolitan Council loan, except provisions related to the grant which are not relevant.

Disbursement and Lien Priorities

Both loans, along with those from the Family Housing Fund and MHFA, will be disbursed under a Master Disbursing Agreement to be prepared by MHFA. Also, the relative lien priorities of the various funding sources will be determined by a Master Subordination Agreement, also prepared by MHFA. Neither of these documents is available at this time. We anticipate that the Met Council and EDA loans will be subordinate to most if not all other liens.

The City is requested to authorize execution of these documents, with approval by the City attorney, Mayor and City Manager.
LOAN AGREEMENT
(Metropolitan Council Funds)

THIS AGREEMENT is made this ___ day of __________, 1999 by and among MINNETONKA HEIGHTS LIMITED PARTNERSHIP, a Minnesota limited partnership (the “Borrower”) and the CITY OF MINNETONKA, a Minnesota municipal corporation (the “City”) and the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, a public body corporate and politic (the “Lender”).

RECITALS

A. Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the “Borrower”) has requested that the City issue its Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A (the “Series 1999A Bonds”) and its Multifamily Housing Revenue Refunding Bonds (Archer Heights Apartments Project), Series 1999B (the “Series 1999B Bonds”) (collectively, the “Bonds”) and lend the proceeds thereof to the Borrower who will agree to apply such proceeds to the refunding of a portion of certain outstanding bonds issued by the City to finance the acquisition and rehabilitation of a 172-unit multifamily rental housing facility within the City known as Archer Heights Apartments (the “Project”) located on certain property in the City legally described on Exhibit A attached hereto (the “Property”).

B. In connection with issuance of the Bonds, the Borrower entered into that certain Regulatory Agreement between the City, the Borrower and U.S. Bank Trust National Association, dated May 1, 1998, as amended by a First Amendment thereto (the “Regulatory Agreement”).

C. In order to provide additional financing for the Project, the City has received grant funds in the amount of $100,000 from the Local Housing Incentives Account of the Metropolitan Livable Communities Fund, the uses of which grant are subject to and restricted by the Grant Agreement entered into between the Metropolitan Council and City of Minnetonka, Grant No. _____________. (the “Grant Agreement”).

D. The City agrees to transfer the administration and control of such funds to the Lender in order to make the loan described herein, subject to all the terms and restrictions of the Grant Agreement.

E. Lender agrees to loan to Borrower the sum of $100,000, from the grant funds received under the Grant Agreement, in order to finance a portion of the cost of the Project and thereby improve and retain affordable housing in the City.

ACCORDINGLY, to induce Lender to make the Loan to Borrower, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Loan Amount: Subject to and upon the terms and conditions of this Agreement, Lender agrees to loan to Borrower the sum of One Hundred Thousand and no/100ths
Dollars ($100,000), or so much thereof as is disbursed to Borrower in accordance with this Agreement (the "Loan"). The Loan shall be evidenced by a promissory note ("Note") payable by Borrower to Lender substantially in the form of Exhibit B attached to this Agreement, which shall be dated as of the date of this Agreement, which Note shall be secured by a mortgage (the "Mortgage") given by the Borrower to the Lender in substantially the form of Exhibit C dated as of the date of this Agreement. Proceeds of the Loan shall be disbursed in accordance with Section 3 hereof.

2. **Repayment of Loan**. (a) The Loan shall be repaid with interest as follows:

(i) Interest at the simple rate of one percent (1.00%) per annum shall accrue from the Loan Closing Date (as hereinafter defined) until the Loan is repaid in full.

(ii) The entire unpaid balance of principal and interest shall be due and payable in full on the earlier of the following: (1) ten days after written notification by Lender to Borrower of the occurrence of an Event of Default as defined in Section 5 hereof and demand of payment according to this Section 6; or (2) ten days after the Borrower makes or allows to be made any total or partial transfer, sale, assignment, conveyance, lease (except a lease to a residential tenant of a unit within the Project), or transfer in any other mode, of the Project constructed thereon; or (3) thirty years after the Loan Closing Date (as hereinafter defined).

(b) The Borrower shall assume all obligations of the Lender to Metropolitan Council under the Grant Agreement, except any obligations of Lender with regard to reinvestment or reuse of Loan repayments.

3. **Disbursement of Loan Proceeds**.

(a) On the date of issuance of the Bonds (the "Loan Closing Date"), Loan proceeds shall be paid to ______________ (the "Title Company") for disbursement to Borrower for costs of the Project in accordance with the terms of that certain Minnetonka Heights Master Disbursement Agreement by and among the Borrower, Glaser Financial Group, Inc. ("Glaser"), the Minnesota Housing Finance Agency ("MHFA"), the Family Housing Fund of Minneapolis and St. Paul ("FHF"); the Lender, the City and the Title Company dated as of the Loan Closing Date or such other date as the parties thereto specify (the "Master Disbursement Agreement").

(b) The following events shall be conditions precedent to the payment of the Loan proceeds to Borrower on the Loan Closing Date:

(i) Borrower having executed and delivered to Lender prior to the Loan Closing Date, without expense to Lender, executed copies of this Agreement, the Mortgage and the Note;

(ii) Borrower having delivered to Lender a copy of the executed Master Disbursement Agreement;
(iii) Borrower having provided evidence satisfactory to Lender that Borrower has established a separate accounting system for the Project, for the purpose of recording the receipt and expenditure of the Loan proceeds; and

(iv) Borrower having paid all attorney fees, costs, and expenses incurred by Lender in connection with this Agreement and the Note.

4. **Representations and Warranties.** Borrower represents and warrants to Lender that:

(a) Borrower is a limited partnership duly organized and existing in good standing under the laws of the State of Minnesota.

(b) Borrower is duly authorized and empowered to execute, deliver, and perform this Agreement, the Note and the Mortgage and to borrow money from Lender.

(c) The execution and delivery of this Agreement, and the performance by Borrower of its obligations hereunder, do not and will not violate or conflict with any provision of law or the partnership agreement of Borrower and do not and will not violate or conflict with, or cause any default or event of default to occur under, any agreement binding upon Borrower.

(d) The execution and delivery of this Agreement has been duly approved by all necessary action of Borrower, and this Agreement has in fact been duly executed and delivered by Borrower and constitutes its lawful and binding obligation, legally enforceable against it.

(e) Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of Loan proceeds and that any duly authorized representative of Lender shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Borrower respecting the Loan until the completion of all closeout procedures and the final settlement and conclusion of all issues arising out of this Loan.

(f) Borrower warrants that it has fully complied with all applicable state and federal laws pertaining to its business and will continue said compliance throughout the terms of this Agreement. If at any time Borrower receives notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the State or Federal law in question.

(g) Borrower warrants that it will use the proceeds of the Loan made by Lender solely for the purposes described in Section 3 hereof.
5. **Event of Default by Borrower.** The following shall be Events of Default under this Agreement:

(a) any breach or failure of Borrower to perform any term or condition of this Agreement, the Note, the Mortgage or the Regulatory Agreement and such failure continues for thirty days after Lender has given written notice to Borrower specifying such default or breach unless Lender agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lender will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Borrower within the applicable period and is being diligently pursued until the Default is corrected, but no such extension shall be given for a Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder);

(b) any representation or warranty made by Borrower herein or in any document, instrument, or certificate given in connection with this Agreement is false when made; or

(c) Borrower is dissolved, liquidated, or wound up, or fails to maintain its existence as a going concern in good standing (excepting, reorganizations, consolidations and/or mergers into or with affiliates owned by, owning or under common control of or with such entity or into the parent of such entity, provided the succeeding organization assumes and accepts such entity’s obligations hereunder).

6. **Lender's Remedies upon Borrower's Default.** Upon an Event of Default by Borrower and after receipt of written notice from Lender, Lender shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

(a) declare the principal amount of the Loan and any accrued interest thereon to be immediately due and payable upon providing written notice to Borrower;

(b) suspend its performance under this Loan Agreement; and

(c) take any action provided for at law to enforce compliance by Borrower with the terms of this Loan Agreement, the Mortgage or the Development Agreement.

7. **Lender's Costs of Enforcement of Agreement.** If an Event of Default has occurred as provided herein, then upon demand by Lender, Borrower will pay or reimburse Lender for all expenses, including all reasonable fees and disbursements of legal counsel, incurred by Lender in connection with the enforcement of this Agreement, or in connection with the protection or enforcement of the interests of Lender in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.
8. **Miscellaneous.**

(a) **Waiver.** The performance or observance of any promise or condition set forth in this Agreement may be waived only in writing. No delay in the exercise of any power, right or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right or remedy.

(b) **Assignment.** This Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. All rights and powers specifically conferred upon Lender may be transferred or delegated by Lender to any of its successors and assigns. Borrower's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by Lender.

(c) **Law Governing; Other Matters.** This Agreement shall be governed by the substantive laws of the State of Minnesota. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement or in any other agreement between Borrower and Lender shall survive the execution, delivery and performance of this Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Agreement by Lender.

(d) **Definition of Terms.** The terms capitalized herein have the same meaning as provided in the Development Agreement unless otherwise defined herein.

(c) **Notice.** All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

**To Lender:** Minnetonka EDA  
Attn: Executive Director  
15600 Minnetonka Boulevard  
Minnetonka, Minnesota 55345-1597

**To Borrower:** Minnetonka Heights Limited Partnership  
c/o Legacy Management  
7151 York Avenue South  
Edina, Minnesota 55435

9. **Indemnification.** Borrower shall and does hereby agree to indemnify against and to hold Lender, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage which it may or might incur by reason of or arising from any and all claims and demands.
whateovern which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained herein. Should Lender, or its officers, agents, or employees incur any such liability or be required to defend against any such claims or demands, or should a judgment be entered against Lender, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall bear interest thereon at the rate then in effect on the Note, shall be added to the Loan, and Borrower shall reimburse Lender for the same immediately upon demand, and upon the failure of Borrower so to do, Lender may declare the Loan immediately due and payable.

10. **Non-Recourse.** Notwithstanding anything to the contrary herein or in the Note, the Loan shall be nonrecourse as to the Borrower, and the Lender's sole recourse with respect to the Loan shall be as set forth in the Mortgage.

11. **Subordination.** Lender agrees and understands that the priority of the Mortgage shall be as set forth in that certain Minnetonka Heights Master Subordination Agreement and Estoppel Certificate by and among the Borrower, Glaser, MHFA, FHF, the City and the Lender, dated as of the Loan Closing Date or such other date as the parties thereto specify.
IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first written above.

CITY OF MINNETONKA

By __________________________
   Its Acting Mayor

By __________________________
   Its City Manager

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA

By __________________________
   Its President

By __________________________
   Its Executive Director

MINNETONKA HEIGHTS LIMITED PARTNERSHIP

By __________________________
   Its __________________________
EXHIBIT A TO LOAN AGREEMENT

PROPERTY

LEGAL DESCRIPTION
EXHIBIT C TO LOAN AGREEMENT

MORTGAGE
Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the “Maker”), for value received, hereby promises to pay to the Economic Development Authority in and for the City of Minnetonka (the “EDA”) or its assigns (the EDA and any assigns are hereinafter referred to as the “Holder”), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of One Hundred Thousand and No/100ths Dollars ($100,000), or so much thereof as may be advanced under this Note, together with interest as hereinafter provided, in any coin or currency which at the time or times of payment is legal tender for the payment of private debts in the United States of America.

The principal of and interest on this Note is due and payable as follows:

1. Interest at the simple rate of one percent (1.00%) per annum shall accrue from the Loan Closing Date, as defined in the Loan Agreement of even date herewith between Maker and Holder (the “Loan Agreement”) until the Loan is repaid in full.

2. The entire unpaid balance of principal and interest shall be due and payable in full on the earlier of the following: (i) ten days after written notification by Lender to Borrower of the occurrence of an Event of Default as defined in the Loan Agreement and demand of payment according to Section 6 of the Loan Agreement; or (ii) ten days after Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance, lease (except a lease to a residential tenant of a unit within the Project), or transfer in any other mode, of the Project, all as such terms are defined in the Loan Agreement; or (iii) thirty years after the Loan Closing Date, as defined in the Loan Agreement.

3. The Maker shall have the right to fully or partially prepay this Note at any time without penalty. Any partial prepayment shall be applied first to any unpaid, accrued interest with the balance, if any, applied to principal.

4. This Note is given pursuant to the Loan Agreement, as the same may be amended from time to time, and is secured by a mortgage of even date herewith (the “Mortgage”) covering certain real property located in Hennepin County, as defined in the Mortgage. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement and the Mortgage are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note.

5. If an Event of Default occurs under the Loan Agreement, then the Holder of this Note may, at its right and option, declare immediately due and payable the principal balance of this Note and interest accrued thereon, without notice, demand or presentment for payment to Maker or others. The remedies of Holder, as provided herein and in the Loan Agreement and the Mortgage, shall be cumulative and concurrent, may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, and may be exercised as often as occasion therefor shall occur.
6. The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder of this Note and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

7. If any Event of Default occurs, and if Holder engages legal counsel or others in connection with advice to Holder or Holder's rights and remedies under the Loan Agreement or this Note, Maker shall pay all reasonable expenses incurred by Holder for such persons, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note and the Loan Agreement.

8. Except as otherwise provided in this Note or in the Loan Agreement, Maker hereby (a) waives demand, presentment for payment, notice of nonpayment, protest, notice of protest, and all other notice; (b) agrees to any substitution, exchange, addition, or release of any party or person primarily or secondarily liable hereon; (c) agrees that Holder shall not be required first to institute any suit or to exhaust its remedies against Maker or any other person or party in order to enforce payment of this Note; (d) consents to any extension, rearrangement, renewal, or postponement of time or payment of this Note and to any other indulgence with respect hereto without notice, consent, or consideration to any of them.

9. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

10. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and governed by the laws thereof.

11. Notwithstanding anything to the contrary herein, this Note shall be nonrecourse, and the Holder's sole recourse with respect to the Note shall be as set forth in the Mortgage.

12. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.
IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the ______ day of _________, 1999.

MINNETONKA HEIGHTS LIMITED PARTNERSHIP

By __________________________
Its __________________________

SJB 159374
MN140-103
3
MORTGAGE

This Mortgage made this ___ day of __________, 1999, between MINNETONKA HEIGHTS LIMITED PARTNERSHIP, a Minnesota limited partnership, of the County of Hennepin and State of Minnesota, Mortgagor, and ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, public body corporate and politic under the laws of the State of Minnesota, Mortgagee.

Witnesseth: That the said Mortgagor, in consideration of the sum of One ($1.00) Dollar and other good, valuable and sufficient consideration, the receipt whereof is hereby acknowledged, does hereby Grant, Bargain, Sell, and Convey unto the said Mortgagee, its successors and assigns, Forever, all the tract or parcel of land lying and being in the County of Hennepin and State of Minnesota, described as follows, to-wit: See Exhibit A.

To Have and to Hold the Same, Together with the hereditaments and appurtenances thereto belonging to the said Mortgagor, its successors and assigns, forever. And the said Mortgagor, for itself, and its successors and assigns, does covenant with the said Mortgagee, its successors and assigns, as follows: That it is lawfully seized of said premises and has good right to sell and convey the same; that the same are free from all incumbrances, save and except reservations, restrictions and easements set forth on Exhibit B; that the Mortgagee, its successors and assigns, shall quietly enjoy and possess the same; and that the Mortgagor will Warrant and Defend the title to the same against all lawful claims not hereinbefore specifically excepted.

Provided, Nevertheless, That if said Mortgagor, its successors and assigns, shall keep and perform each and every one of its obligations under and pursuant to that certain Promissory Note dated ______________, 1999, given by Mortgagor to Mortgagee, and shall keep and perform all the covenants and agreements herein contained, then this deed to be null and void, and to be released at the Mortgagor’s expense. This Mortgage secures a principal debt in the amount of One Hundred Thousand Dollars ($100,000) payable by Mortgagor to Mortgagee under the terms of the Note and the Loan Agreement, dated ______________, 1999 between Mortgagor and Mortgagee. Notwithstanding anything to the contrary herein, the Note shall be nonrecourse and the Mortgagee’s sole recourse with respect to the Note shall be as set forth herein.

1. And the Mortgagor, for itself, and its successors and assigns, does hereby covenant and agree with the Mortgagee, its successors and assigns, to perform its obligations as above specified, to pay all taxes and assessments now due or that may hereafter become liens against said premises at least ten (10) days before penalty attaches thereto; to pay, when due, both principal and interest of all prior liens or incumbrances, if any, above mentioned and to keep said premises free and clear of all other prior liens or incumbrances; to commit or permit no waste on said premises and to keep them in good repair; to complete forthwith any improvements which may hereafter be under course of construction thereon, and to pay any other expenses and attorneys’ fees incurred by said Mortgagee, its successors or assigns, by reason of litigation with any third party for the protection of the lien of this Mortgage.

2. That Mortgagor, does further covenant and agree that if any lien for labor, skill or material shall be filed for record during the life of this Mortgage, upon or against the premises
hereby mortgaged, the said Mortgagor will, within thirty (30) days after the date of its filing for record, either pay off the said lien and secure its satisfaction of record, or will protect the Mortgagee against any loss or damage growing out of its enforcement, by furnishing a bond for the same amount in the form and with the sureties to be approved by the Mortgagee.

3. In case of failure to pay said taxes and assessments, prior liens or incumbrances, expenses and attorneys' fees as above specified, or to insure said buildings and deliver the policies as aforesaid, the Mortgagee, its successors or assigns, may pay such taxes, assessments, prior liens, expenses and attorneys' fees and interest thereon, or effect such insurance, and the sums so paid shall bear interest at the highest rate permitted by law from the date of such payment, shall be impressed as an additional lien upon said premises, and be immediately due and payable from the Mortgagor, its successors or assigns, to said Mortgagee, it successors or assigns, and this Mortgage shall from date thereof secure the repayment of such advance with interest.

4. In case of default in any of the foregoing covenants, the Mortgagor confers upon the Mortgagee the option of declaring a default and hereby authorizes and empowers said Mortgagee, its successors and assigns, to foreclose this Mortgage by judicial proceedings or to sell said premises at public auction and convey the same to the purchaser in fee simple in accordance with the statute, and out of the money arising from such sale to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorneys' fee permitted by law, which costs, charges and fees the Mortgagor herein agrees to pay.

5. This Mortgage is junior and subordinate to a 223(a)(7) first Mortgage and 241 second Mortgage, both of which are insured by the Secretary of Housing and Urban Development (collectively, the "HUD Mortgage"). The HUD Mortgage, together with the HUD 223(a)(7) Regulatory Agreement and the HUD 241 Regulatory Agreement, all dated as of even date herewith, are collectively referred to herein as the "HUD Documents". The provisions of Section 5 shall govern and supersede any provisions in any other paragraph of this Mortgage inconsistent with this Section 5, but only to the extent necessary to avoid such inconsistency.

(a) Notwithstanding any provision herein contained to the contrary, Mortgagee, for itself and its successors and assigns, covenants and agrees that all of its rights and powers under this Mortgage are strictly subordinate and subject to the rights and powers of HUD and its successors and assigns under the HUD Documents.

(b) Mortgagee, for itself and its successors and assigns, covenants and agrees that in the event of the appointment of a receiver or of the appointment of the Mortgagee as mortgagee-in-possession, in any action by the Mortgagee, its successors or assigns, to foreclose this Mortgage, no rents, revenues or other income of the Mortgaged Property collected by the receiver or by the Mortgagee-in-possession shall be utilized for the payment of principal or any other charges due and payable under this Mortgage, except from Surplus Cash available for Distributions, if any, as these terms are defined in the Regulatory Agreement; and provided, further, that the receiver or mortgagee-in-possession shall operate the mortgaged Property in accordance with all of the provisions of the HUD Mortgage and the HUD Regulatory Agreement.

(c) The provisions of this Section 5 shall become null and void at such time as
HUD no longer holds or insures any part of the Notes secured by the HUD Mortgage.

(d) Notwithstanding anything to the contrary contained herein or in any of the other documents pertaining to the Loan secured by this Mortgage ("Loan Documents"), in the event Mortgagor shall be required pursuant to this Mortgage or to any other Loan Document to (i) take any action which is prohibited by the terms of the HUD Documents, or (ii) refrain from taking action which action is required to prevent a default under the HUD Documents, such requirements pursuant to this Mortgage or any of the other Loan Documents shall be superceded to the extent of and for the duration of such HUD requirement or prohibition.

In Testimony Whereof, The said Mortgagor has hereunto set its hand the day and year first above written.

MINNETONKA HEIGHTS LIMITED PARTNERSHIP

By: ________________________________

Its: ________________________________

State of Minnesota)

County of __________________________

The foregoing instrument was acknowledged before me this ___ day of _________, 199___, by __________________________, the __________________________ of Minnetonka Heights Limited Partnership, a Minnesota limited partnership on behalf of the partnership.

Notary Public

This Instrument was Drafted by:
Kennedy & Graven, Chartered
470 Pillsbury Center
Minneapolis, MN 55402
(612) 337-9300
EXHIBIT A

Description of Mortgaged Property
EXHIBIT B

Permitted Encumbrances
LOAN AGREEMENT  
(EDA Funds)

THIS AGREEMENT is made this ___ day of ________, 1999 by and among MINNETONKA HEIGHTS LIMITED PARTNERSHIP, a Minnesota limited partnership (the "Borrower") and the ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, a public body corporate and politic (the "Lender").

RECITALS

A. Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the "Borrower") has requested that the City issue its Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A (the "Series 1999A Bonds") and its Multifamily Housing Revenue Refunding Bonds (Archer Heights Apartments Project), Series 1999B (the "Series 1999B Bonds") (collectively, the "Bonds") and lend the proceeds thereof to the Borrower who will agree to apply such proceeds to the refunding of a portion of certain outstanding bonds issued by the City to finance the acquisition and rehabilitation of a 172-unit multifamily rental housing facility within the City known as Archer Heights Apartments (the "Project") located on certain property in the City legally described on Exhibit A attached hereto (the "Property").

B. In connection with issuance of the Bonds, the Borrower entered into that certain Regulatory Agreement between the City, the Borrower and U.S. Bank Trust National Association, dated May 1, 1998, as amended by a First Amendment thereto (the "Regulatory Agreement").

C. In order to provide additional financing for the Project and thereby improve and retain affordable housing in the City, the Lender agrees to loan to Borrower the sum of $300,000.

ACCORDINGLY, to induce Lender to make the Loan to Borrower, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Loan Amount. Subject to and upon the terms and conditions of this Agreement, Lender agrees to loan to Borrower the sum of Three Hundred Thousand and no/100ths Dollars ($300,000), or so much thereof as is disbursed to Borrower in accordance with this Agreement (the "Loan"). The Loan shall be evidenced by a promissory note ("Note") payable by Borrower to Lender substantially in the form of Exhibit B attached to this Agreement, which shall be dated as of the date of this Agreement, which Note shall be secured by a mortgage (the "Mortgage") given by the Borrower to the Lender in substantially the form of Exhibit C dated as of the date of this Agreement. Proceeds of the Loan shall be disbursed in accordance with Section 3 hereof.
2. **Repayment of Loan.** The Loan shall be repaid with interest as follows:

(a) Interest at the simple rate of one percent (1.00%) per annum shall accrue from the Loan Closing Date (as hereinafter defined) until the Loan is repaid in full.

(b) The entire unpaid balance of principal and interest shall be due and payable in full on the earlier of the following: (i) ten days after written notification by Lender to Borrower of the occurrence of an Event of Default as defined in Section 5 hereof and demand of payment according to this Section 6; or (ii) ten days after the Borrower makes or allows to be made any total or partial transfer, sale, assignment, conveyance, lease (except a lease to a residential tenant of a unit within the Project), or transfer in any other mode, of the Project constructed thereon; or (iii) thirty years after the Loan Closing Date (as hereinafter defined).

3. **Disbursement of Loan Proceeds.**

(a) On the date of issuance of the Bonds (the "Loan Closing Date"), Loan proceeds shall be paid to ________ ________ _______ (the "Title Company") for disbursement to Borrower for costs of the Project in accordance with the terms of that certain Minnetonka Heights Master Disbursement Agreement by and among the Borrower, Glaser Financial Group, Inc. ("Glaser"), the Minnesota Housing Finance Agency ("MHFA"), the Family Housing Fund of Minneapolis and St. Paul ("FHF"), the Lender, the City and the Title Company dated as of the Loan Closing Date or such other date as the parties thereto specify (the "Master Disbursement Agreement").

(b) The following events shall be conditions precedent to the payment of the Loan proceeds to Borrower on the Loan Closing Date:

(i) Borrower having executed and delivered to Lender prior to the Loan Closing Date, without expense to Lender, executed copies of this Agreement, the Mortgage and the Note;

(ii) Borrower having delivered to Lender a copy of the executed Master Disbursement Agreement;

(iii) Borrower having provided evidence satisfactory to Lender that Borrower has established a separate accounting system for the Project, for the purpose of recording the receipt and expenditure of the Loan proceeds; and

(iv) Borrower having paid all attorney fees, costs, and expenses incurred by Lender in connection with this Agreement and the Note.

4. **Representations and Warranties.** Borrower represents and warrants to Lender that:

(a) Borrower is a limited partnership duly organized and existing in good standing under the laws of the State of Minnesota.
(b) Borrower is duly authorized and empowered to execute, deliver, and perform this Agreement, the Note and the Mortgage and to borrow money from Lender.

(c) The execution and delivery of this Agreement, and the performance by Borrower of its obligations hereunder, do not and will not violate or conflict with any provision of law or the partnership agreement of Borrower and do not and will not violate or conflict with, or cause any default or event of default to occur under, any agreement binding upon Borrower.

(d) The execution and delivery of this Agreement has been duly approved by all necessary action of Borrower, and this Agreement has in fact been duly executed and delivered by Borrower and constitutes its lawful and binding obligation, legally enforceable against it.

(e) Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of Loan proceeds and that any duly authorized representative of Lender shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Borrower respecting the Loan until the completion of all closeout procedures and the final settlement and conclusion of all issues arising out of this Loan.

(f) Borrower warrants that it has fully complied with all applicable state and federal laws pertaining to its business and will continue said compliance throughout the terms of this Agreement. If at any time Borrower receives notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the State or Federal law in question.

(g) Borrower warrants that it will use the proceeds of the Loan made by Lender solely for the purposes described in Section 3 hereof.

5. Event of Default by Borrower. The following shall be Events of Default under this Agreement:

(a) any breach or failure of Borrower to perform any term or condition of this Agreement, the Note, the Mortgage or the Regulatory Agreement and such failure continues for thirty days after Lender has given written notice to Borrower specifying such default or breach unless Lender agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lender will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Borrower within the applicable period and is being diligently pursued until the Default is corrected, but no such extension shall be given for a Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder);

(b) any representation or warranty made by Borrower herein or in any document, instrument, or certificate given in connection with this Agreement is false when made; or
(c) Borrower is dissolved, liquidated, or wound up, or fails to maintain its existence as a going concern in good standing (excepting, reorganizations, consolidations and/or mergers into or with affiliates owned by, owning or under common control of or with such entity or into the parent of such entity, provided the succeeding organization assumes and accepts such entity's obligations hereunder).

6. **Lender's Remedies upon Borrower's Default.** Upon an Event of Default by Borrower and after receipt of written notice from Lender, Lender shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

- (a) declare the principal amount of the Loan and any accrued interest thereon to be immediately due and payable upon providing written notice to Borrower;
- (b) suspend its performance under this Loan Agreement; and
- (c) take any action provided for at law to enforce compliance by Borrower with the terms of this Loan Agreement, the Mortgage or the Development Agreement.

7. **Lender's Costs of Enforcement of Agreement.** If an Event of Default has occurred as provided herein, then upon demand by Lender, Borrower will pay or reimburse Lender for all expenses, including all reasonable fees and disbursements of legal counsel, incurred by Lender in connection with the enforcement of this Agreement, or in connection with the protection or enforcement of the interests of Lender in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

8. **Miscellaneous.**

- (a) **Waiver.** The performance or observance of any promise or condition set forth in this Agreement may be waived only in writing. No delay in the exercise of any power, right or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right or remedy.

- (b) **Assignment.** This Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. All rights and powers specifically conferred upon Lender may be transferred or delegated by Lender to any of its successors and assigns. Borrower's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by Lender.

- (c) **Law Governing; Other Matters.** This Agreement shall be governed by the substantive laws of the State of Minnesota. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement or in any other agreement between Borrower and Lender shall survive the execution, delivery and performance of this Agreement and the
creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Agreement by Lender.

(d) Definition of Terms. The terms capitalized herein have the same meaning as provided in the Development Agreement unless otherwise defined herein.

(e) Notice. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender: Minnetonka EDA
Att'n: Executive Director
15600 Minnetonka Boulevard
Minnetonka, Minnesota 55345-1597

To Borrower: Minnetonka Heights Limited Partnership
c/o Legacy Management
7151 York Avenue South
Edina, Minnesota 55435

9. Indemnification. Borrower shall and does hereby agree to indemnify against and to hold Lender, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage which it may or might incur by reason of or arising from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained herein. Should Lender, or its officers, agents, or employees incur any such liability or be required to defend against any such claims or demands, or should a judgment be entered against Lender, the amount thereof, including costs, expenses, and reasonable attorneys' fees, shall bear interest thereon at the rate then in effect on the Note, shall be added to the Loan, and Borrower shall reimburse Lender for the same immediately upon demand, and upon the failure of Borrower so to do, Lender may declare the Loan immediately due and payable.

10. Non-Recourse. Notwithstanding anything to the contrary herein or in the Note, the Loan shall be nonrecourse as to the Borrower, and the Lender's sole recourse with respect to the Loan shall be as set forth in the Mortgage.

11. Subordination. Lender agrees and understands that the priority of the Mortgage shall be as set forth in that certain Minnetonka Heights Master Subordination Agreement and Estoppel Certificate by and among the Borrower, Glaser, MHFA, FHF, the City and the Lender, dated as of the Loan Closing Date or such other date as the parties thereto specify.
IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first written above.

ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA

By __________________________
Its President

By __________________________
Its Executive Director

MINNETONKA HEIGHTS LIMITED PARTNERSHIP

By __________________________
Its __________________________
PROMISSORY NOTE

Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the "Maker"), for value received, hereby promises to pay to the Economic Development Authority in and for the City of Minnetonka (the "EDA") or its assigns (the EDA and any assigns are hereinafter referred to as the "Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of Three Hundred Thousand and No/100ths Dollars ($300,000), or so much thereof as may be advanced under this Note, together with interest as hereinafter provided, in any coin or currency which at the time or times of payment is legal tender for the payment of private debts in the United States of America.

The principal of and interest on this Note is due and payable as follows:

1. Interest at the simple rate of one percent (1.00%) per annum shall accrue from the Loan Closing Date, as defined in the Loan Agreement of even date herewith between Maker and Holder (the "Loan Agreement") until the Loan is repaid in full.

2. The entire unpaid balance of principal and interest shall be due and payable in full on the earlier of the following: (i) ten days after written notification by Lender to Borrower of the occurrence of an Event of Default as defined in the Loan Agreement and demand of payment according to Section 6 of the Loan Agreement; or (ii) ten days after Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance, lease (except a lease to a residential tenant of a unit within the Project), or transfer in any other mode, of the Project, all as such terms are defined in the Loan Agreement; or (iii) thirty years after the Loan Closing Date, as defined in the Loan Agreement.

3. The Maker shall have the right to fully or partially prepay this Note at any time without penalty. Any partial prepayment shall be applied first to any unpaid, accrued interest with the balance, if any, applied to principal.

4. This Note is given pursuant to the Loan Agreement, as the same may be amended from time to time, and is secured by a mortgage of even date herewith (the "Mortgage") covering certain real property located in Hennepin County, as defined in the Mortgage. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Loan Agreement and the Mortgage are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note.

5. If an Event of Default occurs under the Loan Agreement, then the Holder of this Note may, at its right and option, declare immediately due and payable the principal balance of this Note and interest accrued thereon, without notice, demand or presentment for payment to Maker or others. The remedies of Holder, as provided herein and in the Loan Agreement and the Mortgage, shall be cumulative and concurrent, may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, and may be exercised as often as occasion therefor shall occur.
6. The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder of this Note and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

7. If any Event of Default occurs, and if Holder engages legal counsel or others in connection with advice to Holder or Holder’s rights and remedies under the Loan Agreement or this Note, Maker shall pay all reasonable expenses incurred by Holder for such persons, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note and the Loan Agreement.

8. Except as otherwise provided in this Note or in the Loan Agreement, Maker hereby (a) waives demand, presentment for payment, notice of nonpayment, protest, notice of protest, and all other notice; (b) agrees to any substitution, exchange, addition, or release of any party or person primarily or secondarily liable hereon; (c) agrees that Holder shall not be required first to institute any suit or to exhaust its remedies against Maker or any other person or party in order to enforce payment of this Note; (d) consents to any extension, rearrangement, renewal, or postponement of time or payment of this Note and to any other indulgence with respect hereto without notice, consent, or consideration to any of them.

9. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

10. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and governed by the laws thereof.

11. Notwithstanding anything to the contrary herein, this Note shall be nonrecourse, and the Holder's sole recourse with respect to the Note shall be as set forth in the Mortgage.

12. IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.
IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the ______ day of __________, 1999.

MINNETONKA HEIGHTS LIMITED PARTNERSHIP

By ____________________________
Its ____________________________
MORTGAGE

This Mortgage made this ___ day of __________, 1999, between MINNETONKA HEIGHTS LIMITED PARTNERSHIP, a Minnesota limited partnership, of the County of Hennepin and State of Minnesota, Mortgagor, and ECONOMIC DEVELOPMENT AUTHORITY IN AND FOR THE CITY OF MINNETONKA, MINNESOTA, public body corporate and politic under the laws of the State of Minnesota, Mortgagor.

Witnesseth: That the said Mortgagor, in consideration of the sum of One ($1.00) Dollar and other good, valuable and sufficient consideration, the receipt whereof is hereby acknowledged, does hereby Grant, Bargain, Sell, and Convey unto the said Mortgagor, its successors and assigns, Forever, all the tract or parcel of land lying and being in the County of Hennepin and State of Minnesota, described as follows, to-wit: See Exhibit A.

To Have and to Hold the Same, Together with the hereditaments and appurtenances thereto belonging to the said Mortgagor, its successors and assigns, forever. And the said Mortgagor, for itself, and its successors and assigns, does covenant with the said Mortgagor, its successors and assigns, as follows: That it is lawfully seized of said premises and has good right to sell and convey the same; that the same are free from all incumbrances, save and except reservations, restrictions and easements set forth on Exhibit B; that the Mortgagor, its successors and assigns, shall quietly enjoy and possess the same; and that the Mortgagor will Warrant and Defend the title to the same against all lawful claims not hereinbefore specifically excepted.

Provided, Nevertheless, That if said Mortgagor, its successors and assigns, shall keep and perform each and every one of its obligations under and pursuant to that certain Promissory Note dated __________, 1999, given by Mortgagor to Mortgagee, and shall keep and perform all the covenants and agreements herein contained, then this deed to be null and void, and to be released at the Mortgagor's expense. This Mortgage secures a principal debt in the amount of Three Hundred Thousand Dollars ($300,000) payable by Mortgagor to Mortgagee under the terms of the Note and the Loan Agreement, dated __________, 1999 between Mortgagor and Mortgagee. Notwithstanding anything to the contrary herein, the Note shall be nonrecourse and the Mortgagee's sole recourse with respect to the Note shall be as set forth herein.

1. And the Mortgagor, for itself, and its successors and assigns, does hereby covenant and agree with the Mortgagor, its successors and assigns, to perform its obligations as above specified, to pay all taxes and assessments now due or that may hereafter become liens against said premises at least ten (10) days before penalty attaches thereto; to pay, when due, both principal and interest of all prior liens or incumbrances, if any, above mentioned and to keep said premises free and clear of all other prior liens or incumbrances; to commit or permit no waste on said premises and to keep them in good repair; to complete forthwith any improvements which may hereafter be under course of construction thereon, and to pay any other expenses and attorneys' fees incurred by said Mortgagee, its successors or assigns, by reason of litigation with any third party for the protection of the lien of this Mortgage.

2. That Mortgagor, does further covenant and agree that if any lien for labor, skill or material shall be filed for record during the life of this Mortgage, upon or against the premises
hereby mortgaged, the said Mortgagor will, within thirty (30) days after the date of its filing for record, either pay off the said lien and secure its satisfaction of record, or will protect the Mortgagee against any loss or damage growing out of its enforcement, by furnishing a bond for the same amount in the form and with the sureties to be approved by the Mortgagee.

3. In case of failure to pay said taxes and assessments, prior liens or incumbrances, expenses and attorneys' fees as above specified, or to insure said buildings and deliver the policies as aforesaid, the Mortgagee, its successors or assigns, may pay such taxes, assessments, prior liens, expenses and attorneys' fees and interest thereon, or effect such insurance, and the sums so paid shall bear interest at the highest rate permitted by law from the date of such payment, shall be impressed as an additional lien upon said premises, and be immediately due and payable from the Mortgagor, its successors or assigns, to said Mortgagee, its successors or assigns, and this Mortgage shall from date thereof secure the repayment of such advance with interest.

4. In case of default in any of the foregoing covenants, the Mortgagor confers upon the Mortgagee the option of declaring a default and hereby authorizes and empowers said Mortgagee, its successors and assigns, to foreclose this Mortgage by judicial proceedings or to sell said premises at public auction and convey the same to the purchaser in fee simple in accordance with the statute, and out of the money arising from such sale to retain all sums secured hereby, with interest and all legal costs and charges of such foreclosure and the maximum attorneys' fee permitted by law, which costs, charges and fees the Mortgagor herein agrees to pay.

5. This Mortgage is junior and subordinate to a 223(a)(7) first Mortgage and 241 second Mortgage, both of which are insured by the Secretary of Housing and Urban Development (collectively, the "HUD Mortgage"). The HUD Mortgage, together with the HUD 223(a)(7) Regulatory Agreement and the HUD 241 Regulatory Agreement, all dated as of even date herewith, are collectively referred to herein as the "HUD Documents". The provisions of Section 5 shall govern and supersede any provisions in any other paragraph of this Mortgage inconsistent with this Section 5, but only to the extent necessary to avoid such inconsistency.

(a) Notwithstanding any provision herein contained to the contrary, Mortgagee, for itself and its successors and assigns, covenants and agrees that all of its rights and powers under this Mortgage are strictly subordinate and subject to the rights and powers of HUD and its successors and assigns under the HUD Documents.

(b) Mortgagee, for itself and its successors and assigns, covenants and agrees that in the event of the appointment of a receiver or of the appointment of the Mortgagee as mortgagee-in-possession, in any action by the Mortgagee, its successors or assigns, to foreclose this Mortgage, no rents, revenues or other income of the Mortgaged Property collected by the receiver or by the Mortgagee-in-possession shall be utilized for the payment of principal or any other charges due and payable under this Mortgage, except from Surplus Cash available for Distributions, if any, as these terms are defined in the Regulatory Agreement; and provided, further, that the receiver or mortgagee-in-possession shall operate the mortgaged Property in accordance with all of the provisions of the HUD Mortgage and the HUD Regulatory Agreement.

(c) The provisions of this Section 5 shall become null and void at such time as HUD
no longer holds or insures any part of the Notes secured by the HUD Mortgage.

(d) Notwithstanding anything to the contrary contained herein or in any of the other documents pertaining to the Loan secured by this Mortgage ("Loan Documents"), in the event Mortgagor shall be required pursuant to this Mortgage or to any other Loan Document to (i) take any action which is prohibited by the terms of the HUD Documents, or (ii) refrain from taking action which action is required to prevent a default under the HUD Documents, such requirements pursuant to this Mortgage or any of the other Loan Documents shall be superceded to the extent of and for the duration of such HUD requirement or prohibition.

In Testimony Whereof, The said Mortgagor has hereunto set its hand the day and year first above written.

MINNETONKA HEIGHTS LIMITED
PARTNERSHIP

By: ________________________________
   Its: ________________________________

State of Minnesota  )
   )
County of _____________  )

The foregoing instrument was acknowledged before me this ___ day of __________, 199___, by __ ________________________, the ______________________ of Minnetonka Heights Limited Partnership, a Minnesota limited partnership on behalf of the partnership.

________________________________
Notary Public

This Instrument was Drafted by:
Kennedy & Graven, Chartered
470 Pillsbury Center
Minneapolis, MN 55402
(612) 337-9300
EXHIBIT B

Permitted Encumbrances
TO: Ron Rankin, City of Minnetonka
FROM: Mark Ruff - Ehlers & Associates
DATE: March 9, 1999
RE: Archer Heights

Based upon conversations with Pat Lamb, we have the following understanding of changes in rent associated with the new financing of the 172 units of rental housing for the Archer Heights project. Attached is a chart of the unit types and changes in rents.

- No formal increases in rent will occur immediately and no formal notices have been sent to the tenants. There will be a public process which the management company must follow. Mr. Lamb indicates that the actual impact of rent increases on existing tenants will be mitigated by several factors listed below.

- Of the 172 units, 90 of the units are project based Section 8 units. This means that tenants only pay a maximum percent of their income for rent, regardless of the actual rent paid to the owner. Therefore, any rent increases will be paid by HUD.

- The important change to the tenants in the Section 8 units is that the Section 8 contracts with HUD will become renewable on an annual basis. HUD could cancel the subsidy in any future year. While a cancellation is not likely in the short term, the uncertainty has caused concern to tenants in other similar developments.

- Of the 82 units under the Section 236 subsidy, several are currently vacant and approximately 12 of the tenants have Section 8 certificates. Mr. Lamb estimates that 40 to 50 units which are currently occupied and without other subsidies will have rent increases. MHFA has appropriated approximately $40,000 to reduce or eliminate the rent increases, depending upon the tenants income. Existing tenants will continue to pay the same percentage of their income toward rent which they had been paying in the past with certain minimum and maximum parameters. It is not clear how long the MHFA funding will continue to reduce the rents for existing tenants.

- New tenants in the Section 236 units will pay the higher rents upon initial occupancy.

Please contact us if you would like to clarify any of these issues further.

from the desk of:

Mark Ruff
Vice President
Ehlers & Associates, Inc.
3060 Centre Point Drive
Roseville, MIN 55113

Phone: (651) 697-8505
# POTENTIAL RENT INCREASES FOR ARCHER HEIGHTS*

<table>
<thead>
<tr>
<th># of Units</th>
<th>Type</th>
<th>Sq. Ft.</th>
<th>Program</th>
<th>Current Rate</th>
<th>New Rent to Tenant</th>
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<td>620</td>
<td>Section 8</td>
<td>$390</td>
<td>$429</td>
</tr>
<tr>
<td>33</td>
<td>1 BR</td>
<td>620</td>
<td>Section 236</td>
<td>390</td>
<td>429</td>
</tr>
<tr>
<td>11</td>
<td>1 BR</td>
<td>637</td>
<td>Section 8</td>
<td>432</td>
<td>475</td>
</tr>
<tr>
<td>1</td>
<td>1 BR</td>
<td>637</td>
<td>Section 236</td>
<td>432</td>
<td>475</td>
</tr>
<tr>
<td>12</td>
<td>2 BR</td>
<td>826</td>
<td>Section 8</td>
<td>449</td>
<td>494</td>
</tr>
<tr>
<td>12</td>
<td>2 BR</td>
<td>826</td>
<td>Section 236</td>
<td>449</td>
<td>494</td>
</tr>
<tr>
<td>4</td>
<td>2 BR</td>
<td>852</td>
<td>Section 8</td>
<td>479</td>
<td>527</td>
</tr>
<tr>
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<td>2 BR</td>
<td>852</td>
<td>Section 236</td>
<td>479</td>
<td>527</td>
</tr>
<tr>
<td>4</td>
<td>2 BR (TH)</td>
<td>786</td>
<td>Section 8</td>
<td>473</td>
<td>520</td>
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<tr>
<td>16</td>
<td>2 BR (TH)</td>
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<td>Section 236</td>
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<td>547</td>
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<td>3 BR (TH)</td>
<td>1284</td>
<td>Section 236</td>
<td>497</td>
<td>547</td>
</tr>
</tbody>
</table>

172

*Not final and does not reflection additional MHFA funding for current residents.
SECOND AMENDMENT TO
REGULATORY AGREEMENT

between

CITY OF MINNETONKA, MINNESOTA

and

HEARTLAND HEIGHTS LLC

Dated December, January __, 2017

This instrument drafted by:

Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN 55402
SECOND AMENDMENT TO REGULATORY AGREEMENT

THIS SECOND AMENDMENT TO REGULATORY AGREEMENT, dated December January __, 2017 2018 (the “Regulatory Agreement”), is by and between the CITY OF MINNETONKA, MINNESOTA, a municipal corporation of the State of Minnesota, organized and existing pursuant to the Constitution and laws of the State of Minnesota (the “City”), and Heartland Heights LLC, a Minnesota limited liability company (the “Owner”), as successor in interest to Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the “Original Owner”), and amends, restates and replaces that certain First Amendment to Regulatory Agreement, dated as of May 1, 1999 (the “Prior Regulatory Agreement”), between the City, the Original Owner, and U.S. Bank National Association, a national banking association formerly known as U.S. Bank Trust National Association.

WITNESSETH:

WHEREAS, the Original Owner acquired and rehabilitated a 172-unit multifamily rental housing development located within the jurisdiction of the City on the site described in Exhibit A attached hereto (the “Project”), with a loan of the proceeds of the Rental Housing Revenue Bonds (Archer Heights Apartments Project), Series 1998 (the “Series 1998 Bonds”), issued by the City; and

WHEREAS, to refund the Series 1998 Bonds, the City issued its Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A (the “Series 1999A Bonds”), and its Multifamily Housing Revenue Refunding Bonds (Archer Heights Apartments Project), Series 1999B (the “Series 1999B Bonds,” and together with the Series 1999A Bonds, the “Series 1999 Bonds”); and

WHEREAS, on December January __, 2017 2018, the Owner acquired the Project from the Original Owner, and as of the date of the acquisition of the Project, the Series 1999 Bonds are no longer outstanding;

WHEREAS, the City, the Original Owner, and the Bond Trustee entered into the Prior Regulatory Agreement in connection with the issuance of the Series 1999 Bonds; and

WHEREAS, although the Series 1999 Bonds are no longer outstanding, a Housing Assistance Payments Contract relating to the Project under Section 8 of the United States Housing Act of 1937 remains in place, and pursuant to Section 1.103-8(b)(7) of the Treasury Regulations, the restrictions set forth in the Prior Regulatory Agreement related to the Series 1999 Bonds shall remain in place so long as the Housing Assistance Payments Contract remains in place; and

WHEREAS, this Regulatory Agreement is intended to and shall amend, restate, replace and supersede the Prior Regulatory Agreement from and after the date hereof; and

WHEREAS, the Owner intends, declares, and covenants that the restrictive covenants set forth herein will be and are covenants running with the property on which the Project is located (the “Property”) for the term described herein and binding upon all subsequent owners of the Property for the term described herein, and are not merely personal covenants of the Owner; and

NOW, THEREFORE, in consideration of the mutual premises and covenants hereinafter set forth, and of other valuable consideration, the Owner and the City agree as follows:
1. Term of Restrictions.

(a) Occupancy Restrictions: The term of the Occupancy Restrictions set forth in Section 4 of this Regulatory Agreement shall commence on the first day following the issuance of the Series 1998 Bonds on which ten percent (10%) of the units in the Project are first occupied and shall end on the latest of the following: (i) the date which is fifteen (15) years after the later of the date of issuance of the Series 1998 Bonds or the date on which at least fifty percent (50%) of the units in the Project are first occupied; or (ii) the first day on which none of the Bonds are outstanding; or (iii) the termination date of any Housing Assistance Payments Contract relating to the Project under Section 8 of the United States Housing Act of 1937, including the initial term and any renewal thereof.

(b) Rental Restrictions: The term of the Rental Restrictions set forth in Section 4 of this Regulatory Agreement will remain in effect during the term of the Occupancy Restrictions set forth in paragraph (a) of this Section 1.

(c) Termination of Restrictions: This Regulatory Agreement and the restrictions hereunder shall also cease to apply in the event of an involuntary noncompliance caused by unforeseen events such as fire, seizure, requisition, a change in federal law or an action of a federal agency which prevents the City from enforcing the requirements of this Regulatory Agreement or condemnation or similar event.

(d) Termination of Agreement: This Regulatory Agreement shall terminate upon the earlier of (i) termination of the Occupancy Restrictions and the Rental Restrictions as provided in paragraphs (a) and (b) of this Section 1, or (ii) a termination pursuant to the provisions of paragraph (c) of this Section 1.

2. Project Restrictions.

(a) In order to meet the requirements of Section 142(d) of the Code, the Owner represents, warrants and covenants that:

(i) The Project will be maintained for the purpose of providing multifamily residential rental property and will constitute multifamily residential rental property, as such phrase is used in Section 142(a)(7) of the Code.

(ii) The Project consists of a building or structure or several proximate buildings or structures which are located on a single tract of land or contiguous tracts of land which may include facilities functionally related and subordinate thereto.

(iii) In the event a unit within a building or structure is occupied by the Owner, the building or structure must include no fewer than four units not occupied by the Owner.

(iv) All of the units in the Project will contain complete living, sleeping, eating, cooking, and sanitation facilities for a single person or a family.

(v) None of the units in the Project will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium or rest home.

(vi) Other than units for a resident manager or maintenance personnel or units for individuals or families of low or moderate income as provided for in Section 4(a) hereof, all of the units in the Project will be leased, rented, or available for lease or rental on a continuous basis to members of the general public (and may be restricted to elderly persons and families).
(vii) The Owner shall not restrict Qualifying Tenants (as hereinafter defined) from the enjoyment of unrestricted access to all common facilities and common areas of the Project, except as reasonably necessary to protect and preserve the health and safety of tenants.

(viii) The Owner shall not discriminate on the basis of race, creed, color, sex, or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(ix) All tenant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner which is unrelated to the Project, and shall be maintained in the State in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City.

(x) All leases of units to Qualifying Tenants shall contain clauses, among others, wherein each individual lessee:

1. Certifies the accuracy of the statements made in the lessee’s application and Certification of Tenant Eligibility; and

2. Agrees that the family income, family composition and other eligibility requirements at the time the lease is executed shall be deemed substantial and material obligations of tenancy; that the tenant will comply promptly with all requests for income, family composition and other information relevant to determining low or moderate income status from the Owner or the City, and that failure or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy.

(xi) If the Project includes a rental or management office, such office shall be used exclusively for the rental or management of the Project.

(b) The Project units described in Section 3(a)(i) will be occupied by individuals or families whose incomes at the time of their initial residency in the Project meet the requirements of section 42(g) of the Internal Revenue Code.

3. Occupancy Restrictions.

(a) In order to meet the requirements of Section 142(d) of the Code, the Owner represents, warrants and covenants that:

(i) At least forty percent (40%) of the units in the Project shall be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants and such units will be of comparable quality and will be a range of sizes and number of bedrooms comparable to those units which are available to other tenants. Qualifying Tenants shall mean those persons and families who shall be determined from time to time by the Owner to be eligible as “individuals whose income is sixty percent (60%) or less of area median gross income” within the meaning of Section 142(d)(2)(B) of the Code in a manner consistent with the method of determination of lower income families that is, as of the date of issuance of the Bonds , in effect under the Section 8 Program. Occupants of a unit are considered individuals or families of “low or moderate income” only if their combined adjusted income (computed in the manner prescribed in Section 1.167(k)-3(b)(iii) of the Treasury Regulations as in effect on the date of issuance of the Bonds and
treating all occupants as a single family) does not exceed sixty percent (60%) of the median gross income for the area with permitted adjustments for smaller and larger families. For purposes of this definition, the occupants of a residential unit shall not be deemed to be Qualifying Tenants if all the occupants of such residential unit at any time are “students,” as defined in Section 152(f)(2) of the Code, no one of whom is entitled to file a joint return under Section 6013 of the Code. The determination of whether an individual or family is of low or moderate income shall be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. Any unit occupied by an individual or family who is a Qualifying Tenant at the commencement of occupancy shall not continue to be treated as if occupied by a Qualifying Tenant during their tenancy in such unit if such individual or family subsequently ceases to be of low or moderate income unless such individual’s or family’s income does not exceed one hundred forty percent (140%) of the maximum income qualifying as low or moderate income for a family of its size. In the event that a unit does cease to be treated as occupied by a Qualifying Tenant for such reason, and thereupon less than forty percent (40%) of the completed units in the Project would not be occupied by, or held vacant and available for occupancy by, Qualifying Tenants, the next vacant unit of comparable or smaller size not previously occupied by a Qualifying Tenant must be rented to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. Any completed unit vacated by a Qualifying Tenant which results in the Project not being in compliance with the provisions of this Section must be rented (on other than a temporary basis) to a Qualifying Tenant before any other units in the Project are rented to tenants who are not Qualifying Tenants until the Project is again in compliance.

(ii) As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant shall be required annually to sign and deliver to Owner a Certification of Tenant Eligibility in the form customarily used by the Owner (the “Eligibility Certification”), in which the prospective Qualifying Tenant certifies that the tenant or the tenant’s family qualifies as being of low or moderate income. In addition, such person shall be required to provide whatever other information, documents or certifications are deemed necessary by the City to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that such tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof.

(iii) The form of lease to be utilized by the Owner in renting any units in the Project to any person who is intended to be a Qualifying Tenant shall provide for termination of the lease and consent by such person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Eligibility Certification.

(iv) Eligibility Certifications will be maintained on file by the Owner with respect to each Qualifying Tenant who resides in a Project unit or resided therein during the immediately preceding calendar year.

(v) Annually, on or before the first day of February, commencing February, 2018, the Owner will submit to the City a certificate, substantially in the form of EXHIBIT B hereto, executed by the Owner providing the rent rolls, including the name, unit number, income, and rent for each unit.

4. **Rental Restrictions.**

(a) The Owner represents, covenants and warrants that once available for occupancy each unit in the Project will be rented or available for rental to members of the general public on a continuous basis until the termination of such requirements, as provided in Section 1(c) hereof.

(b) The rental restrictions imposed by this Section and the occupancy restrictions of Section 3(a)(i) hereof may be enforced by the City by an action for specific performance.
5. **Section 8.** The Owner shall accept tenants who are recipients of federal certificates for rent subsidies. During the term of this Regulatory Agreement, the Owner shall not adopt any policies specifically excluding rental to applicants or tenants holding Section 8 certificates/voucher holders pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor. During the term of this Regulatory Agreement, the Borrower shall not adopt any policies specifically excluding rental to tenants holding Section 8 certificate/voucher holders. Notwithstanding the foregoing, the Owner will not be required to accept Section 8 certificates or vouchers if the Owner will not receive a fair market rent, as established by the Department of U.S. Housing and Urban Development for the applicable unit Owner pursuant to local market trends. This Section 5 shall not apply to any unit within the Project that is subject to this Regulatory Agreement or any other agreement that restricts the income of the tenants of the any Project-Based Section 8 HAP Contract.

6. **Transfer Restrictions.** The Owner covenants and agrees that the Owner will cause or require as a condition precedent to any conveyance, transfer, assignment or any other disposition of the Project prior to the termination of the Rental Restrictions and Occupancy Restrictions provided herein (the “Transfer”), that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the City, all duties and obligations of the Owner under this Regulatory Agreement, including this Section 6, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the “Assumption Agreement”). The Owner shall deliver the Assumption Agreement to the City prior to the Transfer.

7. **Enforcement.**

   (a) The Owner shall permit any duly authorized representative of the City to inspect any books and records of the Owner regarding the Project and with respect to the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Regulatory Agreement, the Act and Section 142(d) or any successor provision of the Code.

   (b) The Owner shall submit any information, documents or certificates requested by the City which either of them deems reasonably necessary to substantiate the Owner’s continuing compliance with the provisions of this Regulatory Agreement, the Act and Section 142(d) or any successor provision of the Code.

   (c) The Owner covenants and agrees to give written notice to the City of any violation of the Owner’s obligations hereunder within five (5) days after first discovering any such violation, and the City covenants and agrees to inform the Owner by written notice of any violation of the Owner’s obligations hereunder within five (5) days after first discovering such violation and to provide the Owner a period of time in which to correct such violation. If any such violation is not corrected to the satisfaction of the City within the period of time specified which shall be at least thirty (30) days after the date any notice to the Owner is mailed, or within such further time as the City determine is necessary to correct the violation without loss of tax exemption of interest on the Bonds, but not to exceed any limitations set by applicable regulations, without further notice the City shall declare a default under this Regulatory Agreement effective on the date of such declaration of default, and upon such default the Owner hereby agrees to pay the City any rents or other amounts received by the Owner for any units in the Project which were in violation of this Regulatory Agreement during the period such violation continued, and the City shall apply to any court, state or federal, for specific performance of this Regulatory Agreement or an injunction against any violation of this Regulatory Agreement, or any other remedies at law or in equity or any such other actions as shall be necessary or desirable so as to correct non-compliance with this Regulatory Agreement.
8. **Indemnification.** The Owner hereby indemnifies, and agrees to defend and hold harmless, the City from and against all liabilities, losses, damages, costs, expenses (including attorneys’ fees and expenses), causes of action, suits, allegations, claims, demands and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Owner to comply with the terms of this Regulatory Agreement, or on account of any representation or warranty of the Owner contained herein being untrue.

9. **Agent of the City.** The City shall have the right to appoint an agent to carry out any of its duties and obligations hereunder, and shall inform the Owner of any such agency appointment by written notice.

10. **Interpretation.** Any terms not defined in this Regulatory Agreement shall have the same meaning as terms defined in Section 142(d) of the Code and Treasury Regulations applicable thereto.

11. **Amendment.** This Regulatory Agreement may be amended in writing as mutually agreed to by the City and the Owner.

12. **Severability.** The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

13. **Notices.** All notice to be given pursuant to this Regulatory Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing. The City and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. The initial addresses for notices and other communications are as follows:

   **To the City:**
   City of Minnetonka, Minnesota
   14600 Minnetonka Boulevard
   Minnetonka, Minnesota 55345
   Attn: City Manager

   **To the Owner:**
   Heartland Heights LLC
   [ADDRESS]
   Minneapolis, Minnesota 55419
   Attention: __________________David Walter

14. **Governing Law.** This Regulatory Agreement shall be governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

15. **Attorneys’ Fees.** In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this regulatory Agreement, the Owner agrees to pay reasonable attorneys’ fees and other reasonable expenses incurred by the City in connection with such action.

16. **Agreement Binding.** This Regulatory Agreement and the covenants contained herein shall run with the Premises and shall bind the Owner (including each general, special or limited partner of the Owner, each of whom the Owner hereby represents to have authorized the Owner to bind by this Regulatory Agreement, and, to the extent controlled by the Owner or any of the foregoing, each person who is “related” to any of the foregoing within the meaning of Section 147(a) of the Code), its heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and all subsequent owners of the Project
or any interest therein, and the benefits shall inure to the City and its successors and assigns for the term of this Regulatory Agreement as provided in Section 1(d).

(The remainder of this page is intentionally left blank.)
IN WITNESS WHEREOF, the parties have caused this Second Amendment to Regulatory Agreement to be signed by their respective duly authorized representatives, as of the day and year first written above.

CITY OF MINNETONKA, MINNESOTA

By ________________________________
Its Mayor

By ________________________________
Its City Manager

STATE OF MINNESOTA )
) SS.
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this ___ day of _______, 20___, by Terry Schneider, the Mayor of the City of Minnetonka, Minnesota, a municipal corporation under the law of the State of Minnesota, on behalf of the Issuer.

____________________________________________
Notary Public

STATE OF MINNESOTA )
) SS.
COUNTY OF HENNEPIN )

The foregoing instrument was acknowledged before me this ___ day of _______, 20___, by Geralyn Barone, the City Manager of the City of Minnetonka, Minnesota, a municipal corporation under the law of the State of Minnesota, on behalf of the Issuer.

____________________________________________
Notary Public
Execution page of the Owner to the Second Amendment to Regulatory Agreement, dated as of the date and year first written above.

HEARTLAND HEIGHTS LLC

By

Its  Manager

STATE OF MINNESOTA  )
COUNTY OF  HENNEPIN  )

The foregoing instrument was acknowledged before me this ____ day of ___________, 20___, by ____________________________, the ______________________________________ of ____________________________, a ______________________David W. Walter, the Manager of Heartland Heights LLC, a Minnesota limited liability company, on behalf of the Owner.

Notary Public
EXHIBIT A

LEGAL DESCRIPTION
EXHIBIT B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Date: ____________________, _____

The following information with respect to the Project located at 5809 South Highway 101, Minnetonka, Minnesota (the “Project”), is being provided by Heartland Heights LLC (the “Owner”) to the City of Minnetonka, Minnesota (the “City”) pursuant to that certain Second Amendment to Regulatory Agreement dated ______________, 20___ (the “Regulatory Agreement”) with respect to the Project:

(A) The total number of residential units which are available for occupancy is 172. The total number of such units occupied is __________.

(B) The following residential units (identified by unit number) have been designated for occupancy by “Qualified Tenants,” as such term is defined in the Regulatory Agreement (for a total of ______________):

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Previous Designation of Unit (if any)</th>
<th>Replacing Unit Number</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

(C) The following residential units which are included in (B) above, have been re-designated as units for Qualified Tenants since ______________, _____, the date on which the last “Certificate of Continuing Program Compliance” was filed with the City by the Owner:

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Previous Designation of Unit (if any)</th>
<th>Replacing Unit Number</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

(D) The following residential units are considered to be occupied by Qualified Tenants based on the information set forth below:
<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Name of Tenant</th>
<th>Number of Persons Residing In the Unit</th>
<th>Total Adjusted Gross Income</th>
<th>Date of Initial Occupancy</th>
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<tr>
<td>(1)</td>
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<td>(10)</td>
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</tbody>
</table>

(E) The Owner has obtained a “Certificate of Tenant Eligibility,” in the form provided as Exhibit “B” to the Regulatory Agreement, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent “Certificate of Tenant Eligibility” for each Tenant named in (D) above who signed such a Certificate since ____________, ____, the date on which the last “Certificate of Continuing Program Compliance” was filed with the City by the Owner.

(F) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualified Tenants); and none of the units listed in (D) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the initial term of each lease is at least twelve (12) months.

(G) The information provided in this “Certificate of Continuing Program Compliance” is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any “Certificate of Tenant Eligibility” obtained from the Tenants named herein, is inaccurate or incomplete in any respect.
IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on ________________, ___.

HEARTLAND HEIGHTS LLC

By

Its
Document comparison by Workshare 9 on Tuesday, November 28, 2017 9:11:26 AM

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- **Style change**
- **Format change**
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- **Moved cell**
- **Split/Merged cell**
- **Padding cell**

**Statistics:**

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<td>Format changed</td>
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<td>Total changes</td>
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</tr>
</tbody>
</table>
SECOND AMENDMENT TO
REGULATORY AGREEMENT

between

CITY OF MINNETONKA, MINNESOTA

and

HEARTLAND HEIGHTS LLC

Dated January __, 2018

This instrument drafted by:

Kennedy & Graven, Chartered (JAE)
470 U.S. Bank Plaza
200 South Sixth Street
Minneapolis, MN  55402
SECOND AMENDMENT TO
REGULATORY AGREEMENT

THIS SECOND AMENDMENT TO REGULATORY AGREEMENT, dated January __, 2018 (the “Regulatory Agreement”), is by and between the CITY OF MINNETONKA, MINNESOTA, a municipal corporation of the State of Minnesota, organized and existing pursuant to the Constitution and laws of the State of Minnesota (the “City”), and Heartland Heights LLC, a Minnesota limited liability company (the “Owner”), as successor in interest to Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the “Original Owner”), and amends, restates and replaces that certain First Amendment to Regulatory Agreement, dated as of May 1, 1999 (the “Prior Regulatory Agreement”), between the City, the Original Owner, and U.S. Bank National Association, a national banking association formerly known as U.S. Bank Trust National Association.

WITNESSETH:

WHEREAS, the Original Owner acquired and rehabilitated a 172-unit multifamily rental housing development located within the jurisdiction of the City on the site described in Exhibit A attached hereto (the “Project”), with a loan of the proceeds of the Rental Housing Revenue Bonds (Archer Heights Apartments Project), Series 1998 (the “Series 1998 Bonds”), issued by the City; and

WHEREAS, to refund the Series 1998 Bonds, the City issued its Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A (the “Series 1999A Bonds”), and its Multifamily Housing Revenue Refunding Bonds (Archer Heights Apartments Project), Series 1999B (the “Series 1999B Bonds,” and together with the Series 1999A Bonds, the “Series 1999 Bonds”); and

WHEREAS, on January __, 2018, the Owner acquired the Project from the Original Owner, and as of the date of the acquisition of the Project, the Series 1999 Bonds are no longer outstanding;

WHEREAS, the City, the Original Owner, and the Bond Trustee entered into the Prior Regulatory Agreement in connection with the issuance of the Series 1999 Bonds; and

WHEREAS, although the Series 1999 Bonds are no longer outstanding, a Housing Assistance Payments Contract relating to the Project under Section 8 of the United States Housing Act of 1937 remains in place, and pursuant to Section 1.103-8(b)(7) of the Treasury Regulations, the restrictions set forth in the Prior Regulatory Agreement related to the Series 1999 Bonds shall remain in place so long as the Housing Assistance Payments Contract remains in place; and

WHEREAS, this Regulatory Agreement is intended to and shall amend, restate, replace and supersede the Prior Regulatory Agreement from and after the date hereof; and

WHEREAS, the Owner intends, declares, and covenants that the restrictive covenants set forth herein will be and are covenants running with the property on which the Project is located (the “Property”) for the term described herein and binding upon all subsequent owners of the Property for the term described herein, and are not merely personal covenants of the Owner; and

NOW, THEREFORE, in consideration of the mutual premises and covenants hereinafter set forth, and of other valuable consideration, the Owner and the City agree as follows:
1. Term of Restrictions.

(a) Occupancy Restrictions: The term of the Occupancy Restrictions set forth in Section 4 of this Regulatory Agreement shall commence on the first day following the issuance of the Series 1998 Bonds on which ten percent (10%) of the units in the Project are first occupied and shall end on the latest of the following: (i) the date which is fifteen (15) years after the later of the date of issuance of the Series 1998 Bonds or the date on which at least fifty percent (50%) of the units in the Project are first occupied; or (ii) the first day on which none of the Bonds are outstanding; or (iii) the termination date of any Housing Assistance Payments Contract relating to the Project under Section 8 of the United States Housing Act of 1937, including the initial term and any renewal thereof.

(b) Rental Restrictions: The term of the Rental Restrictions set forth in Section 4 of this Regulatory Agreement will remain in effect during the term of the Occupancy Restrictions set forth in paragraph (a) of this Section 1.

(c) Termination of Restrictions: This Regulatory Agreement and the restrictions hereunder shall also cease to apply in the event of an involuntary noncompliance caused by unforeseen events such as fire, seizure, requisition, a change in federal law or an action of a federal agency which prevents the City from enforcing the requirements of this Regulatory Agreement or condemnation or similar event.

(d) Termination of Agreement: This Regulatory Agreement shall terminate upon the earlier of (i) termination of the Occupancy Restrictions and the Rental Restrictions as provided in paragraphs (a) and (b) of this Section 1, or (ii) a termination pursuant to the provisions of paragraph (c) of this Section 1.

2. Project Restrictions.

(a) In order to meet the requirements of Section 142(d) of the Code, the Owner represents, warrants and covenants that:

(i) The Project will be maintained for the purpose of providing multifamily residential rental property and will constitute multifamily residential rental property, as such phrase is used in Section 142(a)(7) of the Code.

(ii) The Project consists of a building or structure or several proximate buildings or structures which are located on a single tract of land or contiguous tracts of land which may include facilities functionally related and subordinate thereto.

(iii) In the event a unit within a building or structure is occupied by the Owner, the building or structure must include no fewer than four units not occupied by the Owner.

(iv) All of the units in the Project will contain complete living, sleeping, eating, cooking, and sanitation facilities for a single person or a family.

(v) None of the units in the Project will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium or rest home.

(vi) Other than units for a resident manager or maintenance personnel or units for individuals or families of low or moderate income as provided for in Section 4(a) hereof, all of the units in the Project will be leased, rented, or available for lease or rental on a continuous basis to members of the general public (and may be restricted to elderly persons and families).
(vii) The Owner shall not restrict Qualifying Tenants (as hereinafter defined) from the enjoyment of unrestricted access to all common facilities and common areas of the Project, except as reasonably necessary to protect and preserve the health and safety of tenants.

(viii) The Owner shall not discriminate on the basis of race, creed, color, sex, or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the operation and management of the Project.

(ix) All tenant lists, applications, and waiting lists relating to the Project shall at all times be kept separate and identifiable from any other business of the Owner which is unrelated to the Project, and shall be maintained in the State in a reasonable condition for proper audit and subject to examination during business hours by representatives of the City.

(x) All leases of units to Qualifying Tenants shall contain clauses, among others, wherein each individual lessee:

1. Certifies the accuracy of the statements made in the lessee’s application and Certification of Tenant Eligibility; and

2. Agrees that the family income, family composition and other eligibility requirements at the time the lease is executed shall be deemed substantial and material obligations of tenancy; that the tenant will comply promptly with all requests for income, family composition and other information relevant to determining low or moderate income status from the Owner or the City, and that failure or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of the tenancy.

(b) The units described in Section 3(a)(i) will be occupied by individuals or families whose incomes at the time of their initial residency in the Project meet the requirements of section 42(g) of the Internal Revenue Code.

3. Occupancy Restrictions.

(a) In order to meet the requirements of Section 142(d) of the Code, the Owner represents, warrants and covenants that:

(i) At least forty percent (40%) of the units in the Project shall be occupied (or treated as occupied as provided herein) or held vacant and available for occupancy by Qualifying Tenants and such units will be of comparable quality and will be a range of sizes and number of bedrooms comparable to those units which are available to other tenants. Qualifying Tenants shall mean those persons and families who shall be determined from time to time by the Owner to be eligible as “individuals whose income is sixty percent (60%) or less of area median gross income” within the meaning of Section 142(d)(2)(B) of the Code in a manner consistent with the method of determination of lower income families that is, as of the date of issuance of the Bonds, in effect under the Section 8 Program. Occupants of a unit are considered individuals or families of “low or moderate income” only if their combined adjusted income (computed in the manner prescribed in Section 1.167(k)-3(b)(iii) of the Treasury Regulations as in effect on the date of issuance of the Bonds and treating all occupants as a single family) does not exceed sixty percent (60%) of the median gross income for the area with permitted adjustments for smaller and larger families. For purposes of this definition, the occupants of a residential unit shall not be deemed to be Qualifying...
Tenants if all the occupants of such residential unit at any time are “students,” as defined in Section 152(f)(2) of the Code, no one of whom is entitled to file a joint return under Section 6013 of the Code. The determination of whether an individual or family is of low or moderate income shall be made at the time the tenancy commences and on an ongoing basis thereafter, determined at least annually. Any unit occupied by an individual or family who is a Qualifying Tenant at the commencement of occupancy shall not continue to be treated as if occupied by a Qualifying Tenant during their tenancy in such unit if such individual or family subsequently ceases to be of low or moderate income unless such individual’s or family’s income does not exceed one hundred forty percent (140%) of the maximum income qualifying as low or moderate income for a family of its size. In the event that a unit does cease to be treated as occupied by a Qualifying Tenant for such reason, and thereupon less than forty percent (40%) of the completed units in the Project would not be occupied by, or held vacant and available for occupancy by, Qualifying Tenants, the next vacant unit of comparable or smaller size not previously occupied by a Qualifying Tenant must be rented to a Qualifying Tenant or held vacant and available for occupancy by a Qualifying Tenant. Any completed unit vacated by a Qualifying Tenant which results in the Project not being in compliance with the provisions of this Section must be rented (on other than a temporary basis) to a Qualifying Tenant before any other units in the Project are rented to tenants who are not Qualifying Tenants until the Project is again in compliance.

(ii) As a condition to initial and continuing occupancy, each person who is intended to be a Qualifying Tenant shall be required annually to sign and deliver to Owner a Certification of Tenant Eligibility in the form customarily used by the Owner (the “Eligibility Certification”), in which the prospective Qualifying Tenant certifies that the tenant or the tenant’s family qualifies as being of low or moderate income. In addition, such person shall be required to provide whatever other information, documents or certifications are deemed necessary by the City to substantiate the Eligibility Certification, on an ongoing annual basis, and to verify that such tenant continues to be a Qualifying Tenant within the meaning of Section 3(a) hereof.

(iii) The form of lease to be utilized by the Owner in renting any units in the Project to any person who is intended to be a Qualifying Tenant shall provide for termination of the lease and consent by such person to immediate eviction for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Eligibility Certification.

(iv) Eligibility Certifications will be maintained on file by the Owner with respect to each Qualifying Tenant who resides in a Project unit or resided therein during the immediately preceding calendar year.

(v) Annually, on or before the first day of February, commencing February, 2018, the Owner will submit to the City a certificate, substantially in the form of EXHIBIT B hereto, executed by the Owner providing the rent rolls, including the name, unit number, income, and rent for each unit.

4. Rental Restrictions.

(a) The Owner represents, covenants and warrants that once available for occupancy each unit in the Project will be rented or available for rental to members of the general public on a continuous basis until the termination of such requirements, as provided in Section 1(c) hereof.

(b) The rental restrictions imposed by this Section and the occupancy restrictions of Section 3(a)(i) hereof may be enforced by the City by an action for specific performance.
5. **Section 8 Certificate and Voucher Holders.** During the term of this Regulatory Agreement, the Owner shall not adopt any policies specifically excluding rental to applicants or tenants holding Section 8 certificates/voucher holders pursuant to the existing program under Section 8 of the United States Housing Act of 1937, as amended, codified as 42 U.S.C. Sections 1401 et seq., or its successor. Notwithstanding the foregoing, the Owner will not be required to accept Section 8 certificates or vouchers if the Owner will not receive a fair market rent, as established by the Owner pursuant to local market trends. This Section 5 shall not apply to any unit within the Project that is subject to any Project-Based Section 8 HAP Contract.

6. **Transfer Restrictions.** The Owner covenants and agrees that the Owner will cause or require as a condition precedent to any conveyance, transfer, assignment or any other disposition of the Project prior to the termination of the Rental Restrictions and Occupancy Restrictions provided herein (the “Transfer”), that the transferee of the Project pursuant to the Transfer assume in writing, in a form acceptable to the City, all duties and obligations of the Owner under this Regulatory Agreement, including this Section 6, in the event of a subsequent Transfer by the transferee prior to expiration of the Rental Restrictions and Occupancy Restrictions provided herein (the “Assumption Agreement”). The Owner shall deliver the Assumption Agreement to the City prior to the Transfer.

7. **Enforcement.**

(a) The Owner shall permit any duly authorized representative of the City to inspect any books and records of the Owner regarding the Project and with respect to the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Regulatory Agreement, the Act and Section 142(d) or any successor provision of the Code.

(b) The Owner shall submit any information, documents or certificates requested by the City which either of them deems reasonably necessary to substantiate the Owner’s continuing compliance with the provisions of this Regulatory Agreement, the Act and Section 142(d) or any successor provision of the Code.

(c) The Owner covenants and agrees to give written notice to the City of any violation of the Owner’s obligations hereunder within five (5) days after first discovering any such violation, and the City covenants and agrees to inform the Owner by written notice of any violation of the Owner’s obligations hereunder within five (5) days after first discovering such violation and to provide the Owner a period of time in which to correct such violation. If any such violation is not corrected to the satisfaction of the City within the period of time specified which shall be at least thirty (30) days after the date any notice to the Owner is mailed, or within such further time as the City determine is necessary to correct the violation without loss of tax exemption of interest on the Bonds, but not to exceed any limitations set by applicable regulations, without further notice the City shall declare a default under this Regulatory Agreement effective on the date of such declaration of default, and upon such default the Owner hereby agrees to pay the City any rents or other amounts received by the Owner for any units in the Project which were in violation of this Regulatory Agreement during the period such violation continued, and the City shall apply to any court, state or federal, for specific performance of this Regulatory Agreement or an injunction against any violation of this Regulatory Agreement, or any other remedies at law or in equity or any such other actions as shall be necessary or desirable so as to correct non-compliance with this Regulatory Agreement.

8. **Indemnification.** The Owner hereby indemnifies, and agrees to defend and hold harmless, the City from and against all liabilities, losses, damages, costs, expenses (including attorneys’ fees and expenses), causes of action, suits, allegations, claims, demands and judgments of any nature arising from the consequences of a legal or administrative proceeding or action brought against them, or any of them, on account of any failure by the Owner to comply with the terms of this Regulatory Agreement, or on account of any representation or warranty of the Owner contained herein being untrue.
9. **Agent of the City.** The City shall have the right to appoint an agent to carry out any of its duties and obligations hereunder, and shall inform the Owner of any such agency appointment by written notice.

10. **Interpretation.** Any terms not defined in this Regulatory Agreement shall have the same meaning as terms defined in Section 142(d) of the Code and Treasury Regulations applicable thereto.

11. **Amendment.** This Regulatory Agreement may be amended in writing as mutually agreed to by the City and the Owner.

12. **Severability.** The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions thereof.

13. **Notices.** All notice to be given pursuant to this Regulatory Agreement shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the parties hereto at the addresses set forth below, or to such other place as a party may from time to time designate in writing. The City and the Owner may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent. The initial addresses for notices and other communications are as follows:

   To the City: City of Minnetonka, Minnesota  
   14600 Minnetonka Boulevard  
   Minnetonka, Minnesota 55345  
   Attn: City Manager

   To the Owner: Heartland Heights LLC  
   4802 Nicollet Avenue South  
   Minneapolis, Minnesota 55419  
   Attention: David Walter

14. **Governing Law.** This Regulatory Agreement shall be governed by the laws of the State of Minnesota and, where applicable, the laws of the United States of America.

15. **Attorneys’ Fees.** In case any action at law or in equity, including an action for declaratory relief, is brought against the Owner to enforce the provisions of this regulatory Agreement, the Owner agrees to pay reasonable attorneys’ fees and other reasonable expenses incurred by the City in connection with such action.

16. **Agreement Binding.** This Regulatory Agreement and the covenants contained herein shall run with the Premises and shall bind the Owner (including each general, special or limited partner of the Owner, each of whom the Owner hereby represents to have authorized the Owner to bind by this Regulatory Agreement, and, to the extent controlled by the Owner or any of the foregoing, each person who is “related” to any of the foregoing within the meaning of Section 147(a) of the Code), its heirs, legal representatives, executors, administrators, successors in office or interest, and assigns, and all subsequent owners of the Project or any interest therein, and the benefits shall inure to the City and its successors and assigns for the term of this Regulatory Agreement as provided in Section 1(d).

(The remainder of this page is intentionally left blank.)
IN WITNESS WHEREOF, the parties have caused this Second Amendment to Regulatory Agreement to be signed by their respective duly authorized representatives, as of the day and year first written above.

CITY OF MINNETONKA, MINNESOTA

By __________________________________________
Its Mayor

By __________________________________________
Its City Manager

STATE OF MINNESOTA   )
) SS.
COUNTY OF HENNEPIN   )

The foregoing instrument was acknowledged before me this ___ day of ____________, 20___, by Terry Schneider, the Mayor of the City of Minnetonka, Minnesota, a municipal corporation under the law of the State of Minnesota, on behalf of the Issuer.

____________________________________________
Notary Public

STATE OF MINNESOTA   )
) SS.
COUNTY OF HENNEPIN   )

The foregoing instrument was acknowledged before me this ___ day of ____________, 20___, by Geralyn Barone, the City Manager of the City of Minnetonka, Minnesota, a municipal corporation under the law of the State of Minnesota, on behalf of the Issuer.

____________________________________________
Notary Public
Execution page of the Owner to the Second Amendment to Regulatory Agreement, dated as of the date and year first written above.

HEARTLAND HEIGHTS LLC

By

Its Manager

STATE OF MINNESOTA  )
 ) SS.
COUNTY OF HENNEPIN  )

The foregoing instrument was acknowledged before me this ____ day of __________, 20___, by David W. Walter, the Manager of Heartland Heights LLC, a Minnesota limited liability company, on behalf of the Owner.

Notary Public
EXHIBIT A

LEGAL DESCRIPTION

PARCEL 1:

That part of the Northeast 1/4 of the Southwest 1/4 lying Easterly of the centerline of State Trunk Highway No. 101 except that part thereof lying North of the South line of the North 250.00 feet of said Northeast 1/4 of the Southwest 1/4 and except the South 258.00 feet of said Northeast 1/4 of the Southwest 1/4; also, that part of the Northwest 1/4 of the Southeast 1/4 lying West of the East 1155.00 feet thereof, except the North 250.00 feet thereof and except the South 258.00 feet thereof, all in Section 31, Township 117, Range 22, according to the United States Government survey thereof, Hennepin County, Minnesota.

PARCEL 2:

That part of the Northwest 1/4 of the Southeast 1/4 of Section 31, Township 117 North, Range 22 West of the 5th Principal Meridian, Hennepin County, Minnesota, described as follows:

Beginning at the intersection of the North line of said Northwest 1/4 of the Southeast 1/4 with a line 165.00 feet East of, measured at a right angle to and parallel with the West line of said Northwest 1/4 of the Southeast 1/4; thence Southerly, along said parallel line, a distance of 250.02 feet to the intersection with a line 250.00 feet South of, measured at a right angle to and parallel with the North line of said Northwest 1/4 of the Southeast 1/4; thence Westerly, along the last described parallel line, a distance of 17.50 feet to the intersection with a line 1155.00 feet West of, measured at a right angle to and parallel with the East line of said Northwest 1/4 of the Southeast 1/4; thence Southerly, along the last described parallel line, a distance of 695.68 feet to the intersection with a line 360.00 feet North of, measured at a right angle to and parallel with the South line of said Northwest 1/4 of the Southeast 1/4; thence Easterly, along the last described parallel line, a distance of 528.08 feet to the intersection with a line 627.00 feet West of, measured at a right angle to and parallel with the East line of said Northwest 1/4 of the Southeast 1/4; thence Northerly, along the last described parallel line, a distance of 278.60 feet to the intersection with a line 665.00 feet South of, measured at a right angle to and parallel with the North line of said Northwest 1/4 of the Southeast 1/4; thence Westerly, along the last described parallel line, a distance of 198.02 feet to the intersection with a line 825.00 feet West of, measured at a right angle to and parallel with the East line of said Northwest 1/4 of the Southeast 1/4; thence Northerly, along the last described parallel line, a distance of 233.08 feet to the intersection with a line 411.94 feet South of, measured at a right angle to and parallel with the North line of said Northwest 1/4 of the Southeast 1/4; thence Westerly, along the last described parallel line, a distance of 162.08 feet to the intersection with a line 315.00 feet East of, measured at a right angle to and parallel with the West line of said Northwest 1/4 of the Southeast 1/4; thence Northerly, along the last described parallel line, a distance of 411.97 feet to the intersection with the North line of said Northwest 1/4 of the Southeast 1/4; thence Westerly, along said North line, a distance of 150.00 feet to the point of beginning.
EXHIBIT B

CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

Date: ____________________, _____

The following information with respect to the Project located at 5809 South Highway 101, Minnetonka, Minnesota (the “Project”), is being provided by Heartland Heights LLC (the “Owner”) to the City of Minnetonka, Minnesota (the “City”) pursuant to that certain Second Amendment to Regulatory Agreement dated ______________, 20___ (the “Regulatory Agreement”) with respect to the Project:

(A) The total number of residential units which are available for occupancy is 172. The total number of such units occupied is __________.

(B) The following residential units (identified by unit number) have been designated for occupancy by “Qualified Tenants,” as such term is defined in the Regulatory Agreement (for a total of ________________):

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Previous Designation of Unit (if any)</th>
<th>Replacing Unit Number</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

(C) The following residential units which are included in (B) above, have been re-designated as units for Qualified Tenants since ________________, 20___, the date on which the last “Certificate of Continuing Program Compliance” was filed with the City by the Owner:

<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Previous Designation of Unit (if any)</th>
<th>Replacing Unit Number</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

(D) The following residential units are considered to be occupied by Qualified Tenants based on the information set forth below:
<table>
<thead>
<tr>
<th>Unit Number</th>
<th>Name of Tenant</th>
<th>Number of Persons Residing In the Unit</th>
<th>Total Adjusted Gross Income</th>
<th>Date of Initial Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
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<td>(2)</td>
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<td>(9)</td>
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<td>(10)</td>
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</tbody>
</table>

(E) The Owner has obtained a “Certificate of Tenant Eligibility,” in the form provided as Exhibit “B” to the Regulatory Agreement, from each Tenant named in (D) above, and each such Certificate is being maintained by the Owner in its records with respect to the Project. Attached hereto is the most recent “Certificate of Tenant Eligibility” for each Tenant named in (D) above who signed such a Certificate since ____________, _____, the date on which the last “Certificate of Continuing Program Compliance” was filed with the City by the Owner.

(F) In renting the residential units in the Project, the Owner has not given preference to any particular group or class of persons (except for persons who qualify as Qualified Tenants); and none of the units listed in (D) above have been rented for occupancy entirely by students, no one of which is entitled to file a joint return for federal income tax purposes. All of the residential units in the Project have been rented pursuant to a written lease, and the initial term of each lease is at least twelve (12) months.

(G) The information provided in this “Certificate of Continuing Program Compliance” is accurate and complete, and no matters have come to the attention of the Owner which would indicate that any of the information provided herein, or in any “Certificate of Tenant Eligibility” obtained from the Tenants named herein, is inaccurate or incomplete in any respect.
IN WITNESS WHEREOF, I have hereunto affixed my signature, on behalf of the Owner, on ____________, ___.

HEARTLAND HEIGHTS LLC

By ________________________________
Its ________________________________
Resolution No. 2017-_____
Resolution approving the execution and delivery of a Second Amendment to Regulatory Agreement

Be it resolved by the City Council (the “Council”) of the City of Minnetonka, Minnesota (the “City”) as follows:

Section 1. Recitals.

1.01. The City is a home rule city duly organized and existing under its Charter and the Constitution and laws of the State of Minnesota.

1.02. The City previously entered into a First Amendment to Regulatory Agreement, dated as of May 1, 1999 (the “Prior Regulatory Agreement”) with Minnetonka Heights Limited Partnership, a Minnesota limited partnership (the “Original Owner”), and U.S. Bank National Association, as bond trustee with respect to the City’s Multifamily Housing Revenue Refunding Bonds (GNMA Collateralized Mortgage Loans/Archer Heights Apartments Project), Series 1999A (the “Series 1999A Bonds”), and its Multifamily Housing Revenue Refunding Bonds (Archer Heights Apartments Project), Series 1999B (the “Series 1999B Bonds,” and together with the Series 1999A Bonds, the “Series 1999 Bonds”).

1.03. Pursuant to the Prior Regulatory Agreement, the Original Owner agreed to certain affordable housing occupancy and rental restrictions with respect to a 172-unit multifamily rental housing development located within the City (the “Project”) refinanced with the proceeds of the Series 1999 Bonds.

1.04. Heartland Heights LLC, a Minnesota limited liability company (the “Owner”), intends to acquire the Project from the Original Owner. Upon acquisition, the Original Owner will pay all outstanding principal of and interest on the Series 1999 Bonds. Pursuant to certain tax regulations, because there is a housing assistance contract related to the Project that will remain after the Series 1999 Bonds are no longer outstanding, the requirements of the Prior Regulatory Agreement must remain in place.

1.05. The City and the Owner propose to enter into a Second Amendment to Regulatory Agreement (the “Regulatory Agreement”), which will amend, restate, and replace the Prior Regulatory Agreement in order to remove references to the Series 1999 Bonds and references to state laws related to bonds. A form of the Regulatory Agreement has been presented to the Council.
1.06. Pursuant to the terms of the Regulatory Agreement, the Owner will agree to the affordable housing occupancy and rental restrictions with respect to the Project and to provide the City with annual reports described therein.

Section 2. Council Action.

2.01. The Regulatory Agreement is approved in substantially the form on file in City Hall, subject to modifications that do not alter the substance of the transaction and are approved by the Mayor and City Manager of the City; provided that execution of the document will be conclusive evidence of their approval.

2.02. The Mayor and City Manager are authorized and directed to execute the Regulatory Agreement and any other documents or certificates necessary to carry out the transactions described therein.

Adopted by the City Council of the City of Minnetonka, Minnesota this 4th day of December, 2017.

_______________________________
Terry Schneider, Mayor

ATTEST:

_______________________________
David E. Maeda, City Clerk
ACTION ON THIS RESOLUTION:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on December 4, 2017.

__________________________________________
David E. Maeda, City Clerk
City Council Agenda Item #14E
Meeting of December 4, 2017

Brief Description: Items relating to the 2018 operating budget and levies

1) Public consideration of proposed budget and levies

2) Resolution adopting a budget for the year 2018, a revised budget for 2017, and setting a tax levy for the year 2017, collectible in 2018, amending the 2018-2022 Capital Improvement Plan, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority

3) Resolution setting a tax levy for the Bassett Creek Watershed Management Tax District for the year 2017, collectible in 2018

Recommended Action: Receive public comment on proposed budget and levies, and adopt the resolutions

Background

The city of Minnetonka follows an open, public process to review and adopt its annual budget. Although the state requirement for a truth-in-taxation hearing has changed over the years, the city of Minnetonka has always welcomed and encouraged public input on its decision regarding city services, its budget and property taxes.

Each year, council reviews preliminary budget proposals in August and November at study sessions that are open to the public, and adopts a preliminary levy in September where the council opens the floor to feedback. Proposed budget and tax information is regularly published in the Minnetonka Memo and on the city’s website, where a direct link and phone number are provided for comments. In addition, Hennepin County mails individual preliminary tax notices to all property owners in November, which announce the meeting tonight for public discussion.

The volume of feedback addressed to city staff regarding the proposed budget and levy this year has been minimal. As previously provided to council, only one was received prior to the November study session, and as of the drafting of this letter, no others have been received. If any new written comments are received just prior to the evening’s council meeting, they will be provided as an addendum to this agenda item.

The purposes of this meeting tonight are to provide another opportunity for public input regarding the proposed budget and levies, to make any amendments should they arise due to those comments, and to adopt the final 2018 budget and associated tax levies, which must be certified to Hennepin County by December 27, 2017. If substantial
changes are needed based on feedback this evening, adoption may be delayed until the council’s December 18 meeting.

At its previous August 21 and November 20 study sessions, council reviewed proposed 2018 budget targets. Within those targets, the 2018 proposed budget and revised 2017 budgets include all financial requirements for transitioning 9-1-1 dispatch services to Hennepin County. Furthermore, the 2018 budget employs intentional reductions to offset greater wage and inflationary pressures than the city has experienced in recent years. And finally, it incorporates new administrative costs associated with public sector legal compliance and the city’s intensified capital efforts, including bonding as well as park and trail planning. As a result, the proposed final budget presented here will require a property tax levy that is only 3.6 percent greater than the current year.

As detailed in the city’s adopted Strategic Profile, the city of Minnetonka takes a responsible, long-term perspective with financial planning and management. Decisions are made with the future in mind to ensure the city’s ongoing ability to provide quality services at a reasonable price. Staff estimates that the adopted levy will increase city property taxes for the median value home in Minnetonka ($332,800 for 2018) by less than $4 per year.

2018 BUDGET

The significantly greatest proportion of the city’s general fund operating budget continues to be dedicated to public safety programs and services, which is consistently the highest priority of Minnetonka’s residents according to the annual community survey. Nonetheless, a decrease in the budget for these services incorporates moving dispatch services to Hennepin County. Increases in other areas of the operating budget reflect 1) intensified park and trail planning, 2) workload associated with public information requests and archival, 3) expansion of technology service needs, particularly in the area of public safety, and 4) financial oversight and coordination of larger and more complicated capital budgets.

### 2018 General Fund Operating Budget

- **Public Safety**: 41%
- **Streets & Bldgs**: 18%
- **Parks, Rec & Environ**: 19%
- **Development**: 10%
- **All Other**: 12%

![Pie chart showing distribution of budget categories]
### GF Spending (000s)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>14,224</td>
<td>14,051</td>
<td>(173)</td>
</tr>
<tr>
<td>Streets &amp; Facilities</td>
<td>6,128</td>
<td>6,159</td>
<td>31</td>
</tr>
<tr>
<td>Parks, Rec &amp; Environ</td>
<td>6,084</td>
<td>6,358</td>
<td>274</td>
</tr>
<tr>
<td>Development</td>
<td>3,175</td>
<td>3,319</td>
<td>144</td>
</tr>
<tr>
<td>All Other</td>
<td>3,707</td>
<td>4,080</td>
<td>373</td>
</tr>
<tr>
<td><strong>Total General Fund</strong></td>
<td><strong>$33,318</strong></td>
<td><strong>$33,967</strong></td>
<td><strong>$649</strong></td>
</tr>
</tbody>
</table>

1.9%

### Public Safety

**Police.** The 2018 budget for the police department incorporates the addition of 3.4 full-time equivalent (FTE) positions that are required to backfill important city-specific ancillary duties that are currently provided by the city’s public safety dispatchers but will not be provided by the Hennepin County dispatching services. The backfilled services to be provided by the new positions include records data entry, facility video monitoring, and a number of explicit police operational functions.

At the same time, School District 287 elected to eliminate one of two school resource officer positions at the West Education Center in the fall of 2017, reducing the number of city police officers by one FTE. There is no budget impact since the district had reimbursed the city for expenses related to the position.

The 2018 budget continues to include funding for its sworn Community Engagement Officer. Newly assigned in 2017, the position will also continue to serve as a direct liaison with other city departments, working closely with the departments on quality of life issues within the community as well as on prevention and response for public safety related issues that may develop. Plus, the budget continues to include regular operating costs of the police, fire and public works departments to conduct Night for Neighbors in the city of Minnetonka.

### Fire service.** As was introduced in previous council deliberations, the 2018 budget includes funding to engage a consultant to continue to address the challenges of recruiting and retaining our efficient and effective paid-on-call (POC) fire force. The department experiences a turnover rate of approximately ten firefighters per year, which requires ongoing training and equipping. The consultant will recommend improving the method and priority for deployment of fire services in the city, including service level objectives to be considered, refined and adopted.

### Public safety facility project update.** Under a contract approved by the city council in June 2017, both the police and fire departments continue work on designing plans for
remodeling and expanding the police station and a new fire station. The revised 2017 budget reflects the additional funds of $1.5 million approved by council in June 2017 for the costs of the architectural design consulting contract. The initial source of funding is an internal loan from the Special Assessment Construction Fund.

Staff across the two departments are engaged in the process, and public works staff have begun work with its engineering consultant to determine final costs and requirements for moving the watermain attached to the well located in the new building’s vicinity for which $2 million from the Utility Fund is currently budgeted. In order to fully inform and reach out to the community, the project has been featured in three issues of the *Minnetonka Memo*, a number of social media feeds, and at the city’s farmers’ market and its Open House in October. Education and opportunities for further public input will continue in 2018. Finally, staff have begun to clarify the steps required to request a sales tax refund for the project’s construction materials during the 2018 state legislative session.

As approved by council, the 2018-22 Capital Improvements Program (CIP) anticipates a general obligation bond sale in March of 2019 to finance the estimated $25 million project. Debt service would not begin until 2020, and staff estimates it would require a property tax increase of less than one percent at that time. Any operational cost changes associated with the new facility would not be needed until its completion, which is currently anticipated to be built for move-in by the end of 2020 or beginning of 2021.

### Streets, Utilities and Facilities

**Road programs.** The 2018 budget continues the city’s strong commitment to maintaining and improving its substantial investment in streets, storm water and utilities infrastructure. At a cost of $49.6 million in 2018, over one-half of all city resources continue to be dedicated to this core responsibility. Minnetonka’s adopted and amended CIP for 2018 includes major street, storm water, and water utility reconstruction along with electrical line burial and street light improvements on Woodhill Road. Scheduled milling, overlay and refurbishment of various other streets and neighborhoods throughout the city include Old Excelsior Blvd, Ford Road, and Williston Road. The 2018 capital budget also includes nearly $4.8 million in funding from various sources, including Municipal State Aid and the Utility Fund, for city infrastructure and bridge improvements in the Opus area in anticipation of needs associated with and complimenting the Southwest Light Rail station. Another $720,000 is appropriated for street improvements associated with the Shady Oak Light Rail station.

**Water and sewer utilities.** The long-range financial plan for replacement and repair of the city’s water and sewer infrastructure continues into 2018. While a substantial portion of the work is associated with much of the city’s road program, the 2018 adopted capital budget also includes significant funding for other critical system updates, including the Williston lift station rehabilitation, system sustainability requirements of
water treatment plants, ongoing infiltration and inflow reduction projects, large equipment replacement and repair/replacement of the city’s fire hydrants.

As part of the adopted financial plan, council approved significant water and sewer rate increases over the last three years, and the city anticipated lower annual increases thereafter over the next thirteen years. Staff recently worked with our consultants and have updated current financial projections for the enterprise. As a result, the 2018 budget and the following projected years of the system’s long-term plan require only a 3.75 percent increase in water and sewer rates to be effective with bills beginning January 2018. Council will deliberate and hold a public hearing when staff requests these rate increases at its next meeting on December 18.

**Buildings.** In 2016, the city’s new buildings manager worked with consultants in developing a comprehensive inventory of both current and long-range space needs for municipal programs and associated staff that office out of city hall. As a result, the adopted 2018-22 Capital Improvements Program (CIP) includes a $4.5 million project over three years (including 2017) to overhaul and refurbish these areas to accommodate the future needs of serving the public, organizational management and the city’s workforce, all within the current building footprint. At a cost of $1.65 million in 2018, the first construction phase of the project will require careful temporary relocation of employees to ensure ongoing capacity to appropriately meet customer needs.

**Electricity.** In a significant move to combat increasing costs of electricity, the city has negotiated contracts with privately developed solar gardens that are already realizing cost savings to the city in 2017. Staff are directing those savings first to property tax supported (General Fund) expenses, which account for approximately 36 percent of the city’s electricity bill. The 2018 budget assumes significant savings across the city in electrical costs for all its facilities and parking lots. Actual savings during the first six months of next year will be used to more accurately revise budgets in the fall of 2018 as needed.

**Parks, sidewalks & trails.** In deliberating the 2018-22 CIP, the city council continued to recognize the community’s increasing need and desire for improvements to the city’s trail system for health, safety and transportation reasons. The 2018 capital budget includes funding to construct an additional 1.1 miles of trails with a new segment on Plymouth Road between Amy Lane and Hilloway Road and another associated with the reconstruction of Woodhill Road. Initial design work has begun on the continued trail along Plymouth Road further north.

Coordinated planning for trail amenities alongside park and recreation facilities, new development and transportation corridors is essential. The 2018 budget includes funding for a park and trail planner in Minnetonka Recreation Services. The new position will administer all planning for updates of some of the infrastructure built during the park renewal and open space nearly twenty years ago, staying abreast of changes
in recreational trends relative to the types of leisure activity desired, including pickleball, more and safer trails, and mountain biking trails. The work of this new position will be key as the 2018-22 CIP includes additional park amenities as contemplated in the Ridgedale area vision plan and in the Opus area.

Natural Resources

Staffing. Conservation and preservation of the community’s natural resources continue to be of high priority to the city’s residents as consistently demonstrated by the results of our annual community survey. The 2018 budget includes a funding shift at no additional cost from consulting to support the addition of a permanent part-time inspector, 0.75 full-time equivalent (FTE) to accommodate the city’s significant workload for permit reviews, site and erosion control inspections and easement monitoring. Volunteers serve a critical function for the city’s natural resources programs, especially for the removal of invasive species, and staff continues to coordinate nearly 2,000 volunteer hours annually.

Forestry. The 2018 budget continues implementation of the Emerald Ash Borer (EAB) program. Although the EAB has not been officially found within Minnetonka, it has arrived less than two miles away from the city and just outside both our north and south borders. Therefore, in anticipation of the eventual demise of the city’s ash trees, which are estimated to number 60,000 in our community, natural resources staff continue its pre-arrival work. The plan includes ongoing removal of vulnerable ash trees, replacement with diverse native species, and treatment of a small cadre of high value ash trees. A modest annual appropriation and levy continue to be included in the annual budget for the Forestry Fund, and monies not spent accumulate by design in the fund in order to ensure the city’s readiness for the certain nearly simultaneous death of our ash tree population.

Environmental Fund. The city’s Environmental Fund finances not only curbside recycling but also other important renewable/reusable programs including the city’s yard waste drop off program. Because the programs are significantly funded by charges to residents through their utility bills, it is important that the fund be structurally balanced with revenues supporting costs over the long term. At the council’s meeting on December 18, staff will be requesting a very modest rate increase for 2018 from $4.10 to $4.15 per month. The city’s current contract for recycling will expire at the end of 2018 and staff anticipates discussions with our vendor regarding the options available if the contact is extended.

Approximately one-third of trash is now composed of organic matter but less than two percent of households have organic collection services. In order to meet the 2030 state goal to recycle 75 percent of waste generated, Hennepin County will be assisting cities with SCORE grant monies to promote organics collection services. A grant of $4,108 from Hennepin County in 2017 resulted in the signing up of 60 new households for
organics recycling. Grant monies received in 2018 will have an increasing dependence on residents that separate organics from the general refuse waste stream.

Recreation

**Joint Recreation Program.** The city of Minnetonka maintains a joint recreation services program with the city of Hopkins, which has for many years reaped benefits for both communities by offering a greater range of recreational opportunities, an expanse of facilities for all of the shared programs as well as cost efficiencies and depth of quality that would not have been available to each on its own. The net cost of the shared programs is split between the cities, Minnetonka funding 67 percent and Hopkins 33 percent.

While all general administration is housed and employed by Minnetonka, in previous years each city directly hired all part-time salaried personnel for playgrounds, warming houses and park attendants as related to specific facilities in each location. In 2018, Minnetonka will hire all positions and will be reimbursed by Hopkins with an additional five percent added for administrative costs. The budget for these additional costs, which are more than offset by the revenue from Hopkins, is included within Joint Recreation services. This revised administrative structure will result in greater efficiencies in the hiring process and create additional management staffing advantages across the two cities.

**Ice arena.** Operational changes designed to improve the ice arena’s budget include council’s direction to advance a $1.8 million capital project to replace Ice Arena A’s refrigeration and dasher board from 2018 to 2015. As a result of the renovation project and a staffing reorganization, staff has realized significant operating costs reductions. 2016 actual costs were over $133,000 below actual 2014 numbers, and operating revenues more than covered operating expenses. This positive fiscal position has continued into 2017 and is forecasted for 2018. The annual $50,000 General Fund subsidy will remain in place to enable ongoing resolution of the facility’s negative cash position of approximately $436,000 at the end of 2016, which is an improvement from 2015, and towards an appropriate operating reserve balance.

**Williston Center.** The 2018 budget for the city’s fitness center reflects continued forecasted strength in the enterprise’s financial position. After again ending 2016 in a positive position even after accounting for depreciation, the facility continues to cover the costs of all operating expenses and capital investments, including replacement of the pool light fixtures to upgraded LED luminaires and new carpeting in the center’s lobby. Staff continues to evaluate program offerings and user fees on an ongoing basis to ensure that the community continues to enjoy the benefits of this important asset in a self-sustaining manner.
Development

As has been discussed over the last several years, workload in the Community Development Department continues at a high level. Even with an additional full-time inspector approved for the 2016 budget, the department continues to supplement inspections by hiring part-time staff. The 2018 budget for the department includes additional funding to increase the hours for one of the permanent part-time community development technicians from 26 to 32 hours per week. The higher incremental cost reflects the additional price of benefits. Filling this critical position with the extra hours is necessary to ensure timely customer service and response.

For the third and final year, money in the 2018 planning division budget (General Fund), is allocated for the preparation of the city’s 2040 comprehensive plan. In 2018, the amount allocated for the project is $85,000, which brings the three-year total to $245,000. As in prior years, project funds not expended in 2017 will be transferred at year end to the Development Fund to ensure completion of the project.

As the city council is aware, the council acting as the Economic Development Authority preliminarily adopted $250,000 in the Housing and Redevelopment Authority (HRA) levy for 2018, an increase of $75,000 from 2017. Of that amount, $75,000 is to continue for a third year the 10-year payback to the Special Assessment Construction Fund (SACF) for the city’s commitment to the Southwest Light Rail Transit project. The remaining portions of the levy will serve as continued support for the city’s two housing loan programs ($75,000) and Homes Within Reach/WHAHLT ($100,000).

All Other

**Human resources and internships.** Because the city is primarily a service business, workforce-related legislation has a significant impact on both the city’s work and its finances. As discussed at previous council sessions, management has been able to take advantage of a slight decrease in health insurance premiums in 2017 to restructure the city’s contribution tier structure to aid in controlling the city’s experience rating related to health insurance. The change will also address our recent experiences of losing candidates for key positions due to this critical benefit issue.

The 2018 budget also includes a second phase of temporary one-time funding to outsource the update of all city of Minnetonka job descriptions. The work will ensure that the city is in compliance with employment laws enacted or changed over the last ten years.

Although most of the city’s departments have employed interns for many years, staff recently created a formalized internship program that will be implemented in 2018. This program will carefully monitor work and service experience in which a student has intentional learning goals with hands-on training that parallel the structured work
environment that Minnetonka can offer to promote academic and career development. This program will also benefit the city by assisting with department work demands, specialty projects and creating additional recruitment exposure for future vacancies.

**Technology.** As discussed in an earlier section of this report regarding public safety and dispatch services, one of the nine positions lost would be the currently vacant 9-1-1 communications manager job. In addition to supervising the dispatch operations, this position performed crucial public safety technology and radio system tasks. The city’s PSAP (Public Safety Answering Point) study recommended splitting technology related tasks from the supervisory position and adding one additional information technology staff member to the city IT division. The addition, which is included within the 2018 budget, will also ensure that the growing technology needs of the city and both the police and fire departments are met. Staff had recommended this position regardless of the decision on the provision of dispatching services.

**Public recordkeeping and information requests.** Minnesota state statute closely governs the management of public records, and the city has been continually challenged to comply with these requirements on an ongoing basis. These records are not only needed for use by staff; in the majority of open record request cases, they need to be accessible to the public. Over the years the city has invested in both technology and electronic storage capacity to host records and, in many examples, to continually create records.

In the last several years, the city has experienced an exponential increase in demand for immediate electronic information and data, both by the public and the media. By default, these data requests have been fielded by some of the city’s more highly compensated employees who spend inordinate hours of time to appropriately search and legally scrutinize the city’s archives to redact and respond responsibly.

Because these requests are on an upward trend and, in anticipation of even greater mandates that have bi-partisan support from the Minnesota Legislature for more transparency, staff recommends adding front line staffing to manage this process. The proposed 2018 budget includes funding to hire a records specialist to address this required government service. The new position would assume the laborious duties of archiving and indexing records, plus develop and administer more efficient data systems and procedures to improve the city’s response to data requests.

**Finance.** Since 2005, the city’s five-year capital program has grown by two and a half times from $60.6 million for the 2005-09 CIP to $149.4 million for the 2018-22 CIP. Similarly, the complexity of financing city projects has intensified as well. For example, issuing debt and accounting for such expenditures requires greater and more careful accounting, investing and reporting under current federal laws and banking regulations. The former CIP included only $12.3 million in bond proceeds, and the current CIP now includes $55 million in bond proceeds.
Because the number of accounting finance department staff has remained constant since prior to 2005, much of the capital expenditure oversight has been carried out by non-finance personnel in other city departments. The complexities of the work is now pressing those other departments to request significant assistance. Therefore, the 2018 proposed budget includes funding for one new finance analyst position.

**GENERAL FUND BALANCE**

In 2012, the council revised the city’s fund balance policy in compliance with new standards issued by the Government Accounting Standards Board (GASB). The adopted policy helps ensure stable tax rates and allows the responsible allocation of available one-time funds for appropriate uses. Specifically, the policy provides that any balance not assigned to a specific purpose that is above 40 percent of the following year’s operating budget is available for other one-time purposes, such as capital needs or pilot programs for which there are no ongoing financial commitments.

Accordingly, the 2018 budget includes a 40 percent Budget Stabilization Reserve,\(^1\) which will accommodate one-time funds to be used to purchase capital equipment and costs of the civic center renovation. Current gross revenue estimates for this year are generally in line with forecasts provided in August. Current expenditures portend that final costs will likely be down from those indicated within the budget document as in recent past years, even with adjustments made for the additional expenses required to accommodate transition costs for dispatch employees through the end 2017. As a result, the city is likely to experience funds remaining on the bottom-line above the approximately $33,800 currently estimated.

As in previous years, the remaining unassigned fund balance is currently obligated to support transfers planned over the following four years of the adopted five-year CIP. Any additional “bottom-line” funds realized at the close of 2017 above that currently indicated will likely first be obligated to ensure that the Budget Stabilization Reserve will cover rises in annual operating costs to maintain the 40% reserve. Assignment of any remainder would be discussed at the April 2018 CIP study session.

**2018 LEVY**

The 2018 proposed operating and adopted capital budgets will require an increase in the city property tax of 3.6 percent. The change is the net effect of staff’s consistent search for alternative revenue sources like grants and partnerships; budget reductions

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\(^1\) See Appendix G, “Relevant Financial Policies” in the 2018 budget document for a more complete explanation of the Budget Stabilization Reserve.
and savings; net savings from the Hennepin County’s dispatching that would offset a 3.8 percent increase that would be required to maintain current services; a 1.4 percent increase for new operating needs; and a 1.2 percent increase associated with the adopted CIP. The HRA levy would be an additional 0.2 percent increase ($75,000).

<table>
<thead>
<tr>
<th>Levy (thousands)</th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City property taxes, current services</td>
<td>$35,658</td>
<td>$37,069</td>
<td>3.8%</td>
</tr>
<tr>
<td>Hennepin County dispatch</td>
<td>(713)</td>
<td>(1.9)%</td>
<td></td>
</tr>
<tr>
<td>Budget reductions, savings</td>
<td>(349)</td>
<td>(0.9)%</td>
<td></td>
</tr>
<tr>
<td>New needs, initiatives</td>
<td>532</td>
<td>1.4%</td>
<td></td>
</tr>
<tr>
<td>Capital program increase</td>
<td>421</td>
<td>1.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td>3.6%</td>
<td></td>
</tr>
<tr>
<td>Voter-approved bond debt increase</td>
<td></td>
<td>64</td>
<td>0.2%</td>
</tr>
<tr>
<td>Ridgedale tax abatement decrease</td>
<td>(61)</td>
<td>(0.2)%</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal, after dispatch change</strong></td>
<td></td>
<td>$37,676</td>
<td>3.6%</td>
</tr>
<tr>
<td><strong>Final for tax notices</strong></td>
<td></td>
<td>$35,658</td>
<td>$36,963</td>
</tr>
</tbody>
</table>

**HRA**

$175

$250

**Homeowner Impacts.** Staff calculates there will be only the slightest impact to the amount of property taxes paid by the median-valued home in Minnetonka ($332,800 in 2018). Using the average increase in assessed market value (2.7 percent), as reported by the city assessor last spring, the median-valued home will experience a rise in property taxes of only $4 for the year. The proposed increase in the HRA levy will appear on tax notices combined with “other special districts” and will account for an approximate additional $3.

Staff anticipates the proposed levy increase will be offset by several factors. First, new development and redevelopment in the city increased the city’s property tax base last year. Overall, the city’s assessed market value increased by 5.2 percent, a portion of which was the result of actual improved real estate as opposed to market forces alone. Second, the residential and commercial proportions of the city’s tax base both declined relative to apartment properties, with residential at its lowest percentage since the 2003 tax year. This will cause slight shifts in the property tax burden away from both commercial and residential to apartments. And lastly, for the first time in recent memory, Minnetonka’s net negative share of the fiscal disparities property tax base declined, which will result in a net tax base increase for the city.
It is critical to be mindful that the city of Minnetonka accounts for only a little over one-quarter of a homeowner’s total property tax bill. The remainder is attributable to taxes levied by school districts (32 percent), Hennepin County (32 percent), and other jurisdictions (8 percent). For businesses, the city’s share is only about ten to twelve percent of the total. Additionally, the actual change in taxes for any single property will vary from the median on a case-by-case basis.

RECOMMENDATION  

Staff recommends adoption of the attached resolutions to increase the property tax levy by 3.6 percent in order to support the 2018 budget and to levy the city’s 2018 share of the Bassett Creek Watershed District allocated cost requirements. Adoption of the general levy resolution would also formally accede to the Economic Development Authority’s action tonight whereby the Housing Redevelopment Authority (HRA) levy would increase by $75,000. At this rate, the median value home in the city will experience an increase of less than $4 for the year in city property taxes and an additional $3 per year for the HRA levy.

Responsible long-term financial planning continues to position the city of Minnetonka to deal with the uncertainties of the economy and state political actions. Public safety and roads remain the highest budget priorities, with nearly three-fourths of the city’s annual resources dedicated to these basic services. We continue to strategically position the city to be fiscally responsible, preserve its standards of excellence, and encourage organizational innovation and creative thinking. With these negligible annual increases in cost, the city of Minnetonka will continue to provide the excellent services our residents and businesses have come to expect, and at a reasonable price, both in 2018 and well into the future.

Originated by:  
Geralyn Barone, City Manager  
Merrill King, Finance Director
Resolution No. 2017-

Resolution adopting a budget for the Year 2018, a revised budget for 2017, amending the current Capital Improvement Program to be consistent with these budgets, setting a tax levy for the Year 2017, collectible in 2018, and consenting to a special benefit tax levy of the Minnetonka Economic Development Authority.

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01. The City Manager has presented to the City Council a proposed 2018 Budget, a revised 2017 Budget, and modifications to the city’s currently adopted Capital Improvement Program Budget for funds of the City.

Section 2. Authorization.

2.01. The City Manager’s proposed 2018 Budget, the 2017 Revised Budget, and changes contained therein to the adopted current Capital Improvements Program Budget are hereby approved and adopted with the official copy being on file with the City Clerk.

2.02. The following sums of money should be levied for the current year, collectible in 2018 upon the taxable property in the City of Minnetonka for the following purposes:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$25,419,774</td>
</tr>
<tr>
<td>Street Improvement Fund</td>
<td>6,300,000</td>
</tr>
<tr>
<td>Capital Replacement Fund</td>
<td>2,045,000</td>
</tr>
<tr>
<td>Park &amp; Trail Improvement Fund</td>
<td>560,000</td>
</tr>
<tr>
<td>Technology Development Fund</td>
<td>580,000</td>
</tr>
<tr>
<td>Forestry Fund</td>
<td>60,000</td>
</tr>
<tr>
<td>Public Safety Fund</td>
<td>550,000</td>
</tr>
<tr>
<td>Ridgedale Tax Abatement</td>
<td>20,000</td>
</tr>
<tr>
<td>Park &amp; Open Space Bonds Debt</td>
<td>1,400,123</td>
</tr>
</tbody>
</table>

Total Tax Levy $36,934,897

2.03 Pursuant to Minn. Stat. Section 469.033, subd. 6, the City Council consents to the Economic Development Authority in and for the City of Minnetonka (the “EDA”) levying a special benefit tax levy in the amount requested by the Board of Commissioners of the EDA by resolution adopted on the date hereof.
Adopted by the City Council of the City of Minnetonka on December 4, 2017.

Terry Schneider, Mayor

ATTEST:

David E. Maeda, City Clerk

ACTION ON THIS RESOLUTION:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution was adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka at a duly authorized meeting held on December 4, 2017.

David E. Maeda, City Clerk
Resolution No. 2017-

Resolution setting a tax levy in the Bassett Creek Watershed Management Tax District for the Year 2017, collectible in 2018

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01. On May 4, 1987, the City Council adopted an ordinance creating the Bassett Creek Watershed Management Tax District.

1.02. Taxes levied in this district are for the purpose of paying the City’s share of the Bassett Creek Watershed Management Commission’s costs.

1.03. The City’s share of those costs for 2018 is $28,053.

Section 2. Findings.

2.01. The amount of $28,053 should be levied for the current year, collectible in 2018 upon all the taxable property in the Bassett Creek Watershed Management Tax District in the City of Minnetonka for the purpose of paying the costs of the Bassett Creek Watershed Management Commission.

Section 3. Authorization.

3.01. The tax levy of $28,053 the Bassett Creek Watershed Management District is hereby approved.

3.02. The City Clerk is hereby directed and ordered to transmit a certified copy of this resolution to the Hennepin County, Minnesota Auditor.

Adopted by the City Council of the City of Minnetonka, Minnesota on December 4, 2017.

________________________________________________________________

Terry Schneider, Mayor
ATTEST:

____________________________________
David E. Maeda, City Clerk

ACTION ON THIS RESOLUTION:

Motion for adoption:
Seconded by:
Voted in favor of: Voted against:
Abstained:
Absent:
Resolution was adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on December 4, 2017.

____________________________________
David E. Maeda, City Clerk
City of Minnetonka

2018 Budget

Minnetonka, Minnesota

Adopted December 4, 2017

City Council:
Terry Schneider, Mayor
Patty Acomb, Councilmember at Large
Dick Allendorf, Councilmember At Large
Tim Bergstedt, Councilmember Ward 4
Bob Ellingson, Councilmember Ward 1
Tony Wagner, Councilmember Ward 2
Brad Wiersum, Councilmember Ward 3

Staff:
Geralyn Barone, City Manager
Perry Vetter, Assistant City Manager
Merrill King, Finance Director/Treasurer
Scott Boerboom, Chief of Police
Corrine Heine, City Attorney
Will Manchester, City Engineer
Kelly O'Dea, Recreation Services Director
John Vance, Fire Chief
Brian Wagstrom, Public Works Director
Julie Wischnack, Community Development
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<tr>
<td>Bonded Indebtedness</td>
<td>58</td>
</tr>
<tr>
<td>2018 Budget Calendar</td>
<td>59</td>
</tr>
<tr>
<td>Organizational Chart</td>
<td>60</td>
</tr>
<tr>
<td>Relevant Financial Policies</td>
<td>61</td>
</tr>
</tbody>
</table>
### CONSOLIDATED BUDGETS SUMMARY - ALL FUNDS

<table>
<thead>
<tr>
<th></th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Property Taxes</td>
<td>$35,757,302</td>
<td>$37,197,951</td>
</tr>
<tr>
<td>User Fees &amp; Charges</td>
<td>27,308,100</td>
<td>28,190,900</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>3,690,000</td>
<td>3,545,400</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>4,989,729</td>
<td>3,959,835</td>
</tr>
<tr>
<td>Other Income</td>
<td>4,926,258</td>
<td>3,309,394</td>
</tr>
<tr>
<td>Other Sources - Bond Proceeds</td>
<td>-</td>
<td>10,000,000</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$76,671,389</strong></td>
<td><strong>$86,203,480</strong></td>
</tr>
</tbody>
</table>

| **Expenditures**       |              |             |
| By Program:            |              |             |
| Public Safety          | $17,140,600  | $14,928,541 |
| Streets & Utilities    | 42,206,387   | 49,573,050  |
| Parks & Environment    | 4,963,500    | 5,630,200   |
| Recreation             | 6,303,700    | 6,843,650   |
| Development            | 4,122,147    | 4,355,700   |
| General Government     | 5,703,450    | 6,157,800   |
| **Total Expenditures by Program** | **$80,439,784** | **$87,488,941** |

| By Category:           |              |             |
| Personnel              | $29,323,100  | $30,224,300 |
| Supplies               | 3,647,000    | 3,567,400   |
| Services & Charges     | 18,531,097   | 18,750,791  |
| Capital Outlay         | 28,050,324   | 33,438,875  |
| Debt Service           | 888,263      | 1,507,575   |
| **Total Expenditures by Category** | **$80,439,784** | **$87,488,941** |

Note: Internal service fund budgets are accounted for twice in this summary to better reflect costs by program and category. They appear once from the internal service fund and once from the respective fund incurring the charge for service.
2018 CONSOLIDATED BUDGETS - ALL FUNDS

Revenue

- General Property Taxes: $37,197,951 (43%)
- Bond Proceeds: 10,000,000 (12%)
- User Fees & Charges: 28,190,900 (32%)
- Intergov'tal Revenue: 3,959,635 (5%)
- Licenses and Permits: 3,545,400 (4%)
- Other Income: 3,309,394 (4%)
- Intergov'tal Revenue: 3,959,635 (5%)
- Licenses and Permits: 3,545,400 (4%)

Expenditures by Program

- Streets & Utilities: 49,573,050 (57%)
- Public Safety: 14,928,541 (17%)
- General Government: 6,157,800 (7%)
- Development: 4,355,700 (5%)
- Recreation: 6,843,650 (8%)
- Parks & Environment: 5,630,200 (6%)
- Development: 4,355,700 (5%)
- Recreation: 6,843,650 (8%)
- Parks & Environment: 5,630,200 (6%)

Expenditures by Category

- Capital Outlay: 33,438,875 (38%)
- Personnel: $30,224,300 (35%)
- Supplies: 3,567,400 (4%)
- Services & Charges: 18,750,791 (21%)
- Debt Service: 1,507,575 (2%)

2
### General Fund Revenues & Expenditures

**Summary**

<table>
<thead>
<tr>
<th>Year</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Property Taxes</td>
<td>$22,456,642</td>
<td>$23,122,382</td>
<td>$24,201,283</td>
<td>$25,082,828</td>
</tr>
<tr>
<td>Licenses &amp; Permits</td>
<td>4,846,567</td>
<td>3,641,735</td>
<td>3,690,000</td>
<td>3,690,000</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>1,029,000</td>
<td>1,110,256</td>
<td>951,000</td>
<td>1,031,600</td>
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<tr>
<td>Transfers</td>
<td>1,339,800</td>
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<td>1,353,400</td>
<td>1,374,400</td>
</tr>
<tr>
<td>User Fees &amp; Charges</td>
<td>1,977,459</td>
<td>2,057,848</td>
<td>2,171,700</td>
<td>2,078,500</td>
</tr>
<tr>
<td>Other Income</td>
<td>972,945</td>
<td>858,444</td>
<td>905,217</td>
<td>927,722</td>
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<tr>
<td><strong>Total Revenues</strong></td>
<td>$32,622,413</td>
<td>$32,141,165</td>
<td>$33,317,600</td>
<td>$33,966,950</td>
</tr>
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<td><strong>Expenditures</strong></td>
<td></td>
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<td></td>
<td></td>
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<td>Police</td>
<td>$8,264,195</td>
<td>$8,684,602</td>
<td>$9,154,700</td>
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<td>Dispatch</td>
<td>836,047</td>
<td>891,725</td>
<td>904,100</td>
<td>1,014,100</td>
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<td>Fire</td>
<td>2,529,138</td>
<td>2,629,270</td>
<td>2,972,000</td>
<td>2,969,500</td>
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<td>Environmental Health</td>
<td>353,235</td>
<td>358,418</td>
<td>397,900</td>
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<td>Legal</td>
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<td>743,260</td>
<td>805,000</td>
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<td><strong>Subtotal, Public Safety</strong></td>
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<td>$13,307,275</td>
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<td>Engineering</td>
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<td>1,113,723</td>
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<tr>
<td>Street Maintenance</td>
<td>3,181,669</td>
<td>3,053,143</td>
<td>3,604,800</td>
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<tr>
<td>Building Maintenance</td>
<td>1,069,332</td>
<td>1,180,894</td>
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<td>1,284,100</td>
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<tr>
<td><strong>Subtotal, Streets &amp; Utilities</strong></td>
<td>$5,406,919</td>
<td>$5,347,761</td>
<td>$6,127,700</td>
<td>$6,159,300</td>
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<tr>
<td>Parks &amp; Trails</td>
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<td>1,493,965</td>
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<td>Natural Resources</td>
<td>1,130,427</td>
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<td>1,358,700</td>
<td>1,346,700</td>
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<tr>
<td><strong>Subtotal, Parks &amp; Environment</strong></td>
<td>$2,677,498</td>
<td>$2,582,792</td>
<td>$3,099,000</td>
<td>$3,133,600</td>
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<tr>
<td>Joint Recreation</td>
<td>1,381,147</td>
<td>1,320,143</td>
<td>1,420,400</td>
<td>1,402,300</td>
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<tr>
<td>Minnetonka Recreation</td>
<td>556,740</td>
<td>553,714</td>
<td>634,400</td>
<td>618,300</td>
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<td>Senior Services</td>
<td>359,829</td>
<td>382,243</td>
<td>384,900</td>
<td>412,200</td>
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<tr>
<td>Community Center</td>
<td>463,351</td>
<td>491,846</td>
<td>545,000</td>
<td>522,700</td>
</tr>
<tr>
<td><strong>Subtotal, Recreation</strong></td>
<td>$2,761,067</td>
<td>$2,747,946</td>
<td>$2,984,700</td>
<td>$3,224,050</td>
</tr>
<tr>
<td>Mayor &amp; City Council</td>
<td>1,574,735</td>
<td>1,603,519</td>
<td>1,686,700</td>
<td>1,699,100</td>
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<tr>
<td>General Administration</td>
<td>1,286,972</td>
<td>1,374,029</td>
<td>1,682,800</td>
<td>1,654,800</td>
</tr>
<tr>
<td>Information Technology</td>
<td>760,646</td>
<td>783,237</td>
<td>859,000</td>
<td>858,700</td>
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<td>Finance</td>
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<td>793,335</td>
<td>872,800</td>
<td>882,800</td>
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<td><strong>Subtotal, Development</strong></td>
<td>$2,835,131</td>
<td>$2,941,019</td>
<td>$3,175,200</td>
<td>$3,319,500</td>
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<tr>
<td>Contingency</td>
<td>$17,491,802</td>
<td>19,655,895</td>
<td>21,218,665</td>
<td>21,218,665</td>
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<tr>
<td><strong>Total Expenditures</strong></td>
<td>$29,458,320</td>
<td>$30,098,395</td>
<td>$33,317,600</td>
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<tr>
<td>Surplus of Revenues over Expenditures</td>
<td>$3,164,093</td>
<td>$2,042,770</td>
<td>-</td>
<td>33,800</td>
</tr>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
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<td>19,655,895</td>
<td>21,218,665</td>
<td>21,218,665</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>$19,655,895</td>
<td>$21,218,665</td>
<td>$20,478,665</td>
<td>$20,512,465</td>
</tr>
</tbody>
</table>

**Budget Stabilization Balance Policy Goal**

- 2015: 42.4%
- 2016: 40.0%
- 2017: 40.5%
- 2018: 40.5%
- 2019: 40.0%
## General Property Taxes

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Tax Levy</td>
<td>$22,789,051</td>
<td>$23,327,058</td>
<td>$24,566,283</td>
<td>$24,566,283</td>
<td>$25,447,828</td>
</tr>
<tr>
<td>Abatements &amp; Cancellations</td>
<td>(313,172)</td>
<td>(212,531)</td>
<td>(350,000)</td>
<td>(350,000)</td>
<td>(350,000)</td>
</tr>
<tr>
<td>Other, incl. Tax Forfeit Sale Revenue</td>
<td>600</td>
<td>600</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Penalties &amp; Interest</td>
<td>(15,337)</td>
<td>7,255</td>
<td>(15,000)</td>
<td>(15,000)</td>
<td>(15,000)</td>
</tr>
<tr>
<td><strong>Subtotal, General Property Taxes</strong></td>
<td><strong>$22,461,142</strong></td>
<td><strong>$23,122,382</strong></td>
<td><strong>$24,201,283</strong></td>
<td><strong>$24,201,283</strong></td>
<td><strong>$25,082,828</strong></td>
</tr>
</tbody>
</table>

## Licenses & Permits

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Permits</td>
<td>$2,724,163</td>
<td>$1,817,794</td>
<td>$1,995,000</td>
<td>$1,995,000</td>
<td>$1,800,000</td>
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<tr>
<td>Plumbing Permits</td>
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<td>$283,815</td>
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<td>$295,000</td>
<td>$280,000</td>
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<tr>
<td>Electrical Permits</td>
<td>$478,167</td>
<td>$336,610</td>
<td>$295,000</td>
<td>$295,000</td>
<td>$325,000</td>
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<tr>
<td>Heating Permits</td>
<td>$596,415</td>
<td>$434,576</td>
<td>$390,000</td>
<td>$390,000</td>
<td>$420,000</td>
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<tr>
<td>On Sale Liquor Licenses</td>
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<td>$231,187</td>
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<td>$225,000</td>
<td>$220,000</td>
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<tr>
<td>Food Handlers Licenses</td>
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<td>$213,884</td>
<td>$210,000</td>
<td>$210,000</td>
<td>$215,000</td>
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<tr>
<td>All Other Licenses &amp; Permits</td>
<td>$329,002</td>
<td>$323,869</td>
<td>$280,000</td>
<td>$280,000</td>
<td>$285,400</td>
</tr>
<tr>
<td><strong>Subtotal, Licenses &amp; Permits</strong></td>
<td><strong>$4,846,567</strong></td>
<td><strong>$3,641,735</strong></td>
<td><strong>$3,690,000</strong></td>
<td><strong>$3,690,000</strong></td>
<td><strong>$3,545,400</strong></td>
</tr>
</tbody>
</table>

## Intergovernmental Revenue

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety State Aid</td>
<td>$782,471</td>
<td>$879,713</td>
<td>$829,700</td>
<td>$831,400</td>
<td>$831,400</td>
</tr>
<tr>
<td>MSA Maintenance</td>
<td>$76,650</td>
<td>$76,740</td>
<td>$71,300</td>
<td>$76,700</td>
<td>$76,700</td>
</tr>
<tr>
<td>State MVHC Payment</td>
<td>149</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Grants/Aid</td>
<td>$169,730</td>
<td>$153,803</td>
<td>$50,000</td>
<td>$123,500</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Subtotal, Intergovernmental Revenue</strong></td>
<td><strong>$1,029,000</strong></td>
<td><strong>$1,110,256</strong></td>
<td><strong>$951,000</strong></td>
<td><strong>$1,031,600</strong></td>
<td><strong>$958,100</strong></td>
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</tbody>
</table>

## Transfers

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer From Utility Fund</td>
<td>$800,000</td>
<td>$800,000</td>
<td>$800,000</td>
<td>$800,000</td>
<td>$800,000</td>
</tr>
<tr>
<td>Transfer From Spec. Assess. Fund</td>
<td>$37,200</td>
<td>$37,900</td>
<td>$38,300</td>
<td>$38,300</td>
<td>$39,800</td>
</tr>
<tr>
<td>Transfer From Ice Arena Fund</td>
<td>$30,600</td>
<td>$31,200</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$32,700</td>
</tr>
<tr>
<td>Transfer From Cable TV Fund</td>
<td>$30,600</td>
<td>$31,200</td>
<td>$31,500</td>
<td>$31,500</td>
<td>$32,700</td>
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<tr>
<td>Transfer From Development Fund</td>
<td>$59,400</td>
<td>$60,600</td>
<td>$61,200</td>
<td>$61,200</td>
<td>$63,500</td>
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<tr>
<td>Transfer From Environmental Fund</td>
<td>$186,900</td>
<td>$190,600</td>
<td>$192,500</td>
<td>$192,500</td>
<td>$199,800</td>
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<tr>
<td>Transfer From Williston Center</td>
<td>$45,900</td>
<td>$46,800</td>
<td>$47,300</td>
<td>$47,300</td>
<td>$49,100</td>
</tr>
<tr>
<td>Transfer From Gray's Bay Marina</td>
<td>$10,800</td>
<td>$11,000</td>
<td>$11,100</td>
<td>$11,100</td>
<td>$11,500</td>
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<tr>
<td>Transfer From Storm Water Fund</td>
<td>$138,400</td>
<td>$141,200</td>
<td>$140,000</td>
<td>$140,000</td>
<td>$145,300</td>
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<tr>
<td><strong>Subtotal, Transfers</strong></td>
<td><strong>$1,339,800</strong></td>
<td><strong>$1,350,500</strong></td>
<td><strong>$1,353,400</strong></td>
<td><strong>$1,353,400</strong></td>
<td><strong>$1,374,400</strong></td>
</tr>
</tbody>
</table>

## User Fees & Charges

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation Receipts</td>
<td>$1,119,911</td>
<td>$1,172,058</td>
<td>$1,200,000</td>
<td>$1,190,000</td>
<td>$1,218,000</td>
</tr>
<tr>
<td>Community Center Rental</td>
<td>$108,054</td>
<td>$99,532</td>
<td>$125,000</td>
<td>$115,000</td>
<td>$110,000</td>
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<td>School Liaison Reimbursement</td>
<td>$338,673</td>
<td>$345,168</td>
<td>$363,900</td>
<td>$363,900</td>
<td>$275,300</td>
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<tr>
<td>Tower Antenna Rental</td>
<td>$410,821</td>
<td>$441,090</td>
<td>$482,800</td>
<td>$482,100</td>
<td>$475,200</td>
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<tr>
<td><strong>Subtotal, User Fees &amp; Charges</strong></td>
<td><strong>$1,977,459</strong></td>
<td><strong>$2,057,848</strong></td>
<td><strong>$2,171,700</strong></td>
<td><strong>$2,151,000</strong></td>
<td><strong>$2,078,500</strong></td>
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</tbody>
</table>

## Other Income

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court Fines</td>
<td>$517,306</td>
<td>$429,103</td>
<td>$510,000</td>
<td>$435,900</td>
<td>$502,000</td>
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<tr>
<td>Investment Income</td>
<td>$165,218</td>
<td>$95,858</td>
<td>$150,000</td>
<td>$130,000</td>
<td>$150,000</td>
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<tr>
<td>Miscellaneous Income</td>
<td>$299,518</td>
<td>$313,864</td>
<td>$290,217</td>
<td>$290,217</td>
<td>$275,722</td>
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<tr>
<td>Change in Value of Investments</td>
<td>(9!097)</td>
<td>19,619</td>
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<tr>
<td><strong>Subtotal, Other Income</strong></td>
<td><strong>$972,945</strong></td>
<td><strong>$858,444</strong></td>
<td><strong>$950,217</strong></td>
<td><strong>$856,117</strong></td>
<td><strong>$927,722</strong></td>
</tr>
</tbody>
</table>

## TOTAL REVENUES

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TOTAL REVENUES</strong></td>
<td><strong>$32,626,913</strong></td>
<td><strong>$32,141,165</strong></td>
<td><strong>$33,317,600</strong></td>
<td><strong>$33,283,400</strong></td>
<td><strong>$33,966,950</strong></td>
</tr>
</tbody>
</table>
2018 General Fund
OPERATING REVENUES & EXPENDITURES

Revenues

- General Property Taxes: $25,082,828 (74%)
- Transfers: $1,374,400 (4%)
- User Fees & Charges: $2,078,500 (6%)
- Licenses and Permits: $3,545,400 (10%)
- Intergov'tal: $958,100 (3%)
- Other Income: $927,722 (3%)

Expenditures by Program

- General Government: 4,079,900 (12%)
- Public Safety: 14,050,600 (41%)
- Streets & Utilities: 6,159,300 (18%)
- Parks & Environment: 3,133,600 (9%)
- Development: 3,319,500 (10%)
- Recreation: 3,224,050 (10%)

Expenditures by Category

- Personnel: 25,279,100 (74%)
- Supplies: 1,536,600 (5%)
- Services & Charges: 7,146,750 (21%)
## TAX LEVIES

### Tax Base

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate</td>
<td>$103,533,501</td>
<td>$106,597,190</td>
<td>$111,647,471</td>
<td>Estimate</td>
</tr>
<tr>
<td>Personal Property</td>
<td>837,902</td>
<td>901,339</td>
<td>970,845</td>
<td>Estimate</td>
</tr>
<tr>
<td>Fiscal Disparities Contribution</td>
<td>(13,311,268)</td>
<td>(14,709,039)</td>
<td>(14,138,404)</td>
<td>Estimate</td>
</tr>
<tr>
<td>Fiscal Disparities Distribution</td>
<td>3,566,532</td>
<td>3,960,149</td>
<td>4,337,522</td>
<td>Estimate</td>
</tr>
<tr>
<td>Tax Increment</td>
<td>(2,156,775)</td>
<td>(2,407,233)</td>
<td>(3,092,527)</td>
<td>Estimate</td>
</tr>
</tbody>
</table>

**Total Tax Capacity**

|                      | $92,469,892 | $94,342,406 | $99,724,907 | Estimate |

**Taxable Referendum Market Value**

|                      | $8,421,246,100 | $8,689,457,700 | $9,100,026,150 | Estimate |

### City Tax Levy

#### General Fund

<table>
<thead>
<tr>
<th></th>
<th>$23,695,800</th>
<th>$24,566,283</th>
<th>$25,447,828</th>
</tr>
</thead>
</table>

#### Street Improvement Fund

<table>
<thead>
<tr>
<th></th>
<th>6,100,000</th>
<th>6,200,000</th>
<th>6,300,000</th>
</tr>
</thead>
</table>

#### Capital Replacement Fund

<table>
<thead>
<tr>
<th></th>
<th>1,666,000</th>
<th>1,730,000</th>
<th>2,045,000</th>
</tr>
</thead>
</table>

#### Park & Trail Improvement Fund

<table>
<thead>
<tr>
<th></th>
<th>560,000</th>
<th>560,000</th>
<th>560,000</th>
</tr>
</thead>
</table>

#### Technology Development Fund

<table>
<thead>
<tr>
<th></th>
<th>395,000</th>
<th>580,000</th>
<th>580,000</th>
</tr>
</thead>
</table>

#### Forestry Fund

<table>
<thead>
<tr>
<th></th>
<th>54,000</th>
<th>54,000</th>
<th>60,000</th>
</tr>
</thead>
</table>

#### Public Safety Fund

<table>
<thead>
<tr>
<th></th>
<th>550,000</th>
<th>550,000</th>
<th>550,000</th>
</tr>
</thead>
</table>

#### Ridgedale Tax Abatement

<table>
<thead>
<tr>
<th></th>
<th>26,000</th>
<th>81,000</th>
<th>20,000</th>
</tr>
</thead>
</table>

**Permanent Tax Levy**

<table>
<thead>
<tr>
<th></th>
<th>$33,046,800</th>
<th>$34,321,282</th>
<th>$35,562,827</th>
</tr>
</thead>
</table>

**Market Value Tax Levy (Park Bonds)**

<table>
<thead>
<tr>
<th></th>
<th>1,067,640</th>
<th>1,336,519</th>
<th>1,400,123</th>
</tr>
</thead>
</table>

**Total Tax Levy**

<table>
<thead>
<tr>
<th></th>
<th>$34,114,440</th>
<th>$35,657,801</th>
<th>$36,962,950</th>
</tr>
</thead>
</table>

### City Tax Rate

#### General Fund

<table>
<thead>
<tr>
<th></th>
<th>25.625</th>
<th>26.039</th>
<th>25.518</th>
</tr>
</thead>
</table>

#### Street Improvement Fund

<table>
<thead>
<tr>
<th></th>
<th>6.597</th>
<th>6.572</th>
<th>6.317</th>
</tr>
</thead>
</table>

#### Capital Replacement Fund

<table>
<thead>
<tr>
<th></th>
<th>1.802</th>
<th>1.834</th>
<th>2.051</th>
</tr>
</thead>
</table>

#### Park & Trail Improvement Fund

<table>
<thead>
<tr>
<th></th>
<th>0.606</th>
<th>0.594</th>
<th>0.562</th>
</tr>
</thead>
</table>

#### Technology Development Fund

<table>
<thead>
<tr>
<th></th>
<th>0.427</th>
<th>0.615</th>
<th>0.582</th>
</tr>
</thead>
</table>

#### Forestry Fund

<table>
<thead>
<tr>
<th></th>
<th>0.058</th>
<th>0.057</th>
<th>0.060</th>
</tr>
</thead>
</table>

#### Public Safety Fund

<table>
<thead>
<tr>
<th></th>
<th>0.595</th>
<th>0.583</th>
<th>0.552</th>
</tr>
</thead>
</table>

**Total City Tax Capacity Tax Rate**

<table>
<thead>
<tr>
<th></th>
<th>35.674</th>
<th>36.379</th>
<th>35.599</th>
<th>Estimate</th>
</tr>
</thead>
</table>

**Total Market Value Tax Rate**

|                      | 0.01268  | 0.01539  | 0.01539  | Estimate |

### HRA Levy

<table>
<thead>
<tr>
<th></th>
<th>$175,000</th>
<th>$175,000</th>
<th>$250,000</th>
</tr>
</thead>
</table>

### HRA Tax Capacity Tax Rate

<table>
<thead>
<tr>
<th></th>
<th>0.189</th>
<th>0.185</th>
<th>0.251</th>
<th>Estimate</th>
</tr>
</thead>
</table>

### HRA Tax Levy % of Market Value

<table>
<thead>
<tr>
<th></th>
<th>0.002078%</th>
<th>0.002014%</th>
<th>0.002747%</th>
</tr>
</thead>
</table>
### POLICE DEPARTMENT

#### Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$7,096,761</td>
<td>$7,420,315</td>
<td>$7,764,500</td>
<td>$7,631,700</td>
<td>$8,291,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>337,294</td>
<td>359,576</td>
<td>458,900</td>
<td>479,100</td>
<td>409,700</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>830,140</td>
<td>904,711</td>
<td>1,008,400</td>
<td>1,018,000</td>
<td>1,042,200</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>20,688</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$8,284,883</td>
<td>$8,684,602</td>
<td>$9,231,800</td>
<td>$9,128,800</td>
<td>$9,742,900</td>
</tr>
</tbody>
</table>

#### Method of Financing

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$8,264,195</td>
<td>$8,684,602</td>
<td>$9,154,700</td>
<td>$9,023,700</td>
<td>$9,690,400</td>
</tr>
<tr>
<td>Drug and DWI Forfeiture Funds</td>
<td>20,688</td>
<td>47,879</td>
<td>77,100</td>
<td>105,100</td>
<td>52,500</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$8,284,883</td>
<td>$8,732,481</td>
<td>$9,231,800</td>
<td>$9,128,800</td>
<td>$9,742,900</td>
</tr>
</tbody>
</table>

#### Number of Employees (FTEs)*

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>66.45</td>
<td>67.45</td>
<td>67.45</td>
<td>67.45</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>69.93</td>
</tr>
</tbody>
</table>

### Description of Services:

The police department is responsible for providing police services to the community. This includes: emergency response, investigative services, homeland security, crime prevention, and proactive and reactive patrol. The department works collaboratively with other city departments, three school districts and community partners to include other law enforcement agencies to maximize its effectiveness. The city complies with all state and federal reporting requirements for the maintenance of police records and data relevant to the criminal justice requirements.

### Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>Estimated</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community survey satisfaction</td>
<td>99%</td>
<td>98%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>Calls for service</td>
<td>43,651</td>
<td>38,321</td>
<td>41,100</td>
<td>42,500</td>
</tr>
<tr>
<td>Criminal offenses - Part I &amp; II</td>
<td>2,392</td>
<td>1,946</td>
<td>2,115</td>
<td>2,204</td>
</tr>
<tr>
<td>Citations (criminal/juvenile)</td>
<td>174</td>
<td>112</td>
<td>180</td>
<td>175</td>
</tr>
<tr>
<td>Emergency calls (medical)</td>
<td>2,835</td>
<td>2,662</td>
<td>2,750</td>
<td>2,802</td>
</tr>
<tr>
<td>Traffic Response</td>
<td>18,489</td>
<td>13,507</td>
<td>14,600</td>
<td>15,100</td>
</tr>
<tr>
<td>Identity Theft</td>
<td>315</td>
<td>275</td>
<td>260</td>
<td>265</td>
</tr>
<tr>
<td>Mental Health Crisis</td>
<td>182</td>
<td>236</td>
<td>315</td>
<td>405</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

As Hennepin County will assume 9-1-1 dispatch operations in 2018, the 2018 budget for the Police Department includes funding for an additional 3.4 FTEs to back fill some of the city-specific ancillary duties that have been performed by city-staffed dispatch but are not provided by the county. The department continues to place an increased emphasis on community engagement.

- The additional staff needed to perform dispatcher ancillary duties in 2018 will include a combination of full and part-time positions, a record specialist, and community service officers. Technology needed to replace the tasks associated with the elimination of the dispatch center include facility video and alarm monitoring systems, fire and public works notification systems, and a number of specific police operational functions.
- In 2018, the department will continue to strengthen existing community partnerships through current community outreach initiatives and will identify new opportunities, such as working with our various city based non-profit organizations. Also, operations will continue to prioritize traffic education/enforcement with the focus on speed, seatbelt, red light violations, distracted driving, and DWI in 2018.
- Expenditures from DWI and drug forfeiture funds include: Emergency vehicle operating course training for patrol officers and community service officers; tasers; radars; and other supplemental DWI enforcement and equipment not otherwise funded by the General Fund.
- In 2017, the department began partnering with Hamline University to develop and provide a one-day crisis and conflict management training course for all sworn officers as well as advanced mental health crisis training to an additional six officers in 2018.
- Beginning in the fall of 2017, School District 287 elected to eliminate a school resource officer position at the West Education Center, reducing the number of police officers in the police department by one FTE.
POLICE DISPATCH DIVISION - Police Department

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$ 824,463</td>
<td>$ 880,931</td>
<td>$ 867,700</td>
<td>$ 987,700</td>
<td>-</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,529</td>
<td>6,724</td>
<td>9,700</td>
<td>9,700</td>
<td>-</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>10,055</td>
<td>4,070</td>
<td>16,700</td>
<td>16,700</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$ 836,047</strong></td>
<td><strong>$ 891,725</strong></td>
<td><strong>$ 894,100</strong></td>
<td><strong>$ 1,014,100</strong></td>
<td>-</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$ 836,047</td>
<td>$ 891,725</td>
<td>$ 894,100</td>
<td>$ 1,014,100</td>
<td>-</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees (FTEs)</td>
<td>9.00</td>
<td>9.00</td>
<td>9.00</td>
<td>9.00</td>
</tr>
</tbody>
</table>

Description of Services:
The City of Minnetonka's Public Safety Answering Point (PSAP) provides a vital communication link between the community and their public safety first responders. Dispatchers are responsible for answering 9-1-1 and non-emergency telephone calls for police, fire and medical response and dispatching appropriate resources. They monitor computer and radio transmissions, enter call/incident information into computer aided dispatch (CAD), run state and federal queries and monitor city alarms and video surveillance for the public safety facility.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-emergency phone calls</td>
<td>35,588</td>
<td>34,996</td>
<td>36,437</td>
<td>0</td>
</tr>
<tr>
<td>9-1-1 phone calls</td>
<td>18,963</td>
<td>19,484</td>
<td>19,799</td>
<td>0</td>
</tr>
<tr>
<td>9-1-1 calls answered within 10 seconds</td>
<td>96%</td>
<td>95%</td>
<td>97%</td>
<td>0%</td>
</tr>
<tr>
<td>Resident dispatch customers satisfied with PSAP services</td>
<td>99%</td>
<td>94%</td>
<td>96%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The City of Minnetonka outsourced PSAP operations to the Hennepin County Sheriff's Office beginning Fiscal Year 2018.


CITY OF MINNETONKA
2018 ANNUAL BUDGET
PUBLIC SAFETY - GENERAL FUND

FIRE DEPARTMENT

Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$1,564,005</td>
<td>$1,627,203</td>
<td>$2,006,400</td>
<td>$2,006,400</td>
<td>$2,079,400</td>
</tr>
<tr>
<td>Supplies</td>
<td>$192,183</td>
<td>$174,046</td>
<td>$168,300</td>
<td>$172,500</td>
<td>$171,600</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$772,950</td>
<td>$785,829</td>
<td>$797,300</td>
<td>$790,600</td>
<td>$875,700</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td></td>
<td>$42,192</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Totals</td>
<td>$2,529,138</td>
<td>$2,629,270</td>
<td>$2,972,000</td>
<td>$2,969,500</td>
<td>$3,126,700</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>Method of Financing</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$2,529,138</td>
<td>$2,629,270</td>
<td>$2,972,000</td>
<td>$2,969,500</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>Year</th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>5.0</td>
</tr>
<tr>
<td>2016</td>
<td>6.5</td>
</tr>
<tr>
<td>2017</td>
<td>8.0</td>
</tr>
<tr>
<td>2018</td>
<td>8.0</td>
</tr>
</tbody>
</table>

Description of Services:
The Fire Department's mission is to continuously protect and preserve life and property through quality education, prevention, disaster preparedness, and rapid emergency response. The department provides key services to the city that include: firefighting, emergency medical services (EMS), hazardous material response (hazmat), fire code inspection/enforcement, equipment maintenance, and emergency management. The fire department is regarded as an all-hazards, all-risk service provider by developing and maintaining strategic community partnerships, hiring and training exceptional people, developing efficiencies in service provision to ensure sustainability for the entire organization and maintaining our core infrastructure. The fire department has an authorized strength of 80 paid-on-call firefighters and 8 full-time employees. The fire department currently maintains an Insurance Service Office (ISO) rating of 3. This translates into lower insurance premiums for some Minnetonka businesses and residents.

Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average response time to structure fires (minutes)*</td>
<td>7.33</td>
<td>7.47</td>
<td>7.15</td>
<td>7.33</td>
</tr>
<tr>
<td>Paid-on-call firefighters</td>
<td>80</td>
<td>75</td>
<td>79</td>
<td>80</td>
</tr>
<tr>
<td>Total fire calls, excluding medicals</td>
<td>1,036</td>
<td>1,213</td>
<td>1,233</td>
<td>1,250</td>
</tr>
<tr>
<td>Number of false alarms</td>
<td>244</td>
<td>285</td>
<td>306</td>
<td>300</td>
</tr>
<tr>
<td>Medical calls</td>
<td>1,505</td>
<td>1,804</td>
<td>2,107</td>
<td>2,200</td>
</tr>
<tr>
<td>Firefighter calls outs</td>
<td>87</td>
<td>95</td>
<td>110</td>
<td>125</td>
</tr>
<tr>
<td>Non-duty crew training hours</td>
<td>13,172</td>
<td>11,580</td>
<td>13,000</td>
<td>13,000</td>
</tr>
</tbody>
</table>

* Arrival of first unit

Budget Comments/Issues:

Changing workforce demographics and requirements of the federal Affordable Care Act continue to challenge the city and other metro cities to adapt fire service management structures in order to maintain the high quality and clear efficiencies provided by the city's paid-on-call fire force. This pressure is felt mostly with the turnover of approximately ten firefighters per year and the city's efforts to recruit and retain well-trained employees to deliver emergency services. In 2018, the department will engage a consultant to conduct an organizational checkup to identify service level objectives and priorities that could be adopted by the city.

- 2018 includes an additional one-time budget of $75,000 for staff work with a consultant on long-term solutions and recommendations for ensuring adequate staffing along with a strategic plan.
- Fire staff in collaboration with police with develop and train on new dispatch codes and protocols for a transition to a consolidated dispatch platform (Hennepin County Emergency Communications).
- Significant staff work will be done on the design of a new fire department central station, paying particular attention to details that will positively impact personnel safety and emergency response time.
### PUBLIC SAFETY FACILITY BOND FUND - Finance Department

#### Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Proceeds</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
</tr>
<tr>
<td>Transfer in</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,531,000</td>
<td>-</td>
</tr>
<tr>
<td>Investment Income, Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>1,531,000</td>
<td>-$</td>
</tr>
</tbody>
</table>

#### Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project design/planning</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>1,531,000</td>
<td>-$</td>
</tr>
<tr>
<td>Police Station</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fire Station</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>1,531,000</td>
<td>-$</td>
</tr>
</tbody>
</table>

#### Surplus (Deficiency) of Revenues over (under) Expenditures

- $0

#### Beginning Fund Balance

- $0

#### Ending Fund Balance

- $0

### Description of Services:

Constructed in 1974 and 1989, the central fire station and police department have not been expanded or extensively remodeled since opening for operations. Both departments have significantly evolved since those years, and the adopted 2018-22 Capital Replacement Program (CIP) anticipates the sale of $25 million in General Obligation capital improvement bonds to construct a new fire station and update/expand the current police department facility. The current project calendar is for the debt to be sold in early 2019 and construction to commence during the second quarter of the same year and to be completed by late 2020. Debt service on the bonds would begin in 2020.

### Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project completion (cumulative)</td>
<td>NA</td>
<td>NA</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

On June 12, 2017, the city council authorized an internal loan from the Special Assessment Construction Fund for the first phases of the contract for architectural design and other services related to the construction of the renovated and new central police and fire facilities. The revised 2017 budget for the project reflects the total contract costs, and it is anticipated the actual expenditures will be realized in both 2017 and 2018.

- The new facility is to be located on the Civic Center campus and will require moving a watermain from its current location. An additional $2 million is budgeted in the Utility Fund in 2018 for this portion of the project and is a part of the adopted 2018 capital program budget.
# Public Safety Fund - Fire Department/Police Department

## Revenues

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Tax Levy</td>
<td>$550,000</td>
<td>$550,000</td>
<td>$550,000</td>
<td>$550,000</td>
<td>$550,000</td>
</tr>
<tr>
<td>TIF-related Levy Proceeds</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Transfer in</td>
<td>200,000</td>
<td>250,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Investment Income, Other</td>
<td>3,656</td>
<td>2,272</td>
<td>500</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$853,656</td>
<td>$902,272</td>
<td>$650,500</td>
<td>$650,500</td>
<td>$650,000</td>
</tr>
</tbody>
</table>

## Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pumper/Engine Replacement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$575,000</td>
</tr>
<tr>
<td>Rescue Truck Program</td>
<td></td>
<td>-</td>
<td>225,000</td>
<td>225,000</td>
<td>-</td>
</tr>
<tr>
<td>Ladder Truck Program</td>
<td>1,002,895</td>
<td>41,628</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Emergency Response Vehicle</td>
<td></td>
<td>-</td>
<td>173,250</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fire Rescue Equipment</td>
<td></td>
<td>-</td>
<td>100,000</td>
<td>100,000</td>
<td>-</td>
</tr>
<tr>
<td>Fire JPA SCBA Program</td>
<td></td>
<td>-</td>
<td>500,000</td>
<td>500,000</td>
<td>-</td>
</tr>
<tr>
<td>Other Fire Equipment</td>
<td>13,568</td>
<td>-</td>
<td>16,100</td>
<td>16,100</td>
<td>103,000</td>
</tr>
<tr>
<td>Fire Turnout Gear</td>
<td></td>
<td>131,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>800 MHz Radios/Infrastructure</td>
<td>560,342</td>
<td>86,351</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Police Equipment</td>
<td></td>
<td>-</td>
<td>123,000</td>
<td>45,000</td>
<td>-</td>
</tr>
<tr>
<td>PSAP Dispatch Consoles</td>
<td>200,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$1,776,805</td>
<td>$432,229</td>
<td>$841,100</td>
<td>$964,100</td>
<td>$723,000</td>
</tr>
</tbody>
</table>

## Surplus (Deficiency) of Revenues over (under) Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Surplus (Deficiency)</th>
<th>Beginning Fund Balance</th>
<th>Ending Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>($923,149)</td>
<td>710,002</td>
<td>($213,147)</td>
</tr>
<tr>
<td></td>
<td>$470,043</td>
<td>(213,147)</td>
<td>$256,896</td>
</tr>
<tr>
<td></td>
<td>($190,600)</td>
<td>256,896</td>
<td>66,296</td>
</tr>
<tr>
<td></td>
<td>($313,600)</td>
<td>256,896</td>
<td>($56,704)</td>
</tr>
<tr>
<td></td>
<td>($73,600)</td>
<td>(56,704)</td>
<td>($129,704)</td>
</tr>
</tbody>
</table>

## Description of Services:

The Public Safety Fund, originally coined the Fire Apparatus Fund, was created in 2011 to finance the recurring, essential replacement of costly fire and other public safety capital items on a timely basis. While regular vehicles such as patrol cars are funded through the Capital Replacement Fund, the city maintains the following fire apparatus: 9 engines, 3 ladders, 2 grass rigs, 2 utility units, a mobile air support truck, 2 light rescue trucks and one boat. Other high-cost purchases to be supported by this fund include public safety technology items like specialized radios and fire fighting, self-contained breathing apparatus (SCBA) as well as police equipment.

## Budget Comments/Issues:

- The 2018 budget for the Public Safety Fund includes the purchase of a fire duty crew engine ($575,000), which is part of the city's long term maintenance plan for its fire service equipment fleet. Duty crew engines at Station 1 are to be replaced every four years, but then are refurbished and placed in service at a satellite station for the remainder of the expected 20-year life span.
- Due to outsourcing 9-1-1 dispatch to Hennepin County beginning in 2018, on October 9, 2017, the city council amended the 2017-2019 capital budgets to eliminate $258,000 in funding for equipment no longer needed and replaced it with $123,000 reflected above in 2017 as required for the transition.
- Annual levy revenue to the Public Safety Fund includes an additional $100,000 above the adopted capital levy. This temporary funding stream is associated with returned tax increment proceeds from one of the city's Tax Increment Finance (TIF) districts, and the annual amount is scheduled to continue through the life of the district, which ends 2022.
- The 2015 and 2016 Public Safety Fund revenue included transfers in from the General Fund balance, which were adopted by council under the city's fund balance policy as part of the five-year Capital Improvements Program (CIP). Like all capital funds, the Public Safety Fund is managed over a five-year horizon, and the deficit ending balance in 2018 is part of the adopted CIP.
- Expenditures for the Public Safety Fund reflect: 1) council's amendment of the CIP to purchase fire turnout gear in lieu of leasing in 2016, and 2) the early authorized purchase at the end of 2015 of the 800 Mhz mobile and portable radios originally budgeted in 2016, which enabled the city to garner a discount on the purchase price.
GRANTS SPECIAL REVENUE FUND - Finance Department

Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Grants</td>
<td>$46,763</td>
<td>$46,397</td>
<td>$64,000</td>
<td>$64,000</td>
<td>$51,600</td>
</tr>
<tr>
<td>State Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9-1-1</td>
<td>$67,011</td>
<td>$67,011</td>
<td>$67,000</td>
<td>$67,000</td>
<td>-</td>
</tr>
<tr>
<td>Other Local Grants</td>
<td>-</td>
<td>$122,000</td>
<td>$128,000</td>
<td>$94,000</td>
<td>-</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,372</td>
<td>88</td>
<td>-</td>
<td>200</td>
<td>100</td>
</tr>
<tr>
<td>Totals</td>
<td>$115,146</td>
<td>$235,496</td>
<td>$259,000</td>
<td>$225,200</td>
<td>$51,700</td>
</tr>
</tbody>
</table>

Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$41,723</td>
<td>$31,627</td>
<td>$47,000</td>
<td>$47,000</td>
<td>$40,600</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,936</td>
<td>18,661</td>
<td>17,000</td>
<td>17,000</td>
<td>11,000</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>21,403</td>
<td>17,154</td>
<td>133,000</td>
<td>264,000</td>
<td>50,841</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>190,603</td>
<td>53,518</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$256,665</td>
<td>$120,960</td>
<td>$197,000</td>
<td>$328,000</td>
<td>$102,441</td>
</tr>
</tbody>
</table>

Surplus (Deficiency) of Revenues over (under) Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>180,924</td>
<td>39,405</td>
<td>$153,941</td>
<td>$153,941</td>
<td>$51,141</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$39,405</td>
<td>$153,941</td>
<td>$215,941</td>
<td>$51,141</td>
<td>$400</td>
</tr>
</tbody>
</table>

Description of Services:

The Grants Special Revenue Fund accounts for significant special grants received by the city from outside sources that are not otherwise associated with a major city capital project or program. Each generally requires special accounting and reporting by the city, and the recipient departments are responsible for program reporting to the funding agency.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal grant programs</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>State grant programs, incl. E911</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Other grant programs*</td>
<td>0</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

* Denotes local and other grants within only this fund.

Budget Comments/Issues:

Beginning in 2018, the city will no longer receive state 9-1-1 funds (approximately $67,000 annually), because dispatch services for the city and this associated funding is transferred to Hennepin County. The remaining budgets in 2018 reflect the city's sixth-year receipt of federal funds for the Toward Zero Death (TZD) program and for bullet proof vests.

- The city receives federal funding in the Grants Special Revenue Fund through the Toward Zero Death (TZD) program annual each federal year through 2018. This federal grant program is awarded on the federal fiscal year, which runs from October 1 through September 30 each year, and specific funding to Minnetonka is apportioned amongst four cities who have jointly received the funds -- Minnetonka, Plymouth, Maple Grove and Wayzata.

- Prior to 2018, the level of funding received by the city from the state's 9-1-1 service fees was in part dependent upon the city's population relative to that of other cities in the state. Paid by cell and hardwire phone users to support emergency dispatching, the funds were restricted by the state for use in supporting maintenance and capital outlay costs of the city's Public Safety Answering Point (PSAP) system. The city will use this source to pay Hennepin County an estimated $58,000 in transition costs in 2017, and a small balance of this fee revenue will be turned over to Hennepin County at the beginning of 2018 as they will be providing the city's dispatch services.

- 2016 and 2017 revenues and other services expenses include $216,000 from three grants from the Hennepin County Youth Sports Grant (HCYS) Program for Eagle Ridge Academy's gymnasium, Lionsgate Academy's gymnasium and reconstruction of field fencing for Bennett Family Park. The city also received an HCYS grant for lighting the Community Center sports fields in 2016, which is reflected in the Park & Trail Fund budget page.

- 2016 capital costs are for the replacement of the Voice Over Internet Protocol (VoIP) dispatch phone system as approved in the 2016-20 CIP. Total costs for the project were approximately $110,000, a portion of which was expended at the end of 2015 in order to garner a significant price discount.

- 2015 capital costs included expenditures for the replacement of dispatch console equipment as approved in the 2015-19 CIP. Another $230,000 for that project was financed by the Public Safety Fund.
ENIRONMENTAL HEALTH DIVISION - Community Development Department

Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$345,477</td>
<td>$351,348</td>
<td>$376,200</td>
<td>$380,200</td>
<td>$385,600</td>
</tr>
<tr>
<td>Supplies</td>
<td>2,896</td>
<td>3,207</td>
<td>5,200</td>
<td>4,900</td>
<td>5,000</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>3,954</td>
<td>3,863</td>
<td>16,500</td>
<td>15,200</td>
<td>15,500</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>908</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$353,235</td>
<td>$358,418</td>
<td>$397,900</td>
<td>$400,300</td>
<td>$406,100</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015 Actual</td>
<td>$353,235</td>
</tr>
<tr>
<td>2016 Actual</td>
<td>$358,418</td>
</tr>
<tr>
<td>2017 Budget</td>
<td>$397,900</td>
</tr>
<tr>
<td>2017 Revised</td>
<td>$400,300</td>
</tr>
<tr>
<td>2018 Budget</td>
<td>$406,100</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>

Description of Services:

The mission of the Environmental Health Division is to ensure a safe and healthful community by inspecting all licensed establishments and investigating public health and nuisance complaints. The division is responsible for plan review and inspections of all licensed food, beverage, lodging, and massage establishments as well as all public swimming pools, refuse haulers, and vending machines. Lastly, the division is responsible for the investigation of all public health complaints and food borne illnesses and is the clearing house for the city's nuisance program, which includes the inspection/investigation of hundreds of violations each year.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>Estimated</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensed establishments</td>
<td>720</td>
<td>750</td>
<td>760</td>
<td>750</td>
</tr>
<tr>
<td>Number of routine food inspections</td>
<td>572</td>
<td>602</td>
<td>605</td>
<td>610</td>
</tr>
<tr>
<td>Number of follow-up food inspections</td>
<td>162</td>
<td>214</td>
<td>200</td>
<td>190</td>
</tr>
<tr>
<td>Nuisance complaints</td>
<td>545</td>
<td>609</td>
<td>640</td>
<td>580</td>
</tr>
<tr>
<td>Average number of days to resolve each nuisance complaint</td>
<td>27</td>
<td>23</td>
<td>24</td>
<td>24</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:

The 2018 Budget for the Environmental Health Division maintains current level of service.

- Provision of contracted services for the City of Wayzata is budgeted to continue in 2018, and fees charged for the service cover their actual costs.
- The rising number of restaurants above is attributable to the Ridgedale area and other redevelopment.
- There will be a decrease of approximately 20 licensed lodging facilities starting in 2018 due to a legislative exemption that was added this past year for assisted living facilities. The decrease in revenue will be approximately $7,000/year.
- The Department of Agriculture has notified the city that a new delegation agreement must be signed by July 1, 2018. License fees related to this agreement are approximately $46,000/year.
LEGAL DEPARTMENT

Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Revised</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$701,904</td>
<td>$695,335</td>
<td>$739,800</td>
<td>$739,800</td>
<td>$763,800</td>
</tr>
<tr>
<td>Supplies</td>
<td>$7,263</td>
<td>$9,829</td>
<td>$6,700</td>
<td>$6,500</td>
<td>$6,000</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$43,521</td>
<td>$40,316</td>
<td>$83,500</td>
<td>$58,500</td>
<td>$57,600</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$6,767</td>
<td>$235</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$759,455</strong></td>
<td><strong>$745,715</strong></td>
<td><strong>$830,000</strong></td>
<td><strong>$804,800</strong></td>
<td><strong>$827,400</strong></td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Revised</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$756,846</td>
<td>$743,260</td>
<td>$805,000</td>
<td>$804,800</td>
<td>$827,400</td>
</tr>
<tr>
<td>Drug and DWI Forfeiture Funds</td>
<td>$2,609</td>
<td>$2,455</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$759,455</strong></td>
<td><strong>$745,715</strong></td>
<td><strong>$830,000</strong></td>
<td><strong>$804,800</strong></td>
<td><strong>$827,400</strong></td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Employees (FTEs)</strong></td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
</tr>
</tbody>
</table>

Description of Services:
The Minnetonka City Attorney’s Office provides legal work in two primary areas. The office prosecutes petty misdemeanor, misdemeanor, and gross misdemeanor criminal cases for violations occurring in the City of Minnetonka. The office is also responsible for all non-criminal legal matters involving the city, including providing legal advice to the city council and staff, answering questions of citizens regarding city ordinances, providing staff support to the Charter Commission, and representing the city in uninsured litigation.

Key Measures:

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnetonka cases in court</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All cases</td>
<td>1,295</td>
<td>991</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>DWI cases</td>
<td>206</td>
<td>189</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Cases opened and processed by staff:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customers rating staff at &quot;above average&quot; or &quot;excellent&quot;</td>
<td>90%</td>
<td>100%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>Charter Commission rating staff at &quot;above average&quot; or &quot;excellent&quot;</td>
<td>100%</td>
<td>100%</td>
<td>95%</td>
<td>95%</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget generally supports the current level of services provided by the legal department. The department has seen an increase in the number of requests for expungement of criminal records, due to 2015 legislation. Expungement proceedings are civil in nature and are not reflected in the caseload reported in Key Measures above.

- The department expects to see a reduction in the number of vehicle forfeitures, due to 2017 legislation that expanded the availability of an "innocent owner" defense to forfeiture proceedings. Forfeitures are civil proceedings that are not reflected in Key Measures above.

- The 2018 budget includes funds for a part-time law clerk/intern in the last quarter of 2018, to assist with general legal services.
### Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$1,048,850</td>
<td>$1,049,458</td>
<td>$1,120,500</td>
<td>$1,120,500</td>
<td>$1,198,300</td>
</tr>
<tr>
<td>Supplies</td>
<td>$22,583</td>
<td>$7,338</td>
<td>$17,300</td>
<td>$17,300</td>
<td>$16,700</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$84,485</td>
<td>$56,927</td>
<td>$101,000</td>
<td>$101,000</td>
<td>$110,200</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$1,155,918</strong></td>
<td><strong>$1,113,723</strong></td>
<td><strong>$1,238,800</strong></td>
<td><strong>$1,238,800</strong></td>
<td><strong>$1,325,200</strong></td>
</tr>
</tbody>
</table>

### Method of Financing

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,155,918</td>
<td>$1,113,723</td>
<td>$1,238,800</td>
<td>$1,238,800</td>
<td>$1,325,200</td>
</tr>
</tbody>
</table>

### Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.25</td>
<td>9.25</td>
<td>9.50</td>
<td>9.50</td>
</tr>
</tbody>
</table>

### Description of Services:

The Engineering Department manages and oversees most of the city’s major capital construction projects, including all streets and many public facilities. The department's specific services include surveying, design, and construction administration and inspection. The department regularly coordinates its activities with other departments, other agencies, and responds to general public inquiries, which include storm drainage problems and traffic complaints.

### Key Measures:

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighborhood meetings held</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Project newsletters mailed/emailed</td>
<td>7,800/150</td>
<td>5,400/30,000</td>
<td>3,000/15,000</td>
<td>3,000/15,000</td>
</tr>
<tr>
<td>Property acquisitions for construction projects</td>
<td>10</td>
<td>6</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Construction projects underway</td>
<td>9</td>
<td>3</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Construction projects completed</td>
<td>5</td>
<td>5</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Customer service surveys sent out/received</td>
<td>0 / 0</td>
<td>0 / 0</td>
<td>0 / 0</td>
<td>350 / 210</td>
</tr>
<tr>
<td>Responding customers satisfied with project (rated as “average” or greater)</td>
<td>NA*</td>
<td>0%</td>
<td>0%</td>
<td>70%</td>
</tr>
<tr>
<td>Road bridge inspections</td>
<td>1</td>
<td>31</td>
<td>1</td>
<td>31</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

- **The 2018 budget for the Engineering Department provides funding to manage and fulfill workload demand services. In 2016, the department began to use texting, email, and a new system communication tool for the street reconstruction program. Hundreds of project communication texts and emails will continue to be sent out keeping residents informed of daily activities. New methods of communication will continue to be explored for future projects to continue to improve service.**

- In 2018, the department will continue with an on-going program to survey sections of the city for speed compliance. The results will assist the Police Department with its enhanced traffic enforcement program. Speed counts are taken based on requests from the Police Department and concerned residents.

- The 2017 budget for the Engineering Department provided funding for one additional project engineer to appropriately staff professional needs for increased and ongoing intense projects that are highly impactful to city residents. Costs for the city’s water resources coordinator were also shifted to the Storm Water Fund. The additional project engineer began assisting with project development and construction management. The new position allowed the department to handle the growing demands for communication with residents as well as upcoming projects associated with full utility infrastructure replacement, trail improvements, construction management of light rail and development associated with area growth.

- In 2015, 7,800 updates were sent to residents and businesses. A new electronic system put into place allowed the engineering department to provide improved communications during projects.

- The city performs bridge inspections for all road bridges and large culverts every two years. The Rowland Road railroad bridge gets inspected every year.
## STREET IMPROVEMENT FUND - Engineering Department

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Tax Levy</td>
<td>$6,000,000</td>
<td>$6,100,000</td>
<td>$6,200,000</td>
<td>$6,200,000</td>
<td>$6,300,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>10,238</td>
<td>28,805</td>
<td>10,000</td>
<td>35,000</td>
<td>30,000</td>
</tr>
<tr>
<td>Other Local Grants</td>
<td>-</td>
<td>121,720</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost-Share Reimbursements</td>
<td>410,168</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>R.O.W. Permit Fees</td>
<td>13,010</td>
<td>40,768</td>
<td>30,000</td>
<td>585,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>12,183</td>
<td>13,833</td>
<td>565,000</td>
<td>650,000</td>
<td>-</td>
</tr>
<tr>
<td>Transfers In</td>
<td>185,498</td>
<td>0</td>
<td>-</td>
<td>375,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$6,631,097</td>
<td>$6,305,126</td>
<td>$6,805,000</td>
<td>$8,095,000</td>
<td>$6,715,000</td>
</tr>
</tbody>
</table>

### Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Street Rehabilitation</td>
<td>$2,805,493</td>
<td>$4,044,784</td>
<td>$3,600,000</td>
<td>$2,550,000</td>
<td>$3,500,000</td>
</tr>
<tr>
<td>Local Street Preservation</td>
<td>1,581,082</td>
<td>771,723</td>
<td>1,615,000</td>
<td>1,615,000</td>
<td>1,720,000</td>
</tr>
<tr>
<td>Woodland Road Retaining Wall</td>
<td>-</td>
<td>-</td>
<td>4,200</td>
<td>4,200</td>
<td>4,200</td>
</tr>
<tr>
<td>City Parking Lots(Williston, Burwell)</td>
<td>10,020</td>
<td>-</td>
<td>80,000</td>
<td>70,000</td>
<td>-</td>
</tr>
<tr>
<td>Co.Rd 101 (CR62-CR3,CR5-TH12)</td>
<td>1,728,991</td>
<td>37,103</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ford Road Study</td>
<td>-</td>
<td>10,318</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I-394 Ridgedale Ramp</td>
<td>-</td>
<td>2,847</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shady Oak Road</td>
<td>17,129</td>
<td>18,408</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shady Oak Area LRT</td>
<td>25,560</td>
<td>81,933</td>
<td>500,000</td>
<td>250,000</td>
<td>320,000</td>
</tr>
<tr>
<td>City LRT Infrastructure</td>
<td>10,831</td>
<td>62,448</td>
<td>42,000</td>
<td>42,000</td>
<td>43,000</td>
</tr>
<tr>
<td>Opus Area Improvements</td>
<td>593,488</td>
<td>125,218</td>
<td>2,000,000</td>
<td>2,000,000</td>
<td>2,400,000</td>
</tr>
<tr>
<td>Pavement Management Study</td>
<td>-</td>
<td>-</td>
<td>400,000</td>
<td>400,000</td>
<td>-</td>
</tr>
<tr>
<td>Cartway/Ridgedale/Plymouth Rd</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$6,772,594</td>
<td>$5,154,782</td>
<td>$8,161,200</td>
<td>$7,151,200</td>
<td>$8,487,200</td>
</tr>
</tbody>
</table>

### Surplus (Deficiency) of Revenues over (under) Expenditures

- **2015:** $1,150,344
- **2016:** $943,800
- **2017:** $1,790,400
- **2018:** $4,181,487

### Ending Available Fund Balance

- **2015:** $3,877,742
- **2016:** $5,028,087
- **2017:** $3,671,887
- **2018:** $2,409,287

### Description of Services:

The Street Improvement Fund was created to finance capital projects for the ongoing maintenance and reconstruction of local city streets. Local city streets are defined as those streets not falling into the category of State Aid, county, or state roadways and, therefore, are relegated to the lowest priority for support from state and county funds. Revenue to the fund is derived primarily by property tax levy proceeds.

The city's current Pavement Management Program requires that each city street be tested and rated once every four years. Staff analyzes the test results annually using a pavement management computer program to determine the most effective and efficient method to maintain the integrity of the road infrastructure within budget constraints. Road quality, as measured by the pavement condition index, can vary depending upon environmental conditions including load and weather as well as the categories of maintenance performed by city crews.

### Key Measures:

- **2015:** 4 miles of streets reconstructed
- **2016:** 5.2 miles of streets reconstructed
- **2017:** 1 mile of streets reconstructed
- **2018:** 1 mile of streets reconstructed
- **2015:** 9.6 miles of streets thin overlay
- **2016:** 4.8 miles of streets thin overlay
- **2017:** 12.7 miles of streets thin overlay
- **2018:** 5.9 miles of streets thin overlay
- **2015:** 250,000 miles of streets rated for condition (varies by quadrant)
- **2016:** 500,000 miles of streets rated for condition (varies by quadrant)
- **2017:** 400,000 miles of streets rated for condition (varies by quadrant)
- **2018:** 400,000 miles of streets rated for condition (varies by quadrant)
- **2015:** Average pavement condition index (Goal=80)
- **2016:** 80
- **2017:** 83
- **2018:** 83

### Budget Comments/Issues:

The 2018 budget for the Street Improvement Fund as provided in the Capital Improvement Program (CIP) will continue the city's road rehabilitation and preservation programs.

- Consistent with the city's capital improvements policy, the fund balance for the Street Improvement Fund is managed over a five-year horizon, and some years have higher costs while others have lower costs.
- On November 10, 2014 and April 20, 2015, the city council amended the 2015 CIP to include additional funds needed for the County Road 101 and 2015 local street reconstruction.
- Reserve for Delayed Projects in 2017 are final costs for various projects including local street rehabilitation, County Road 101, Shady Oak Road, and OPUS area improvements.
- The Local Street Preservation Program includes patching, sealing, plus thin overlays and reconstruction projects.
MUNICIPAL STATE AID FUND - Engineering Department

Revenues

<table>
<thead>
<tr>
<th>Fund</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Allotment</td>
<td>$ 2,165,859</td>
<td>$ 3,167,338</td>
<td>$ 2,178,700</td>
<td>$ 2,189,543</td>
<td>$ 1,981,025</td>
</tr>
<tr>
<td>State Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfer from Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest</td>
<td>449</td>
<td>(21,473)</td>
<td>-</td>
<td>(13,500)</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 2,166,308</td>
<td>$ 3,145,865</td>
<td>$ 2,178,700</td>
<td>$ 2,176,043</td>
<td>$ 1,981,025</td>
</tr>
</tbody>
</table>

Expenditures

<table>
<thead>
<tr>
<th>Fund</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Debt Service</td>
<td>$ 178,369</td>
<td>$ 173,994</td>
<td>$ 169,463</td>
<td>$ 169,463</td>
<td>$ 164,775</td>
</tr>
<tr>
<td>Projects:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cartway/Ridgehaven</td>
<td>76,700</td>
<td>343,469</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Plymouth Rd</td>
<td>-</td>
<td>-</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td>-</td>
</tr>
<tr>
<td>Flashing Yellow Arrow Conversion</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>County Rd 101 (CR62 to C 3)</td>
<td>1,550,900</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>County Rd 101 (CR5 to TH12)</td>
<td>301,188</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shady Oak Trail - North of TH 62</td>
<td>4,427</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Shady Oak Rd (TH 7 to Excelsior)</td>
<td>129,907</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I-394 W On-Ramp Ridgedale Drive</td>
<td>53,820</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Opus Area LRT</td>
<td>-</td>
<td>-</td>
<td>1,000,000</td>
<td>1,000,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 2,295,311</td>
<td>$ 517,463</td>
<td>$ 2,669,463</td>
<td>$ 2,669,463</td>
<td>$ 914,775</td>
</tr>
</tbody>
</table>

Surplus (Deficiency) of Revenues over (under) Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(129,003)</td>
<td>2,628,402</td>
<td>(490,763)</td>
<td>(493,420)</td>
<td>1,066,250</td>
<td></td>
</tr>
<tr>
<td>Reserve for Delayed Projects</td>
<td>-</td>
<td>-</td>
<td>3,286,300</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Beginning Available Allotment Balance</td>
<td>(148,467)</td>
<td>(277,470)</td>
<td>2,350,932</td>
<td>2,350,932</td>
<td>1,857,512</td>
</tr>
</tbody>
</table>

Remaining Available Allotment

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>(277,470)</td>
<td>2,350,932</td>
<td>1,860,169</td>
<td>1,857,512</td>
<td>2,923,762</td>
</tr>
</tbody>
</table>

Mission Statement:
The Municipal State Aid (MSA) Fund accounts for state revenues and related expenses for the construction and maintenance of county state aid road and MSA street systems in Minnetonka. The state generates these funds from two major highway user taxes, the gasoline tax and the motor vehicle registration fees. The state then divides the great majority of these tax revenues between the state (62%), counties (29%), and municipalities with populations over 5,000 (9%). The part allocated to the cities is then apportioned amongst those municipalities, 50% based upon need, as determined by estimated construction and maintenance costs over a 25-year period, and 50% based upon census population data.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction projects underway</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Construction projects completed</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
Per the adopted 2018-22 Capital Improvements Program (CIP), the MSA Fund will finance significant improvements to the Ridgedale area. Monies are allocated in the CIP in 2016 for Ridgehaven Lane, in 2017 for 17th Avenue Extension in conjunction with the SWLRT at Shady Oak Station and Plymouth Road, and in 2019 preparation for Ridgedale Drive improvements.

- Reserve for Delayed Projects includes: Cartway/Ridgehaven improvements, final costs for Shady Oak (TH 7 to Excelsior) and County Road 101 (Mtka Blvd to CR12, Hwy7 to Mtka Blvd).
- The 2015 budget for MSA funding included costs for the I-394 westbound on-ramp at Ridgedale Drive, as adopted in the amended CIP.
- In 2008, the city issued State-Aid Street bonds to fund a portion of the first half of the costs for the Shady Oak (Bren- Excelsior) project. The debt service for these bonds will be financed over 15 years ending 2024 with the city’s MSA allotment.
STORM WATER FUND - Engineering Department

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Storm Water Utility Charges</td>
<td>$2,370,289</td>
<td>$2,440,690</td>
<td>$2,530,000</td>
<td>$2,530,000</td>
<td>$2,614,700</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td></td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Grant</td>
<td>-</td>
<td>51,680</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Grant</td>
<td>-</td>
<td>235</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Grant</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ridgegale Tax Abatement Rev</td>
<td>622,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>28,279</td>
<td>15,097</td>
<td>13,000</td>
<td>32,000</td>
<td>30,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$2,398,568</td>
<td>$2,507,702</td>
<td>$2,543,000</td>
<td>$3,184,000</td>
<td>$2,644,700</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$44,998</td>
<td>$80,445</td>
<td>$198,100</td>
<td>$198,100</td>
<td>$202,600</td>
</tr>
<tr>
<td>Supplies</td>
<td>107,917</td>
<td>97,420</td>
<td>148,600</td>
<td>148,600</td>
<td>150,700</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>260,023</td>
<td>307,306</td>
<td>513,000</td>
<td>541,000</td>
<td>561,500</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>1,705,237</td>
<td>1,566,937</td>
<td>1,502,600</td>
<td>1,289,024</td>
<td>2,197,200</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>166,400</td>
<td>141,200</td>
<td>168,000</td>
<td>140,000</td>
<td>145,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$2,284,575</td>
<td>$2,193,308</td>
<td>$2,530,300</td>
<td>$2,316,724</td>
<td>$3,257,000</td>
</tr>
</tbody>
</table>

| Reserve for Previous Years Projects           |             |             |             |              | 1,012,500   |

| Surplus (Deficiency) of Revenues over Expenses | $113,993    | $314,394    | $12,700     | $867,276     | ($612,300)  |

| Number of Employees (FTEs)                    | 0.5         | 0.5         | 1.5         | 1.5          | 1.5         |

Description of Services
The Storm Water Utility Fund was created in 2003 to finance capital projects and associated operational costs designed to provide flood protection and to protect and improve the quality of the city's water resources. Such projects must be compatible with the city's Water Resources Management Plan. Revenues to the fund are provided through monthly fees to property owners that are based upon parcel acreage, land use and related water runoff, and capital project needs.

Key Measures:

<table>
<thead>
<tr>
<th>Key Measures</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water quality samples taken</td>
<td>6</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Storm sewer projects completed</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Sump catch basins inspected</td>
<td>378</td>
<td>384</td>
<td>384</td>
<td>350</td>
</tr>
<tr>
<td>Storm sewer outfalls inspected</td>
<td>0</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Drainage ponds inspected</td>
<td>45</td>
<td>90</td>
<td>110</td>
<td>95</td>
</tr>
<tr>
<td>Drainage ponds restored</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Misc. drainage projects completed</td>
<td>46</td>
<td>55</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
Consistent with the prior three years, the 2018 budget for the Storm Water Fund includes a three percent fee increase to cover funding pressures related to accelerated street reconstruction projects, unfunded mandates, and inflationary costs.

● Previously supported by the engineering department General Fund budget, costs for the water resources coordinator position are supported by the Storm Water fund beginning in 2017. The partial full-time equivalent (FTE) employee is a portion of the salary for the assistant city engineer that is related to storm water work.

● In 2017, the city initiated a street sweeping pilot program in select water quality areas to determine benefits this program may provide citywide.

● Other Services & Charges budgeted above in 2017 and 2018 included ongoing costs for water quality testing, pond maintenance, and watershed modeling. Also included are miscellaneous drainage repairs.

● As adopted within the Capital Improvements Program (CIP) budget, Storm Water Fund expenditures in 2016 included planned construction of expensive storm sewer systems in the Libb's Lake neighborhood area, which was supported by balances in the fund.

● Project scheduling coincides with county, state, and other city projects including residential street reconstruction. High priority projects in the city's Water Resources Management Plan are scheduled as budget limits allow.

● The inspections of sump catch basins, outfalls and ponds are federally mandated to the city's National Pollution Discharge Elimination System (NPDES) permit. All inspections are performed by public works staff and engineering interns, and include inspecting all sump catch basins every year and 20 percent of the outfalls and ponds.
**ELECTRIC FRANCHISE FEES SPECIAL REVENUE FUND - Engineering Department**

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Franchise Fees</td>
<td>$816,318</td>
<td>$825,784</td>
<td>$823,000</td>
<td>$830,000</td>
<td>$830,000</td>
</tr>
<tr>
<td>County Cost-Share Agreements</td>
<td>-</td>
<td>-</td>
<td>964,500</td>
<td>921,500</td>
<td>-</td>
</tr>
<tr>
<td>Other Cost-Share Agreements</td>
<td>-</td>
<td>-</td>
<td>267,500</td>
<td>240,000</td>
<td>-</td>
</tr>
<tr>
<td>MSA Maintenance Funding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>197,235</td>
</tr>
<tr>
<td>Investment Income</td>
<td>20,012</td>
<td>13,219</td>
<td>15,000</td>
<td>12,000</td>
<td>2,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$836,330</strong></td>
<td><strong>$839,003</strong></td>
<td><strong>$2,070,000</strong></td>
<td><strong>$2,003,500</strong></td>
<td><strong>$1,029,235</strong></td>
</tr>
</tbody>
</table>

**Expenditures by Category**

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overhead Utility Burial</td>
<td>$720,984</td>
<td>$417,074</td>
<td>$410,000</td>
<td>$510,000</td>
<td>$1,210,000</td>
</tr>
<tr>
<td>Energy Saving Street Light Retrofits</td>
<td>-</td>
<td>81,720</td>
<td>250,000</td>
<td>250,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Opus/City/Shady Oak LRT Lighting</td>
<td>-</td>
<td>-</td>
<td>130,000</td>
<td>130,000</td>
<td>690,000</td>
</tr>
<tr>
<td>Trail Connection Undergrounding</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>550,000</td>
</tr>
<tr>
<td>Cartway Lane/Ridgehaven/Plymouth Rd</td>
<td>-</td>
<td>-</td>
<td>1,400,000</td>
<td>1,400,000</td>
<td>-</td>
</tr>
<tr>
<td>Flashing Yellow Arrow Evaluation</td>
<td>-</td>
<td>55,388</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Misc. Street Light Installation</td>
<td>208,688</td>
<td>-</td>
<td>200,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$929,652</strong></td>
<td><strong>$554,182</strong></td>
<td><strong>$2,390,000</strong></td>
<td><strong>$2,290,000</strong></td>
<td><strong>$2,500,000</strong></td>
</tr>
</tbody>
</table>

**Surplus/(Deficiency) of Revenues**

<table>
<thead>
<tr>
<th>over/(under) Expenditure</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>$2,615,359</td>
<td>$2,522,037</td>
<td>$2,806,858</td>
<td>$2,806,858</td>
<td>$1,086,258</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$2,522,037</td>
<td>$2,806,858</td>
<td>$2,486,858</td>
<td>$1,086,258</td>
<td>($384,507)</td>
</tr>
</tbody>
</table>

**Description of Services:**

The 2003 City of Minnetonka Community Survey indicated that the residents of the city supported the burial of overhead utility lines on major streets. In 2005, the city adopted a franchise fee ordinance under which the city charges Xcel Energy a monthly fee per customer to support the project. Under the franchise agreement with Xcel, the total revenue collected may not exceed two percent of total annual adjusted gross revenues that the company receives from the sale of delivery or delivery of electric energy in Minnetonka. Fee revenue and costs associated with the project are financed through the Electric Franchise Fees Special Revenue Fund. The schedule for burying lines is developed and frequently updated to coincide with plans for upgrading major roads within the city. Generally, Xcel Energy collects the fees monthly and submits the revenues to the city on a quarterly basis. The company then buries the lines for the city under contract and bills the city for these services.

**Key Measures:**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miles of utility line buried</td>
<td>1.4</td>
<td>0.0</td>
<td>1.0</td>
<td>1.1</td>
</tr>
<tr>
<td>LED Street Lighting - new &amp; retrofits</td>
<td>14</td>
<td>2</td>
<td>129</td>
<td>1</td>
</tr>
</tbody>
</table>

**Budget Comments/Issues:**

The 2018 budget as adopted in the Capital Improvements Program (CIP) includes funding for burial of overhead utilities along Woodhill Road, energy savings retrofits of street lights associated with various street projects, decorative light installations needed for the CR101 (CR5 to CR12) road project, and street lighting needs as well as burials along Ridgehaven Lane, Ridgedale Drive, and Plymouth Road in the Ridgedale area.

- To offset the escalating costs in materials used for burial projects and to balance the Electric Franchise Fee fund, the city may consider a proposed increase in 2018 to support funding needs in conjunction with the renewal of the franchise fee.
- The 2015 budget amended the 2015-19 CIP to increase funding for street light installations on the north CR 101 and Shady Oak Road projects. The 2015 budget for burial of utility lines is associated with the CR 101 (CR 62 to Hutchins Drive) road reconstruction project and includes $300,000 for decorative lights in the same project.
- The 2014 budget for the Electric Franchise Fee Fund financed the burial of overhead utility lines along CR 101 from Minnetonka Boulevard to the Grays Bay bridge, and on Shady Oak Road from Excelsior Boulevard to TH 7. Revenues originally budgeted in 2015 and 2016 reflect cost-share for these two projects with the City of Hopkins and CR 101 (CR 5 to Hwy 12) with Hennepin County.
- Reserve for Delayed Projects are costs associated with County Road 101 (CR 62 - CR 3) and (CR 5 - Th 12), Cartway Lane, Minnetonka Boulevard and city hall campus retrofits.
- New energy LED decorative street lighting and retrofits are reviewed in conjunction with county and city street reconstruction projects, redevelopment interests and individual lighting projects, to provide long term energy savings and efficiencies. Current LED street light installations in progress or programmed for installation include the reconstruction on Shady Oak Road from Excelsior Boulevard to TH 7, CR 101 north of Minnetonka to the city of Wayzata, CR 101 from TH 7 south to CR 62, and the Ridgedale Area.
- Underground burial may be used to assist in trails planning and financial efficiencies for construction of projects, including Plymouth Road, from Hilloway Road to Minnetonka Boulevard.
SHADY OAK ROAD/OAK DRIVE LANE IMPROVEMENT FUND - Community Development

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hennepin County</td>
<td>$950,000</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
<td>-$</td>
</tr>
<tr>
<td>State, County Grants</td>
<td>150,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>304,275</td>
</tr>
<tr>
<td>MSA, Transfer In</td>
<td>-</td>
<td>-</td>
<td>650,000</td>
<td>650,000</td>
<td>-</td>
</tr>
<tr>
<td>Property Sale</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>734,400</td>
<td>-</td>
</tr>
<tr>
<td>Lease Revenue</td>
<td>85,478</td>
<td>52,400</td>
<td>20,000</td>
<td>51,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>9,382</td>
<td>3,407</td>
<td>1,000</td>
<td>10,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,194,860</td>
<td>$55,807</td>
<td>$671,000</td>
<td>$711,000</td>
<td>$1,068,675</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Costs</td>
<td>$23,847</td>
<td>-$</td>
<td>$1,357,901</td>
<td>$50,000</td>
<td>$1,034,275</td>
</tr>
<tr>
<td>Transfer Out to SACF</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,184,000</td>
</tr>
<tr>
<td>Transfer Out to Dypt Fund</td>
<td>129,773</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Temporary Facility Operating Costs</td>
<td>40,997</td>
<td>40,072</td>
<td>20,000</td>
<td>58,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Totals</td>
<td>$64,844</td>
<td>$40,072</td>
<td>$1,377,901</td>
<td>$108,000</td>
<td>$2,388,048</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surplus (Deficiency) of Revenues over Expenditures</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,130,016</td>
<td>15,735</td>
<td>(706,901)</td>
<td>603,000</td>
</tr>
</tbody>
</table>

| Beginning Fund Balance                         | (429,378)   | 700,638     | 716,373     | 716,373     | 1,319,373   |

| Ending Fund Balance                            | $700,638    | $716,373    | $9,472      | $1,319,373  | -$          |

Description of Services:
The Shady Oak Road/Oak Drive Lane Improvement Fund was created in 2014 to pay for the purchase and improvements of two parcels within the city associated with the Shady Oak Road (State Highway 7 to Excelsior) road reconstruction project. The fund is financed with various sources including a Hennepin County partnership, grants, the city's Municipal State Aid (MSA) allotment, and interfund loan proceeds from the city Special Assessment Construction Fund (SACF). Repayment of the interfund loan will ultimately be supported by funds from the sale of the properties back to the private sector.

Key Measures:
Increase in taxable market value

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>Estimated</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in taxable market value</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
Road reconstruction related to this fund began in earnest in early 2014 and was completed in late 2016 with final landscaping completed in 2017. The city retained the commercial building on one of the properties for an intermediate period of time, during which city staff has conducted a neighborhood engagement process for determining final development of the combined sites. A development agreement for the commercial site was approved in 2017, and it is anticipated the site will be redeveloped in 2019.

- Until the properties are sold and proceeds are realized, the inter-fund loan will be amortized over a ten-year period at an interest rate of four percent to be paid from the city Development Fund. This payment will be partially offset by the revenue from leasing the building. Upon sale, proceeds are to be allocated first to any costs of the sale and second to the repayment of any remaining balance on the inter-fund loan. If there are excess proceeds after repayment of the loan, they are to be deposited into the Development Fund.
- Budgeted project costs in 2018 include anticipated relocation costs ($730,000) associated with current commercial tenants of one of the properties.
- The 2015 budget included a line item for a transfer from the Special Assessment Construction Fund (SACF). This fund transfer actually occurred in 2014, not 2015. The 2015 revised budget removed the $170,500 loan repayment previously approved to be paid to the SACF, which instead will transferred directly from the Development Fund.
- Costs and revenues in 2018 are subject to final closing and actual timing of development. Actual timing will be determined by approved agreements, resolutions, and grant authority actions.
- In addition to likely increased property tax value for the community, benefits of the project also include visually enhanced aesthetics, improvements to site functionality, and more coordinated storm water ponding areas for both the road and the properties' redevelopment. Value is expected to increase in 2020.
## STREET MAINTENANCE DIVISION - Public Works Department

### Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$1,711,103</td>
<td>$1,766,252</td>
<td>$1,952,600</td>
<td>$1,957,600</td>
<td>$2,045,400</td>
</tr>
<tr>
<td>Supplies</td>
<td>$350,766</td>
<td>$242,794</td>
<td>$454,000</td>
<td>$429,700</td>
<td>$390,900</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$1,119,800</td>
<td>$1,044,097</td>
<td>$1,198,200</td>
<td>$1,217,500</td>
<td>$1,105,300</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$3,181,669</td>
<td>$3,053,143</td>
<td>$3,604,800</td>
<td>$3,604,800</td>
<td>$3,541,600</td>
</tr>
</tbody>
</table>

### Method of Financing

- **General Fund**: $3,181,669, $3,053,143, $3,604,800, $3,604,800, $3,541,600

### Number of Employees (FTEs)


### Description of Services:

The Street Maintenance Division of the Public Works Department is responsible for maintenance of 254 centerline miles of municipal right-of-way including pavement maintenance, snow and ice control, drainage, pavement markings, street signs, intersection semaphores, street lighting, roadside mowing and tree trimming. Climatic conditions dramatically affect seasonal maintenance expenditures on a year-to-year basis along with energy pricing that affects fuel, supplies and machine repair parts.

### Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-scale plowing events required</td>
<td>5</td>
<td>4</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Tons of salt used</td>
<td>1,500</td>
<td>1,384</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Tons of bituminous mix laid</td>
<td>10,750</td>
<td>9,400</td>
<td>12,500</td>
<td>6,000</td>
</tr>
<tr>
<td>Miles of maintenance overlays</td>
<td>4.9</td>
<td>2.5</td>
<td>5.7</td>
<td>3.5</td>
</tr>
<tr>
<td>Signs installed</td>
<td>940</td>
<td>710</td>
<td>930</td>
<td>800</td>
</tr>
<tr>
<td>Miles of neighborhood refurbishment</td>
<td>2.0</td>
<td>2.5</td>
<td>2.6</td>
<td>4.5</td>
</tr>
<tr>
<td>Maintained streetscape area (sq. ft.)</td>
<td>75,575</td>
<td>104,300</td>
<td>104,300</td>
<td>110,000</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

The 2018 budget maintains current service levels. Streetscape maintenance is currently provided by a contractor under an annual agreement. The contract will be extended again in 2018 to complete Shady Oak and CR 101 projects.

- This division is responsible for the neighborhood street pavement preservation program. The program uses a variety of pavement maintenance technologies to preserve streets after initial construction or thin overlay in order to extend their asset life and serviceability. In 2018, the focus of street refurbishment efforts will be in the neighborhood south of Crane Lake and include Timberline Road, Oak Drive, Park Ridge and Black Oak Drive as well as others. Personnel costs for the program are budgeted above, and a majority of materials are funded through the Capital Improvement Program (CIP) by the Street Improvement Fund.

- The division is responsible for storm water drainage maintenance to assure compliance with National Pollution Discharge Elimination System (NPDES) permit requirements. Projects are coordinated with the Water Resources Engineer and Natural Resources Coordinator. As in 2017, the focus in 2018 will be illicit point-source discharge by businesses and educational training of city personnel will be the points of emphasis.

- Street maintenance operations uses liquid salt brine for winter snow and ice control, which increases salt effectiveness, reduces the total amount of salt used on roadways and minimizes chloride ions that end up in storm water. The method and process address environmental concerns. The city manufactures brine for its own use and sells to Hennepin County and other neighboring cities and school districts to offset purchasing costs.

- All of the city’s snowplow trucks have been outfitted with digital salt controllers that allow drivers to precisely control the amount of salt that is applied on streets and totals the amount of salt that is used for each plowing or sanding event. City staff retain the data for future jurisdictional reporting.

- The operating budget for the division is highly impacted by climatic variations and energy pricing, which affect the cost and amount of fuel, street lighting, road maintenance/construction supplies and machine repair parts used.

- The decrease in "Tons of Bituminous Mix Laid" and "Miles of Maintenance Overlays" in 2016 reflects the budgetary adjustment that was made to the street program in order to reconstruct the streets in the Libbs Lake area.
BUILDING MAINTENANCE DIVISION - Public Works Department

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$579,176</td>
<td>$730,206</td>
<td>$788,000</td>
<td>$788,000</td>
<td>$816,800</td>
</tr>
<tr>
<td>Supplies</td>
<td>113,685</td>
<td>109,080</td>
<td>114,700</td>
<td>122,700</td>
<td>120,400</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>376,471</td>
<td>338,076</td>
<td>381,400</td>
<td>373,400</td>
<td>355,300</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>3,532</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,069,332</td>
<td>$1,180,894</td>
<td>$1,284,100</td>
<td>$1,284,100</td>
<td>$1,292,500</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>General Fund</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1,069,332</td>
<td>$1,180,894</td>
<td>$1,284,100</td>
<td>$1,284,100</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.37</td>
<td>8.38</td>
<td>8.38</td>
<td>8.38</td>
</tr>
</tbody>
</table>

Description of Services:
The Building Maintenance Division of the Public Works Department is responsible for the maintenance and repair of the city's 14 community buildings and their component systems such as heating, ventilation, air conditioning, electrical, plumbing and mechanical. The division oversees all capital building improvement projects related to the assets as adopted in the city's Capital Improvements Program (CIP), which are primarily budgeted in the Capital Replacement Fund. It also supports the city's enterprise fund facilities such as the ice arenas, Williston Center, water treatment facilities and parks buildings.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work orders completed</td>
<td>2,697</td>
<td>2,919</td>
<td>2,900</td>
<td>2,900</td>
</tr>
<tr>
<td>Heat energy - cost</td>
<td>$160,367</td>
<td>$144,144</td>
<td>$148,468</td>
<td>$152,900</td>
</tr>
<tr>
<td>Heat energy used (THM)</td>
<td>254,090</td>
<td>257,220</td>
<td>259,792</td>
<td>262,390</td>
</tr>
<tr>
<td>Electrical energy - cost</td>
<td>$420,468</td>
<td>$469,434</td>
<td>$443,413</td>
<td>$449,579</td>
</tr>
<tr>
<td>Electrical energy used (kWh)</td>
<td>4,753,448</td>
<td>5,018,834</td>
<td>5,069,022</td>
<td>5,119,712</td>
</tr>
<tr>
<td>Solar Garden Savings (all bldgs.)</td>
<td>$0</td>
<td>$0</td>
<td>$40,104</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget for the Building Maintenance Division maintains current service levels. Increased investment in energy saving projects will continue with the conversion of lighting to light emitting diodes (LED)s. The first contracted solar garden came online in April of 2017, and the remaining five contracts will come online by the end of 2017. In 2018, it is estimated that the first full-year of operation will decrease all the city's electrical energy costs by $180,716.

- In 2016, a space planning study for public safety was undertaken to determine police and fire future space needs. In 2018, plans are being developed for the anticipated construction of a new fire station on the civic center campus and the renovation of the police and fire station for police needs.
- The 2018-2022 Capital Improvement Program provides for the phased remodeling of employee work areas in city hall in 2018 and 2019. This project will affect all three levels of the building, including remodeling of the Purgatory Creek Room and the IT offices in the Community Center.
- Multi-year phased replacement of the computerized building environmental control system will continue in 2018. The improvement allows for remote observation and control of the various heating, ventilating and air conditioning systems as well as other systems associated with the buildings such as generators and lighting. In 2018, the project will continue in Ice Arenas A&B.
- In 2017, the roof and veranda decking adjacent to the council chambers was replaced. In 2018, amenities will be added for increased usage, and it is anticipated that new furniture, lighting and other accessories will be installed along with an access stairway from the courtyard below.
FLEET MAINTENANCE FUND - Public Works Department

Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charges for Services</td>
<td>$1,525,453</td>
<td>$1,401,059</td>
<td>$1,665,200</td>
<td>$1,487,500</td>
<td>$1,504,700</td>
</tr>
<tr>
<td>Investment Income</td>
<td>4,239</td>
<td>2,572</td>
<td>2,000</td>
<td>2,000</td>
<td>2,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>5,546</td>
<td>12,379</td>
<td>5,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Fuel</td>
<td>43,148</td>
<td>32,930</td>
<td>45,000</td>
<td>45,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Transfers In</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,578,386</td>
<td>$1,448,940</td>
<td>$1,717,200</td>
<td>$1,539,500</td>
<td>$1,556,700</td>
</tr>
</tbody>
</table>

Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$416,819</td>
<td>$444,335</td>
<td>$457,900</td>
<td>$457,900</td>
<td>$476,900</td>
</tr>
<tr>
<td>Supplies</td>
<td>841,509</td>
<td>664,952</td>
<td>840,800</td>
<td>705,900</td>
<td>707,000</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>261,783</td>
<td>280,096</td>
<td>366,500</td>
<td>323,700</td>
<td>320,800</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,520,111</td>
<td>$1,389,383</td>
<td>$1,665,200</td>
<td>$1,487,500</td>
<td>$1,504,700</td>
</tr>
</tbody>
</table>

Surplus (Deficiency) of Revenues over Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance</td>
<td>58,275</td>
<td>59,557</td>
<td>52,000</td>
<td>52,000</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>423,575</td>
<td>481,850</td>
<td>541,408</td>
<td>541,408</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4.37</td>
<td>4.38</td>
<td>4.38</td>
<td>4.38</td>
</tr>
</tbody>
</table>

Description of Services:
The Fleet Maintenance Division is responsible for the procurement, maintenance, repair and fueling of the city's motorized fleet and support equipment. The fleet consists of 185 mobile vehicles and a similar number of heavy and light support equipment. The costs of the division are allocated to individual city departments with a break-even operating pro-forma. The Fleet Maintenance Fund operates as an internal service revolving fund.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work orders completed</td>
<td>3,520</td>
<td>3,106</td>
<td>3,200</td>
<td>3,200</td>
</tr>
<tr>
<td>Gallons of fuel consumed</td>
<td>154,459</td>
<td>147,695</td>
<td>158,150</td>
<td>151,900</td>
</tr>
<tr>
<td>Cost to purchase gas/diesel fuels</td>
<td>$478,114</td>
<td>$307,121</td>
<td>$329,000</td>
<td>$316,000</td>
</tr>
<tr>
<td>Average cost per gallon of gas/diesel fuels</td>
<td>$3.10</td>
<td>$2.08</td>
<td>$2.07</td>
<td>$2.08</td>
</tr>
<tr>
<td>Gallons of oil consumed</td>
<td>684</td>
<td>737</td>
<td>750</td>
<td>750</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget for the Fleet Maintenance Fund maintains current service levels and maintains fuel costs at 2016 pricing. Increased costs for repair parts and outside repairs are anticipated. The budget incorporates expenses for the general maintenance and repair of the city's fleet including fire apparatus. Specialized repairs and testing are generally completed by outside vendors and suppliers for efficiency and technological reasons.

- In order to contain operating expenses, fleet services takes a number of actions: extending oil change intervals in gasoline engines by utilizing scheduled oil sampling and testing; purchasing diesel fuel that contains 10% vegetable oil (B-10) and gasoline that contains 10% percent ethanol and regularly analyzing the feasibility of emerging technologies such as hybrids, compressed natural gas, propane and hydrogen fuel cells as motor fuels.
- In 2017, oil change intervals for engines were evaluated in order to determine if intervals can be extended and whether the purchase of a different oil type will result in decreased maintenance costs of vehicles. Oil change intervals are now 6,000 miles for gasoline and diesel engines by using synthetic motor oils.
- Greater efficiency in shop repairs and maintenance have been realized by utilizing the staff welder for scheduled maintenance and minor repairs when there is time due to openings in the welding schedule.
- Fuels along with a variety of other supplies are purchased through the State's Cooperative Purchasing Venture. This program establishes a fixed price for motor fuel by combining the motor fuel needs of a number of governmental jurisdictions in the metro area by bidding the collective total volume of fuel for the coming year.
CAPITAL REPLACEMENT FUND - Finance Department

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Tax Levy</td>
<td>$1,035,000</td>
<td>$1,666,000</td>
<td>$1,730,000</td>
<td>$1,730,000</td>
<td>$2,045,000</td>
</tr>
<tr>
<td>Transfers In</td>
<td>800,000</td>
<td>230,000</td>
<td>355,000</td>
<td>355,000</td>
<td>1,200,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>1,403</td>
<td>4,133</td>
<td>2,500</td>
<td>2,500</td>
<td>5,000</td>
</tr>
<tr>
<td>Auction Proceeds/Rebates</td>
<td>68,531</td>
<td>80,959</td>
<td>45,000</td>
<td>45,000</td>
<td>45,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$1,904,934</strong></td>
<td><strong>$1,981,092</strong></td>
<td><strong>$2,132,500</strong></td>
<td><strong>$2,132,500</strong></td>
<td><strong>$3,295,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings &amp; Structures</td>
<td>$746,682</td>
<td>$1,412,868</td>
<td>$835,000</td>
<td>$835,000</td>
<td>$2,157,000</td>
</tr>
<tr>
<td>Recreation Facilities</td>
<td>28,085</td>
<td>6,534</td>
<td>29,000</td>
<td>29,000</td>
<td>249,000</td>
</tr>
<tr>
<td>Machinery and Auto</td>
<td>758,257</td>
<td>1,099,271</td>
<td>1,078,800</td>
<td>1,078,800</td>
<td>949,700</td>
</tr>
<tr>
<td>Transfers Out</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$1,533,024</strong></td>
<td><strong>$2,518,673</strong></td>
<td><strong>$1,942,800</strong></td>
<td><strong>$1,942,800</strong></td>
<td><strong>$3,355,700</strong></td>
</tr>
</tbody>
</table>

| Surplus (Deficiency) of Revenues      |             |             |             |             |             |
| over (under) Expenditures             | 371,910     | (537,581)   | 189,700     | 189,700     | (60,700)    |
| Reserve for Delayed Projects          |             |             |             |             | 824,100     |
| **Beginning Fund Balance**            | **898,169** | **1,270,079** | **732,499** | **732,499** | **98,099**  |
| **Ending Fund Balance**               | **$1,270,079** | **$732,499** | **$922,199** | **$98,099** | **$37,399** |

**Description of Services:**
The Capital Replacement Fund (CRF) was created in 1983 for the purpose of funding replacement or repair of major capital items that are expected to exceed $5,000 in cost. The primary source of revenue for the fund is tax levy proceeds, but the fund also receives earnings from the auction of surplus city property as well as investment interest. Administrative policies provide for the replacement of general vehicles after eight years, marked police vehicles after 100,000 miles, heavy public works equipment and vehicles after 10-15 years, and fire equipment after 20-25 years with refurbishment after ten years.

**Key Measures:**

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>General light-duty vehicles in fleet</td>
<td>102</td>
<td>105</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td>Marked police vehicles in fleet</td>
<td>22</td>
<td>23</td>
<td>23</td>
<td>23</td>
</tr>
<tr>
<td>Heavy equipment and trucks in fleet</td>
<td>66</td>
<td>67</td>
<td>67</td>
<td>67</td>
</tr>
<tr>
<td>Deprec. value of buildings &amp; structures (millions $)</td>
<td>$12.7</td>
<td>$13.4</td>
<td>$15.0</td>
<td>$16.0</td>
</tr>
<tr>
<td>Deprec. value of furniture &amp; equipment (millions $)</td>
<td>$6.5</td>
<td>$7.2</td>
<td>$7.2</td>
<td>$8.0</td>
</tr>
</tbody>
</table>

**Budget Comments/Issues:**

The 2018 budget for the Capital Replacement Fund includes $1.65 million for improvements to City Hall that have not been updated for 35 years. It is the first phase of a two-year $4.5 million project adopted as part of the 2017-22 Capital Improvement Program (CIP). Adoption of this budget amends the 2017 CIP to appropriate an additional $10,800 to accommodate the full cost at $60,800 for the police department parking lot perimeter security fencing.

- Substantial purchases approved in the 2018 CIP for the fund include fleet vehicles ($604,600), large public works equipment replacements ($345,100), Ice Arena Rink B dasher board ($220,000) and building components ($432,000) including energy conservation improvements, building automation infrastructure and roof replacements.

- The 2018 CIP includes $75,000 for annual maintenance needs of the city's satellite fire stations. In 2015 and 2016, a variety of more significant improvements were undertaken including the repair/replacement of the siding and roofs, a standby generator replacement and other interior/exterior refurbishment and replacements.

- The 2018 CRF budget includes a $1.2 million transfer in from the General Fund balance, which is adopted by council under the city's fund balance policy. The transfer is scheduled as part of the adopted five-year Capital Improvements Program (CIP) with additional transfers scheduled in 2019 through 2021. Like all capital funds, the CRF is managed over a five-year horizon as part of the adopted CIP.

- The 2015 and 2016 appropriations for the CRF were revised and amended to provide unanticipated funding needed to remediate water and mold damage to Fire Station #3 ($80,000) and additional costs for repairs to Fire #5 ($125,000). $560,000 in total project costs in 2016 for the Public Works Building Expansion includes $350,000 from the CRF as reflected here and $210,000 from the Forestry Fund as amended by the city council.

- Reserve for Delayed Projects includes $519,700 for city building-related projects, $108,900 for refurbishment of Fire Stations 2 and 3, $164,400 for fleet vehicles and equipment, and $31,100 for Lindbergh Center improvements.
UTILITY DIVISION / UTILITY FUND - Public Works Department

Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales &amp; Sewer Revenue</td>
<td>10,704,198</td>
<td>12,040,154</td>
<td>13,697,500</td>
<td>13,697,500</td>
<td>14,282,200</td>
</tr>
<tr>
<td>Investment Income</td>
<td>43,851</td>
<td>57,878</td>
<td>55,000</td>
<td>70,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>40,789</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bond Proceeds</td>
<td>10,000,000</td>
<td>17,560,000</td>
<td>7,700,000</td>
<td>-</td>
<td>10,000,000</td>
</tr>
<tr>
<td>Hookup Fees</td>
<td>1,767,379</td>
<td>998,438</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Met Council SAC Fees</td>
<td>1,764,350</td>
<td>985,760</td>
<td>500,000</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>131,432</td>
<td>113,313</td>
<td>280,000</td>
<td>280,000</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$24,411,210</td>
<td>$31,796,332</td>
<td>$22,732,500</td>
<td>$15,047,500</td>
<td>$25,552,200</td>
</tr>
</tbody>
</table>

Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>1,708,623</td>
<td>1,634,688</td>
<td>1,821,200</td>
<td>1,821,200</td>
<td>1,902,200</td>
</tr>
<tr>
<td>Supplies</td>
<td>840,014</td>
<td>392,887</td>
<td>828,100</td>
<td>726,000</td>
<td>756,800</td>
</tr>
<tr>
<td>Sewer Service Charge</td>
<td>3,940,345</td>
<td>4,055,778</td>
<td>4,211,500</td>
<td>4,211,500</td>
<td>4,275,800</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>3,577,478</td>
<td>2,971,720</td>
<td>2,537,600</td>
<td>2,667,500</td>
<td>2,856,700</td>
</tr>
<tr>
<td>I &amp; I Reduction Program</td>
<td>274,397</td>
<td>70,920</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>4,809,572</td>
<td>8,803,819</td>
<td>8,192,700</td>
<td>7,908,000</td>
<td>11,130,800</td>
</tr>
<tr>
<td>Bond Principal &amp; Interest</td>
<td>1,084,863</td>
<td>11,103,388</td>
<td>1,068,400</td>
<td>668,800</td>
<td>1,292,800</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>1,068,400</td>
<td>800,000</td>
<td>1,068,400</td>
<td>800,000</td>
<td>800,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$17,303,692</td>
<td>$29,833,201</td>
<td>$20,009,700</td>
<td>$19,053,000</td>
<td>$23,265,100</td>
</tr>
</tbody>
</table>

Surplus (Deficiency) of Revenues over Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Surplus</strong></td>
<td>7,107,518</td>
<td>$1,963,132</td>
<td>$2,722,800</td>
<td>$(4,005,500)</td>
<td>2,287,100</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number of Employees</strong></td>
<td>18.39</td>
<td>18.40</td>
<td>18.40</td>
<td>18.40</td>
</tr>
</tbody>
</table>

Description of Services:

The Utility Division of the Public Works Department operates and maintains the water, sanitary sewer, some street lighting and civil defense warning sirens of the city. This includes over 500 miles of water distribution and sewer collection piping, eighteen wells, eight water treatment facilities, ten water storage structures, 38 lift stations, 371 street lights and ten civil defense sirens.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water pumped (million gallons)</td>
<td>1,840</td>
<td>2,038</td>
<td>2,700</td>
<td>2,700</td>
</tr>
<tr>
<td>Water main breaks repaired</td>
<td>66</td>
<td>47</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>Utility locate requests completed</td>
<td>13,289</td>
<td>10,087</td>
<td>11,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Sewer cleaning (miles)</td>
<td>97</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Sewer televising (miles)</td>
<td>0</td>
<td>0</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Fire hydrants inspected</td>
<td>2,751</td>
<td>2,785</td>
<td>2,800</td>
<td>2,800</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:

In 2014, a comprehensive utility system sustainability study was completed, and it focused on scheduled, long-term system improvements needed over the next 20 years for water pumping, treatment, storage, distribution and sewer collection system to ensure that the utility can meet the demands of the community well into the future. Costs of the improvement plan have necessitated larger than normal utility rate adjustments in 2016 and 2017. In addition, improvement bonds were sold in 2016 to fund the first of a number of planned improvements to the systems.

- In 2018, the Metropolitan Council Environmental Services (MCES) will continue to monitor peak waste water flows from rain events in public systems in order to assure progress in the elimination of clear water in sanitary sewer pipes. The city will continue its efforts to eliminate inflow and infiltration (I/I) in the public portion of the sanitary sewer system by sealing leaking manholes which are scheduled in the five-year capital improvements program (CIP).
- The city began a program for the annual maintenance of privately owned fire hydrants in 2016. It is estimated that there are approximately 500+ private hydrants that lack ongoing maintenance which impacts hydrant reliability. Elements of the new program were finalized in 2015 and clarified in 2017 for private hydrant owners. In 2018, the Fire Department will continue to focus on private hydrants that serve neighborhoods with multi-family residential structures.
- In 2014, the city utility experienced two ruptures of critical high-capacity sewer forcemains (pressure pipes) that convey a majority of the city’s waste to regional treatment facilities. After an emergency repair of the affected pipes was ordered by council, a $5.7 million dollar multi-year improvement plan was developed as part of the 2014 utility sustainability study. In 2018, the fourth phase of the project will focus on directionally boring a new secondary line from the Williston sewer lift to Guilliam Field. When that is completed the currently deficient pipe will be lined in a similar fashion like what was done in the previous three phases.
- Rising energy prices and MCES waste water treatment costs will continue to increase the cost of operating the sanitary sewer utility. In 2018, Metropolitan Council Environmental Services announced a 1.53 percent increase in wastewater treatment costs for 2018.
PARKS & TRAILS DIVISION - Public Works Department

Expenditures by Category

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$922,299</td>
<td>$947,714</td>
<td>$1,072,400</td>
<td>$1,072,400</td>
<td>$1,103,600</td>
</tr>
<tr>
<td>Supplies</td>
<td>187,038</td>
<td>152,634</td>
<td>191,500</td>
<td>197,700</td>
<td>192,300</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>437,734</td>
<td>393,617</td>
<td>476,400</td>
<td>470,200</td>
<td>465,900</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$1,547,071</td>
<td>$1,493,965</td>
<td>$1,740,300</td>
<td>$1,740,300</td>
<td>$1,761,800</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>Method of Financing</th>
<th>2015 $1,547,071</th>
<th>2016 $1,493,965</th>
<th>2017 $1,740,300</th>
<th>2017 $1,740,300</th>
<th>2018 $1,761,800</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,547,071</td>
<td>$1,493,965</td>
<td>$1,740,300</td>
<td>$1,740,300</td>
<td>$1,761,800</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>Number of Employees (FTEs)</th>
<th>2015 9.97</th>
<th>2016 10.08</th>
<th>2017 10.08</th>
<th>2018 10.08</th>
</tr>
</thead>
</table>

Description of Services:
The Parks and Trails Division of the Public Works Department is responsible for all park, trail & sidewalk maintenance, planning and development. This includes: park and open space turf areas, 11 athletic fields, 16 ice rinks, over 100 miles of trails & sidewalks and 26 play structures at 50 parks. Future development decisions regarding parks and open space actively include community users, Recreation Department staff, the Minnetonka Park Board and the City Council. In the future, the increase in trail and sidewalk mileage will require that equipment and personnel be added to meet maintenance needs.

Key Measures:

<table>
<thead>
<tr>
<th>Park acreage maintained</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Projected</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,297</td>
<td>1,297</td>
<td>1,297</td>
<td>1,297</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 1 - Maintenance Areas (# /acres)*</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Projected</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 - Maintenance Areas (# /acres)*</td>
<td>7/429</td>
<td>7/429</td>
<td>7/429</td>
<td>7/429</td>
</tr>
<tr>
<td>Level 2 - Maintenance Areas (# /acres)*</td>
<td>11/211</td>
<td>11/211</td>
<td>11/211</td>
<td>11/211</td>
</tr>
<tr>
<td>Levels 3 &amp; 4 - Maintenance Areas (# /acres)*</td>
<td>32/661</td>
<td>32/661</td>
<td>32/661</td>
<td>32/661</td>
</tr>
<tr>
<td>Trails and sidewalks maintained (miles)</td>
<td>99</td>
<td>100</td>
<td>104</td>
<td>106</td>
</tr>
</tbody>
</table>

* Level 1 = High use, high maintenance; Level 2 = Moderate maintenance, some grooming 1x/week; Level 3 = Low to moderate maintenance; Level 4 = Minimal maintenance

Budget Comments/Issues:
The 2018 budget provides for an increasing level of service compared to 2017 in order to accommodate an expanding inventory of city park amenities and trails and sidewalks which require additional maintenance. In 2017, Oakhaven Park was completed as well as the sidewalks associated with the construction of north and south portions of TH 101.

- Reconstruction of three segments of county roads added approximately five miles of trails and sidewalks to the existing system in 2017. The added segments are located on Shady Oak Road from Highway 7 to Excelsior Boulevard, County Road 101 from Hutchins Drive to County Road 62, and County Road 101 from the Grays Bay Causeway to Minnetonka Boulevard. In 2018, it is anticipated that 1.6 miles of sidewalk will be added to Plymouth Road.
- In 2017, lighting of the soccer fields on the civic center complex was completed. In 2018, it is planned that the softball fields at Big Willow Park will be upgraded to LED athletic field lighting.
- Park improvements overseen by the division in 2017 include renovation of the Community Center courtyard, spectator safety improvements at Big Willow baseball field, and landscape irrigation improvements at the Burwell House, all of which are funded in the Capital Improvements Program.
- The number miles of trails and sidewalks maintained as indicated above excludes seasonal maintenance by the city of approximately seven miles of trails owned by Three Rivers Park District that are located inside city limits.
NATURAL RESOURCES DIVISION - Public Works Department

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$605,845</td>
<td>$602,121</td>
<td>$721,600</td>
<td>$721,600</td>
<td>$786,800</td>
</tr>
<tr>
<td>Supplies</td>
<td>12,071</td>
<td>35,693</td>
<td>19,200</td>
<td>20,300</td>
<td>18,600</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>512,511</td>
<td>451,013</td>
<td>617,900</td>
<td>604,800</td>
<td>566,400</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$1,130,427</strong></td>
<td><strong>$1,088,827</strong></td>
<td><strong>$1,358,700</strong></td>
<td><strong>$1,346,700</strong></td>
<td><strong>$1,371,800</strong></td>
</tr>
</tbody>
</table>

Method of Financing

| General Fund | $1,130,427 | $1,088,827 | $1,358,700 | $1,346,700 | $1,371,800 |

Number of Employees (FTEs)

| 6.57 | 6.48 | 6.48 | 6.48 | 7.18 |

Description of Services:
The Natural Resources Division manages the planning, development and stewardship of the community's natural resources. The division is responsible for forestry (diseased trees, reforestation), natural resource conservation (woodland, open space, wetlands, shore land), enforcement of natural resource ordinances (permit review, site inspection, compliance), stewardship (including ecosystem restoration) of 310 acres of public land and environmental education through seminars and resident consultations.

Key Measures:

<table>
<thead>
<tr>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diseased trees removed</td>
<td>645</td>
<td>677</td>
<td>700</td>
</tr>
<tr>
<td>Public trees planted (reforestation/restoration)</td>
<td>211/100</td>
<td>134/80</td>
<td>100/75</td>
</tr>
<tr>
<td>Private trees planted through city's tree sale</td>
<td>1,047</td>
<td>796</td>
<td>810</td>
</tr>
<tr>
<td>Permits inspected for natural resource compliance / ongoing inspections</td>
<td>312/400</td>
<td>296/400</td>
<td>325/420</td>
</tr>
<tr>
<td>Development projects reviewed</td>
<td>49</td>
<td>76</td>
<td>70</td>
</tr>
<tr>
<td>Enforcement actions taken</td>
<td>49</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Wetland Conservation Act decisions</td>
<td>29</td>
<td>21</td>
<td>25</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget for the Natural Resources Division anticipates increased activity due to the expansion of Emerald Ash Borer (EAB) in the metropolitan area. Currently the EAB has been found in Plymouth and Eden Prairie and it is likely the insect is now in Minnetonka. An action plan was put into effect in 2013 with the addition of an administrative staff person in 2014 and a Forestry Technician in 2015 in order to begin public education, reforestation and coordination of proactive ash tree protection measures for high valued public and private trees.

- In 2018, funding is included to add a permanent part-time inspector (0.75 FTE) for permit reviews, site and erosion control inspections and easement monitoring. Costs for the position is funded by a shift in the budget of $30,000 from contracting services to personnel.
- Street tree trimming program will continue in 2018 at an annual cost of $60,000. This work is necessary in order to keep pace with street reconstructions and neighborhood street renovations.
- In 2018, natural resources staff along with the Water Resources Coordinator will be continuing to implement new requirements for the new Municipal Separate Storm Sewer System (MS4) permit. This is a comprehensive update/revision to the city's federal storm water permit. Employee education and reduction of chloride use are initiatives for the coming year.
- In 2018, Natural Resources staff will collaborate with Engineering on the development of a small lakes policy.
- A seasonal part-time volunteer coordinator has been added to the 2016 budget in order to coordinate the 300+ volunteers that donate time to restoration activities. Estimated cost is $21,000.
- The decline in volunteer programs in 2016 was the result of staff time dedicated to the goat grazing program that was experimentally tried in Purgatory and Civic Center Parks to control buckthorn and garlic mustard.
FORESTRY FUND - Public Works Department

Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Tax Levy</td>
<td>$116,000</td>
<td>$54,000</td>
<td>$54,000</td>
<td>$54,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>7,346</td>
<td>5,893</td>
<td>5,000</td>
<td></td>
<td>5,000</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$123,346</td>
<td>$59,893</td>
<td>$59,000</td>
<td>$59,000</td>
<td>$65,000</td>
</tr>
</tbody>
</table>

Expenditures by Program/Project

<table>
<thead>
<tr>
<th>Program/Project</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>EAB Program</td>
<td>$31,930</td>
<td>$15,427</td>
<td>$154,000</td>
<td>$30,000</td>
<td>$160,000</td>
</tr>
<tr>
<td>Natural Resources PW space</td>
<td>-</td>
<td>231,573</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$31,930</td>
<td>$247,000</td>
<td>$154,000</td>
<td>$30,000</td>
<td>$160,000</td>
</tr>
</tbody>
</table>

Surplus (Deficiency) of Revenues over (under) Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for Delayed Projects</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Beginning Available Fund Balance</td>
<td>$970,392</td>
<td>$1,061,808</td>
<td>$874,701</td>
<td>$874,701</td>
<td>$903,701</td>
</tr>
</tbody>
</table>

Ending Available Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending Available Fund Balance</td>
<td>$1,061,808</td>
<td>$874,701</td>
<td>$779,701</td>
<td>$903,701</td>
</tr>
</tbody>
</table>

Description of Services:

In 2018, the level of service will continue as 2017. The Forestry Fund was established beginning 2014 to finance asset-related costs associated with the arrival of the Emerald Ash Borer (EAB) insect. The insect was first detected in the Twin Cities in 2009 and will eventually infect and kill most if not all native ash trees. Currently the ash borer has been found in Eden Prairie and Plymouth. Ash trees comprise about seven percent of all tree species in Minnesota, and inventories of the city suggest there are approximately 60,000 ash trees in the city limits, which includes those in private yard areas, public parks, out-lots and public rights-of-way.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ash trees removed</td>
<td>253</td>
<td>346</td>
<td>300</td>
<td>325</td>
</tr>
<tr>
<td>Park trees replanted</td>
<td>166</td>
<td>134</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Stumps ground</td>
<td>30</td>
<td>134</td>
<td>70</td>
<td>80</td>
</tr>
<tr>
<td>High value ash trees treated</td>
<td>84</td>
<td>96</td>
<td>91</td>
<td>90</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:

Costs in the Forestry Fund reflect only the capital budget portion of the EAB program, which includes tree removal, stump grinding and reforestation. Until the eventual confirmation of the insects arrival within the city's borders, modest expenses are now anticipated in 2017, and therefore, balances will accrue to the fund for the expected future costs.

- By the end of 2018 it is anticipated that most ash trees will be removed from the maintained areas of parks and city owned properties (water towers, fire stations, etc.). Tree replacement numbers will decline because trees are not being replaced in woodland areas, outlots or right-of-ways.
- "Key Measure" numbers displayed above are projections based upon current experience with other diseased tree programs and early work with damaged and unhealthy ash trees. Only the highest priority, city-owned ash trees have had bi-annual injection treatments since 2015.
- The city has solicited a bulk rate for injection and has extended the pricing to residents that want to inject their elm and ash trees in order to protect them from Dutch Elm disease and EAB. In 2016, 617 ash and 22 elms were treated using this program. A City Council study session will be scheduled in 2018 to determine the city's policy relative to EAB and whether any cost sharing for tree removal will be available.
- In 2015, a Forestry Technician was added to the Natural Resources Division staff in order to proactively assist with the emerald ash borer (EAB) management plan. That person has now been elevated to the City Forester position and the vacancy will be filled in late 2017. Staff costs are reflected within the General Fund and are part of the previously approved city plan.
- In 2016, the public works building was expanded to accommodate the expanded natural resources staff along with the seasonal employees that assist with various summer tasks such as tree inspections, watering, resource restoration and development reviews.
- In 2014, almost $900,000 was received as a settlement for tree loss that was sustained in three parks as a result of the use of Imprelis, a broadleaf herbicide, used to control weeds. A portion of the settlement will be used for reforestation as soon as it is deemed "safe" to replant trees. The residual effects of the chemical are not well understood at this time so planting of new trees have been cautiously delayed.
ENVIRONMENTAL FUND - Public Works Department

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hennepin Recycling Grants</td>
<td>$153,851</td>
<td>$162,482</td>
<td>$150,000</td>
<td>$168,500</td>
<td>$168,500</td>
</tr>
<tr>
<td>Recycling Charges</td>
<td>747,436</td>
<td>794,427</td>
<td>810,000</td>
<td>814,300</td>
<td>824,200</td>
</tr>
<tr>
<td>Miscellaneous Rev</td>
<td>9,283</td>
<td>17,952</td>
<td>-</td>
<td>4,100</td>
<td>-</td>
</tr>
<tr>
<td>Investment Income</td>
<td>6,843</td>
<td>4,066</td>
<td>3,500</td>
<td>5,500</td>
<td>6,500</td>
</tr>
<tr>
<td>Contract Rebate</td>
<td>5,731</td>
<td>2,985</td>
<td>-</td>
<td>30,000</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$923,144</td>
<td>$981,912</td>
<td>$963,500</td>
<td>$1,022,400</td>
<td>$1,004,200</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$74,406</td>
<td>$77,361</td>
<td>$91,200</td>
<td>$93,200</td>
<td>$98,200</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,178</td>
<td>5,915</td>
<td>3,200</td>
<td>6,100</td>
<td>2,700</td>
</tr>
<tr>
<td>Collection Contract</td>
<td>611,711</td>
<td>583,707</td>
<td>592,600</td>
<td>592,600</td>
<td>608,000</td>
</tr>
<tr>
<td>Yard waste Program</td>
<td>88,144</td>
<td>53,852</td>
<td>68,000</td>
<td>68,000</td>
<td>58,500</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>9,837</td>
<td>216,698</td>
<td>13,300</td>
<td>208,100</td>
<td>212,400</td>
</tr>
<tr>
<td>Transfer To General Fund</td>
<td>186,900</td>
<td>-</td>
<td>192,500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$972,176</td>
<td>$937,533</td>
<td>$960,800</td>
<td>$968,000</td>
<td>$979,800</td>
</tr>
</tbody>
</table>

| Surplus (Deficiency) of Revenues over Expenditures | (49,032) | 44,379 | 2,700 | 54,400 | 24,400 |
| **Beginning Cash Reserve**       | $759,245   | 710,213   | 755,528   | 755,528     | 809,928     |
| **Ending Cash Reserve**          | $710,213   | $755,528  | $758,228  | $809,928    | $834,328    |

| Number of Employees (FTEs)       | 0.47        | 0.48       | 0.48       | 0.48        | 0.48        |

**Description of Services:**

The Environmental Fund was created to protect the natural environment of the community through the promotion of local environmental awareness, resource conservation and protection of environmentally sensitive areas. The fund pays for residential curbside recycling collection, a community recycling drop-off center, spring and fall leaf drop-offs, on-going storm and home maintenance related brush drop-offs, and two special household material drop-offs in the summer and fall.

**Key Measures:**

<table>
<thead>
<tr>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Curbside recycling picked up (tons)</td>
<td>4,975</td>
<td>4,930</td>
<td>4,900</td>
</tr>
<tr>
<td>Leaf recycling dropped off (cubic yards)</td>
<td>8,840</td>
<td>9,210</td>
<td>10,000</td>
</tr>
<tr>
<td>Special drop-off customers</td>
<td>950</td>
<td>2,000</td>
<td>2,100</td>
</tr>
<tr>
<td>Customers rating curbside svcs as &quot;good&quot; or &quot;excellent&quot;</td>
<td>95%</td>
<td>96%</td>
<td>96%</td>
</tr>
<tr>
<td>Households with organics collection</td>
<td>497</td>
<td>551</td>
<td>611</td>
</tr>
</tbody>
</table>

**Budget Comments/Issues:**

Commodity revenues for recycled materials, costs of the city's collection contract, and reduced recycling tonnages will require only a modest rate increase in 2018 from $4.10 to $4.15 per month. Similar to the Utility Fund, regular, annual increases will be required to bring the fund into long term structural balance and financial sustainability.

- The 2018 budget reflects increases in recycling fees charged by the city's contract vendor, which will increase by two percent in three categories: 1) residential pickup, 2) recycled material processing and 3) drop-off processing. The contract with Republic Services will expire at the end of 2018. The current contract has the provision to be extended, and staff will meet with the vendor in 2018 to investigate what options may be available to the city if the contract is extended.
- Although none had been anticipated, commodity revenues for the sale of recyclable materials rebounded in the first months of 2017 resulting in $21,000. By comparison, in 2016 only $4,000 from the sale of recyclables were realized.
- In 2018, the city will continue to conduct two special drop off events for Minnetonka residents. This is a convenient opportunity to dispose of household items at a reasonable cost.
- Approximately one-third of trash is now composed of organic matter but less than two percent of households have organic collection services. In order to meet the 2030 state goal to recycle 75 percent of waste generated, Hennepin County will be assisting cities with SCORE grant monies to promote organics collection services. A grant of $4,108 from Hennepin County in 2017 resulted in the signing up of 60 new households for organics recycling. Grant monies received in 2018, will have an increasing dependence on residents that separate organics from the general refuse waste stream.
- The cost for contract grinding of brush and trees was renegotiated in 2017 with a savings of approximately $50,000 for the service.
### Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Tax Levy</td>
<td>560,000</td>
<td>560,000</td>
<td>560,000</td>
<td>560,000</td>
<td>560,000</td>
</tr>
<tr>
<td>Park Dedication Fees</td>
<td>851,672</td>
<td>905,514</td>
<td>70,000</td>
<td>70,000</td>
<td>375,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>7,985</td>
<td>9,471</td>
<td>7,500</td>
<td>7,500</td>
<td>15,000</td>
</tr>
<tr>
<td>Local Grants/Agreements</td>
<td>-</td>
<td>50,000</td>
<td>90,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers In, incl. field fees</td>
<td>9,485</td>
<td>9,459</td>
<td>394,600</td>
<td>797,500</td>
<td>9,600</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>22,396</td>
<td>1,541</td>
<td>200,000</td>
<td>9,600</td>
<td>209,600</td>
</tr>
<tr>
<td>Totals</td>
<td>1,451,538</td>
<td>1,535,985</td>
<td>1,322,100</td>
<td>1,444,600</td>
<td>1,169,200</td>
</tr>
</tbody>
</table>

### Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Park Development</td>
<td>242,965</td>
<td>354,151</td>
<td>288,500</td>
<td>363,500</td>
<td>391,800</td>
</tr>
<tr>
<td>Trail Development</td>
<td>102,629</td>
<td>106,009</td>
<td>375,000</td>
<td>300,000</td>
<td>430,000</td>
</tr>
<tr>
<td>Maintenance-City Housing</td>
<td>28,092</td>
<td>3,263</td>
<td>65,000</td>
<td>65,000</td>
<td>35,000</td>
</tr>
<tr>
<td>Totals</td>
<td>373,686</td>
<td>463,423</td>
<td>728,500</td>
<td>728,500</td>
<td>856,800</td>
</tr>
</tbody>
</table>

### Surplus (Deficiency) of Revenues over (under) Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for Delayed Projects</td>
<td>1,552,000</td>
<td>1,244,529</td>
<td>1,254,129</td>
<td>1,254,129</td>
</tr>
<tr>
<td>Reserve for Athletic Field Maint.</td>
<td>48,000</td>
<td>52,429</td>
<td>447,029</td>
<td>1,244,529</td>
</tr>
<tr>
<td>Beginning Available Fund Balance</td>
<td>728,127</td>
<td>1,791,361</td>
<td>2,854,465</td>
<td>1,221,065</td>
</tr>
</tbody>
</table>

### Ending Available Fund Balance

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,791,361</td>
<td>2,854,465</td>
<td>3,053,465</td>
<td>1,221,065</td>
</tr>
</tbody>
</table>

### Description of Services:

The Park & Trail Improvement Fund was created to account for the purchase and development of parks and trails throughout the city. Because park dedication fees are a revenue source for this fund, state law requires it to be segregated and used only for park and trail acquisition and development. Athletic field fees are collected annually and reserved for future capital needs at each specific field. Trail construction often coincides with road construction projects and neighborhood developments.

### Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimate</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Miles of trails constructed</td>
<td>3.00</td>
<td>0.20</td>
<td>0.65</td>
<td>1.10</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

As indicated in the 2018-2022 CIP, the 2018 budget includes funds to construct pickle ball courts at Lone Lake Park and continues community supported investments in the trail system.

- For 2017, the budget included safety enhancements to existing city athletic fields, infrastructure enhancements for the Burwell House and a feasibility study for the Plymouth Road trail project currently scheduled for construction.
- For 2016, the budget included $150,000 to fund the acquisition of the land for Pioneer Park from Faith Presbyterian Church. The purchase agreement was approved by council on August 11, 2016.
- Revenues to the Parks & Trails Fund in 2015 and 2016 reflect a significant rise in the number of development projects in the city, which contribute park dedication fees. New construction may also contribute in-kind natural and/or public park improvements as well, and $1.445 million in the "reserve for delayed projects" above is to ensure funding is available to credit back fees to developers for such costs as needed.
- For 2016, the budget was amended to pay one-time property taxes associated with the purchase of the Cullen-Smith property in 2015.
- For 2015, the budget included trail segments on County Road 101 from County Road 3 to County Road 62 and on County Road 5, from Rainbow Drive to County Road 101, and costs for the projects are currently reflected in the "reserve for previously delayed projects" ($215,000). Anticipated revenue from the sale of property near Purgatory Park related to this fund has been revised to occur in 2018.
- "Reserve for delayed projects" also include other prior year appropriated funds for projects not yet completed but still scheduled. The larger of these are: completion of three 2014 road-related trail projects ($260,000); the city's 2012 comprehensive trail rehab project ($150,000); the Gray's Bay causeway ($250,000), POST Plan ($75,000); development related park improvement projects ($460,000); and Minnehaha Creek canoe landing ($50,000).
### COMMUNITY INVESTMENT FUND - Finance Department

#### Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>$166,802$</td>
<td>$103,817$</td>
<td>$150,000</td>
<td>$180,000</td>
<td>$190,000</td>
</tr>
<tr>
<td>Change in Value of Investments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>$157,500</td>
<td>$157,500</td>
<td>$157,500</td>
<td>$157,500</td>
<td>$157,500</td>
</tr>
<tr>
<td>Totals</td>
<td>$324,302$</td>
<td>$261,317$</td>
<td>$307,500</td>
<td>$337,500</td>
<td>$347,500</td>
</tr>
</tbody>
</table>

#### Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Arena Improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>500,000</td>
</tr>
<tr>
<td>Minnehaha Creek Corridor</td>
<td>$2,000$</td>
<td>-</td>
<td>$150,000</td>
<td>$150,000</td>
<td>-</td>
</tr>
<tr>
<td>Trail Improvement Plan</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$2,000$</td>
<td>-</td>
<td>$150,000</td>
<td>$150,000</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

Surplus/(Deficiency) of Revenues over/(under) Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for Delayed Projects</td>
<td>322,302</td>
<td>261,317</td>
<td>157,500</td>
<td>187,500</td>
<td>(152,500)</td>
</tr>
<tr>
<td>Beginning Fund Cash Balance</td>
<td>20,193,087</td>
<td>20,515,389</td>
<td>20,776,706</td>
<td>20,776,706</td>
<td>20,131,206</td>
</tr>
<tr>
<td>Total Ending Fund Cash Balance</td>
<td>$20,515,389</td>
<td>$20,776,706</td>
<td>$20,934,206</td>
<td>$20,131,206</td>
<td>$19,978,706</td>
</tr>
</tbody>
</table>

Required Fund Balance

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Fund Balance</td>
<td>$19,837,027</td>
<td>$19,853,707</td>
<td>$19,864,089</td>
<td>$19,864,089</td>
<td>$19,882,089</td>
</tr>
<tr>
<td>Annual net investment earnings</td>
<td>$166,802</td>
<td>$103,817</td>
<td>$180,000</td>
<td>$190,000</td>
<td>$190,000</td>
</tr>
</tbody>
</table>

### Description of Services:

The Community Investment Fund was created in 1989 to be used solely to pay the capital costs for projects of general benefit to the City of Minnetonka. The city charter provides that the principal of the fund will be increased by ten percent of the investment income each year, and if the principal is used for a project, it must either be repaid or other projects may not be funded until the principal is restored to its previous amount plus ten percent of investment earnings.

City ordinance establishes that the following priorities are to be used in determining which projects should be financed by the fund: **First**, projects that can be funded within the amount of the available investment earnings; **second**, projects that use principal funds and that have the capacity to repay the principal amount borrowed; and **third**, projects that use principal funds, have no other reasonable funding source, are non-revenue producing, require significant funding, and will provide otherwise unattainable community benefit.

In the past, the Community Investment Fund was used to assist in financing the construction and/or renovation of city facilities that include: the Lindbergh Center, Williston Center, the Ice Arena, Shady Oak Beach, the Arts Center, Gray's Bay Marina, and the Public Works Building on Minnetonka Boulevard.

### Budget Comments/Issues:

- Recovery from the 2008 economic recession continues to significantly reduce investment earnings to the fund, and as a result, balances available, as projected in the 2018-22 Capital Improvements Program (CIP), for future capital projects will continue to be diminished compared to historical. The adopted capital budget also provides a list of other significant projects for future consideration to be financed from the fund, including park and open space purchases, a Glen Lake Activity Center Facility, and Big Willow Park enhancements.
- The 2018 budget from the Community Investment Fund (CIF) is allocated for interfund loan payback for costs of necessary improvements to the city's ice arena constructed in 2015 using the Special Assessment Construction Fund. The adopted 2018-22 CIP dedicates a total of $600,000 to the project over the five years of the program.
- The 2017 budget from the Community Investment Fund (CIF) is allocated for the Upper Minnehaha Creek Corridor Project. Reserve for Delayed Projects above are funds appropriated for this project from 2013 through 2016.
- Other revenue to the fund also includes $63,000 annually transferred in from the General Fund until the year 2048 for ownership conveyance of the Arts Center on 7 to the Minnetonka Independent School District in 2010.
- Completed in 2011, $4.5 million from the CIF financed significant improvements to the city's Williston Fitness Center. Other revenue to the fund includes $94,500 annually over ten years for repayment of a portion of those costs from the center's user fees and revenue with a final payment due in 2020.
### JOINT RECREATION - Recreation Services Department

#### Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$908,586</td>
<td>$949,312</td>
<td>$1,024,300</td>
<td>$1,024,300</td>
<td>$1,128,300</td>
</tr>
<tr>
<td>Supplies</td>
<td>87,720</td>
<td>71,698</td>
<td>84,300</td>
<td>71,100</td>
<td>78,900</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>375,356</td>
<td>289,674</td>
<td>311,800</td>
<td>306,900</td>
<td>344,750</td>
</tr>
<tr>
<td>Other</td>
<td>9,485</td>
<td>9,459</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$1,381,147</td>
<td>$1,320,143</td>
<td>$1,420,400</td>
<td>$1,402,300</td>
<td>$1,551,950</td>
</tr>
</tbody>
</table>

#### Method of Financing

<table>
<thead>
<tr>
<th>Source</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,381,147</td>
<td>$1,320,143</td>
<td>$1,420,400</td>
<td>$1,402,300</td>
<td>$1,551,950</td>
</tr>
</tbody>
</table>

#### Number of Employees (FTEs)

- 2015: 5.65
- 2016: 6.35
- 2017: 6.35
- 2018: 6.85

#### Description of Services:

The mission of the Joint Recreation Division of the Recreation Services Department is to develop, provide and promote programs and facilities in anticipation of and in response to the recreational needs and interests of our community. The division administers a wide variety of programs and services for residents of Minnetonka and Hopkins. The net cost of the joint recreation program is shared by Minnetonka (67%) and the city of Hopkins (33%). Programs are offered in over 40 areas of interest for participants from infants to senior citizens. This division also oversees the operation of Shady Oak Beach, attended by over 50,000 people annually.

#### Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015</th>
<th>2016</th>
<th>2017 Estimated</th>
<th>2017 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program participants</td>
<td>NA</td>
<td>41,444</td>
<td>42,000</td>
<td>42,500</td>
</tr>
<tr>
<td>Adult sports teams registered</td>
<td>460</td>
<td>428</td>
<td>425</td>
<td>440</td>
</tr>
<tr>
<td>Youth sports participation</td>
<td>NA</td>
<td>1,123</td>
<td>1,150</td>
<td>1,200</td>
</tr>
<tr>
<td>Resident program participation</td>
<td>50.4%</td>
<td>52.1%</td>
<td>52.0%</td>
<td>52.0%</td>
</tr>
<tr>
<td>Expenses covered by fee revenues*</td>
<td>79.5%</td>
<td>83.2%</td>
<td>83.0%</td>
<td>83.0%</td>
</tr>
<tr>
<td>Shady Oak Beach season passes sold</td>
<td>4,029</td>
<td>4,003</td>
<td>3,912</td>
<td>4,000</td>
</tr>
<tr>
<td>Scholarships approved</td>
<td>97</td>
<td>130</td>
<td>120</td>
<td>120</td>
</tr>
<tr>
<td>Total value of scholarships approved</td>
<td>$3,493</td>
<td>$4,890</td>
<td>$4,500</td>
<td>$4,500</td>
</tr>
</tbody>
</table>

* Includes all recreational programming, facility rentals, and all enterprises under the management of the department.

#### Budget Comments/Issues:

In previous years, the cities of Hopkins and Minnetonka have separately employed part-time employees for playgrounds, warming houses and park attendants as required by each location. Beginning in 2018, Minnetonka will hire all such positions and will be reimbursed by the city of Hopkins, with an additional 5 percent added on for administrative costs. The costs are reflected above as an increase in personnel expenditures.

- Two new full-time program managers were hired in May 2017. The openings were a result of a resignation in June 2016 and a retirement in March 2017. With the additional programming staff, the department plans to expand youth and adult program offerings. The additional 0.5 FTE in the 2017 revised budget above is the result of more appropriately reflecting where staff time is dedicated and is offset by reductions in other division staffing elsewhere.

- Shady Oak Beach equipment rentals remained popular in 2016. Total rentals increased from 664 in 2015 to 906 in 2016. New programs were also offered to attract more users, including Stand Up Paddleboard Yoga for both teens and adults, and Sunset Beach Yoga. Total beach revenues increased in 2016 by $15,850 from the previous year. Shady Oak Beach season passes were made available for purchase online beginning in 2017, which resulted in strong early season sales.

- The department's revenues to expenditures ratio increased from 79.4% in 2015 to 83.2% in 2016. The Ice Arena was in full operation throughout the year which contributed to the increase. In 2015, a new refrigeration system was installed which resulted in decreased revenue during its installation.

- The department converted from Class to RecTrac in May 2015. As a result of this transition, accurate program participation numbers for 2015 were difficult to generate from the two registration systems. Therefore, no 2015 actual numbers have been entered into the "Program participants" and "Youth sports participation" key measures above.
MINNETONKA RECREATION - Recreation Services Department

Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$187,342</td>
<td>$166,861</td>
<td>$224,600</td>
<td>$225,600</td>
<td>$357,400</td>
</tr>
<tr>
<td>Supplies</td>
<td>$2,111</td>
<td>$3,930</td>
<td>$2,100</td>
<td>$1,000</td>
<td>$2,300</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$254,287</td>
<td>$269,923</td>
<td>$294,700</td>
<td>$278,700</td>
<td>$293,700</td>
</tr>
<tr>
<td>Other</td>
<td>$113,000</td>
<td>$113,000</td>
<td>$113,000</td>
<td>$113,000</td>
<td>$113,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$556,740</strong></td>
<td><strong>$553,714</strong></td>
<td><strong>$634,400</strong></td>
<td><strong>$618,300</strong></td>
<td><strong>$766,400</strong></td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>Source</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$556,740</td>
<td>$553,714</td>
<td>$634,400</td>
<td>$618,300</td>
<td>$766,400</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Budget</th>
<th>Revised</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.84</td>
<td>0.75</td>
<td>0.75</td>
<td>0.75</td>
</tr>
</tbody>
</table>

Description of Services:
The mission of the Minnetonka Recreation Division is to develop, provide and promote programs and facilities in anticipation of and in response to the recreational needs and interests of Minnetonka residents. Recreational amenities and programs included in this budget are primarily intended to serve residents of Minnetonka and include the Lindbergh Center, Music Association of Minnetonka programs, Glen Lake Skate Park, Libbs Lake Beach, outdoor ice rink operations, the Adopt-A-Sign program and seven summer playground program locations.

Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnetonka playground household registrations</td>
<td>820</td>
<td>863</td>
<td>819</td>
<td>850</td>
</tr>
<tr>
<td>Warming house days of operation</td>
<td>50</td>
<td>44</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Music Association participators</td>
<td>239</td>
<td>360</td>
<td>360</td>
<td>360</td>
</tr>
<tr>
<td>Adopt-A-Sign locations</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td>Music/Theater in the Park attendance</td>
<td>3,098</td>
<td>3,075</td>
<td>3,240</td>
<td>3,100</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget for Minnetonka Recreation includes additional funding for a new park and trail planner to advance the city's strategic goals of providing excellent recreational and transportation infrastructure through coordinated planning and administration. Minnetonka Recreation programming is annually reviewed and adjusted to provide programming that is desired by the community at the present time.

- "Personnel" costs above reflect seasonal and temporary employees hired annually, which may vary dependent upon the program offerings in a given year.
- The summer playground program continues to be a popular summer activity for Minnetonka residents ages 4-12. The program is free to participants and is held at seven locations. All sites registered over 115 participants in 2017. Staff will be exploring the option of charging participants for this program in 2018.
- Outdoor ice rinks are provided at six city park locations as well as two Hopkins School District locations at Glen Lake and Gatewood Elementary Schools. The Gatewood site has operated without a portable trailer since 2015 due to low attendance as well as electrical and ADA challenges. The city will continue to maintain ice at Gatewood in 2017-18.
- Attendance for the Tuesday evening Music in the Park series continues to increase. Ten concerts were originally scheduled for 2017 with one canceled due to weather. The average attendance for each concert was 290 people. Attendance for the four Theater in the Park performances in 2017 totaled 640. In addition to music and theater, there were three Movie in the Park dates in 2017.
- MAM added a new program in 2016 called “Chorus a la Carte” which allows participants to become involved in MAM for 4-6 week periods of time as opposed to the entire nine month season. This program had a total of 116 participants during the 2016-17 performance season. A choir camp for youth resulted in 42 new MAM participants as well. MAM musical opportunities are published in the Recreation Brochure.
SENIOR SERVICES - Recreation Services Department

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$238,725</td>
<td>$244,026</td>
<td>$267,300</td>
<td>$269,300</td>
<td>$267,100</td>
</tr>
<tr>
<td>Supplies</td>
<td>52,269</td>
<td>49,286</td>
<td>42,600</td>
<td>60,000</td>
<td>55,500</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>68,835</td>
<td>88,931</td>
<td>75,000</td>
<td>82,900</td>
<td>60,400</td>
</tr>
<tr>
<td>Totals</td>
<td>$359,829</td>
<td>$382,243</td>
<td>$384,900</td>
<td>$412,200</td>
<td>$383,000</td>
</tr>
</tbody>
</table>

Method of Financing

- General Fund
  - $359,829
  - $382,243
  - $384,900
  - $412,200
  - $383,000

Number of Employees (FTEs)

- 2.5
- 2.5
- 2.5
- 2.5
- 2.4

Description of Services:
The goals of Senior Services are to: broaden the knowledge and involvement of older residents; offer diverse programs and services; promote independent living; and encourage volunteerism. Under the leadership of professional staff, Senior Services provides a multi-purpose senior center that offers a wide range of leisure-time activities serving a diverse senior population as well addressing day-to-day living experiences. Senior programming includes day trips, group classes, healthcare services, defensive driving, special interest groups, a service skills bank, and meal/entertainment experiences. In addition, there are 32 special groups/clubs offered to residents. Some services are provided through contracts with private or non-profit organizations, and a portion of the costs for programs is recovered through fees.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program participant visits</td>
<td>NA</td>
<td>50,650</td>
<td>51,000</td>
<td>50,500</td>
</tr>
<tr>
<td>Programs offered</td>
<td>NA</td>
<td>323</td>
<td>335</td>
<td>325</td>
</tr>
<tr>
<td>Resident participation</td>
<td>72%</td>
<td>60%</td>
<td>61%</td>
<td>63%</td>
</tr>
<tr>
<td>Program participants</td>
<td>28,513</td>
<td>16,861</td>
<td>17,100</td>
<td>17,100</td>
</tr>
<tr>
<td>Senior volunteers used</td>
<td>235</td>
<td>240</td>
<td>240</td>
<td>240</td>
</tr>
<tr>
<td>Volunteer hours donated</td>
<td>16,200</td>
<td>16,300</td>
<td>16,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Senior Services Program Revenue</td>
<td>$135,881</td>
<td>$164,750</td>
<td>$180,000</td>
<td>$160,000</td>
</tr>
<tr>
<td>Landing Shop % of expenses covered</td>
<td>98%</td>
<td>105%</td>
<td>95%</td>
<td>95%</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget for Senior Services is intended to meet the needs of the growing 55+ demographic. In 2016, 60% percent of Minnetonka residents in this demographic participated in a city program, activity or membership.

- Staff forecasts fewer program visits and revenue in 2018 due to the city hall renovation/reorganization, which will diminish current program space for senior programs in the community center.
- 2016 and 2017 Senior Services program revenue increased significantly due to expansion of popular exercise programs (e.g. yoga), increased number of programs, and popular day-trip offerings.
- The 2016 program participant key measure shows a significantly reduced total due to the way the city's new registration system collects and reports data. The 2016 total will be the baseline for future comparison.
- The Landing Shop revenues covered all direct expenses in 2016. It is estimated that the shop will cover 95 percent of expenses in 2017.
- Volunteer hours donated by Senior Services participants annually exceed 16,000, which is estimated to equate to a cost savings value of roughly $195,000 each year.
COMMUNITY FACILITIES DIVISION - Recreation Services Department

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$316,740</td>
<td>$327,839</td>
<td>$356,300</td>
<td>$355,800</td>
<td>$340,300</td>
</tr>
<tr>
<td>Supplies</td>
<td>$28,403</td>
<td>$54,464</td>
<td>$56,000</td>
<td>$52,800</td>
<td>$54,500</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$118,208</td>
<td>$109,543</td>
<td>$132,700</td>
<td>$121,700</td>
<td>$127,900</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$463,351</td>
<td>$491,846</td>
<td>$545,000</td>
<td>$530,300</td>
<td>$522,700</td>
</tr>
</tbody>
</table>

**Method of Financing**

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$463,351</td>
<td>$491,846</td>
<td>$545,000</td>
<td>$530,300</td>
<td>$522,700</td>
</tr>
<tr>
<td>Cemetery Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$463,351</td>
<td>$491,846</td>
<td>$545,000</td>
<td>$530,300</td>
<td>$522,700</td>
</tr>
</tbody>
</table>

**Number of Employees (FTEs)**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees</td>
<td>3.37</td>
<td>3.37</td>
<td>3.37</td>
<td>3.37</td>
</tr>
</tbody>
</table>

**Description of Services:**
Community Facilities manages city-owned facilities including the Community Center, Glen Lake Activity Center, nine picnic shelters, athletic fields, Lindbergh Center and the Shady Oak Lake Cemetery. Except for the cemetery, all of the facilities offer a variety of rental spaces for community use. Fees vary dependent on the facility and type of group (resident, non-resident, non-profit). Picnic shelter permits are issued for Gro Tonka, Lone Lake and Shady Oak Park shelters in Minnetonka; and Burns, Central, Cottageville, Oakes, and Valley Park shelters in Hopkins.

**Key Measures:**

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Center rental revenue</td>
<td>$113,447</td>
<td>$108,637</td>
<td>$115,000</td>
<td>$110,000</td>
</tr>
<tr>
<td>Community Center hours reserved</td>
<td>$12,818</td>
<td>$12,175</td>
<td>$12,500</td>
<td>$12,200</td>
</tr>
<tr>
<td>Satellite facility hours reserved</td>
<td>$1,024</td>
<td>$786</td>
<td>$1,000</td>
<td>$1,100</td>
</tr>
<tr>
<td>Picnic shelter permits issued</td>
<td>$321</td>
<td>$288</td>
<td>$270</td>
<td>$300</td>
</tr>
<tr>
<td>Field fee revenue</td>
<td>$28,744</td>
<td>$28,664</td>
<td>$28,000</td>
<td>$28,000</td>
</tr>
</tbody>
</table>

**Budget Comments/Issues:**
The 2018 budget for the Community Facilities Division provides current level services.

- Banquet room improvements in the areas of audio visual, lighting and general interior/exterior appearance completed from 2013 - 2016 provide more flexible use of the room, thus making it more attractive to user groups.
- The 321 picnic shelter reservations in 2015 represent the most ever reserved in a year. The number of shelter rentals in 2017 is reduced due to both Burnes Park shelters (Hopkins) being closed for construction all summer.
- Consistent with the Council’s Strategic Plan, a market study is completed annually to determine fees for use of the Community Center and other recreational facilities.
- Total satellite facility hours were lower in 2016 due to the space being closed for maintenance and two regular users moving their meeting location.
### WILLISTON CENTER - Recreation Services Department

#### Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership Fees</td>
<td>$1,422,139</td>
<td>$1,495,167</td>
<td>$1,550,000</td>
<td>$1,610,000</td>
<td>$1,615,000</td>
</tr>
<tr>
<td>Tennis Lessons &amp; Court Fees</td>
<td>$603,288</td>
<td>$634,130</td>
<td>$625,000</td>
<td>$625,000</td>
<td>$630,000</td>
</tr>
<tr>
<td>Tennis Pro Shop</td>
<td>$13,885</td>
<td>$12,531</td>
<td>$14,500</td>
<td>$13,500</td>
<td>$14,000</td>
</tr>
<tr>
<td>Sports Training Fees</td>
<td>$10,379</td>
<td>$16,363</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Outside Participant Fees</td>
<td>$210,862</td>
<td>$217,308</td>
<td>$220,000</td>
<td>$220,000</td>
<td>$220,000</td>
</tr>
<tr>
<td>Batting Cage Income</td>
<td>$19,352</td>
<td>$18,641</td>
<td>$17,000</td>
<td>$17,500</td>
<td>$17,000</td>
</tr>
<tr>
<td>Rental Income</td>
<td>$19,011</td>
<td>$20,978</td>
<td>$16,000</td>
<td>$20,000</td>
<td>$21,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>$3,136</td>
<td>$7,432</td>
<td>$6,500</td>
<td>$6,500</td>
<td>$7,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$96,587</td>
<td>$115,111</td>
<td>$110,000</td>
<td>$120,000</td>
<td>$120,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$2,398,639</strong></td>
<td><strong>$2,537,661</strong></td>
<td><strong>$2,569,000</strong></td>
<td><strong>$2,642,500</strong></td>
<td><strong>$2,654,000</strong></td>
</tr>
</tbody>
</table>

#### Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$1,333,826</td>
<td>$1,459,590</td>
<td>$1,388,100</td>
<td>$1,388,100</td>
<td>$1,404,200</td>
</tr>
<tr>
<td>Supplies</td>
<td>$131,643</td>
<td>$192,816</td>
<td>$153,000</td>
<td>$151,800</td>
<td>$166,500</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$515,713</td>
<td>$512,159</td>
<td>$517,700</td>
<td>$531,100</td>
<td>$543,600</td>
</tr>
<tr>
<td>Transfer Expenses</td>
<td>$83,400</td>
<td>$46,800</td>
<td>$84,800</td>
<td>$47,300</td>
<td>$47,300</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$2,064,582</strong></td>
<td><strong>$2,211,365</strong></td>
<td><strong>$2,143,600</strong></td>
<td><strong>$2,118,300</strong></td>
<td><strong>$2,161,600</strong></td>
</tr>
</tbody>
</table>

#### Surplus (Deficiency) of Revenues over Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$334,057</td>
<td>$326,296</td>
<td>$425,400</td>
<td>$524,200</td>
<td>$492,400</td>
</tr>
</tbody>
</table>

#### Capital Outlay

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$241,920</td>
<td>$236,931</td>
<td>$234,500</td>
<td>$234,500</td>
<td>$409,500</td>
</tr>
</tbody>
</table>

#### Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.15</td>
<td>7.45</td>
<td>8.45</td>
<td>7.45</td>
</tr>
</tbody>
</table>

### Description of Services:

Recreational amenities at the Williston Fitness Center include: five indoor tennis courts, a 25-yard swimming pool, indoor splash pad, two aeroics studios, four baseball/softball batting cages, a multi-purpose gymnasium, indoor climbing structure, strength training equipment, cardio vascular equipment, whirlpool, and saunas. Minnetonka residents and non-residents may use the facility by paying a daily fee, or registering for a recreational class. In addition, Minnetonka residents may opt to purchase one of a variety of membership packages. Fees charged to users support the operation of the facility.

### Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average active members</td>
<td>8,023</td>
<td>8,356</td>
<td>9,200</td>
<td>9,200</td>
</tr>
<tr>
<td>Daily fee (non-member) participants</td>
<td>36,094</td>
<td>35,939</td>
<td>35,500</td>
<td>36,000</td>
</tr>
<tr>
<td>Total facility visits</td>
<td>293,369</td>
<td>300,184</td>
<td>310,000</td>
<td>310,000</td>
</tr>
<tr>
<td>Recreation program hours</td>
<td>8,551</td>
<td>8,500</td>
<td>8,500</td>
<td>8,500</td>
</tr>
<tr>
<td>Birthday party revenue</td>
<td>$35,155</td>
<td>$36,632</td>
<td>$36,650</td>
<td>$36,700</td>
</tr>
<tr>
<td>% of expenses covered by revenue</td>
<td>104%</td>
<td>104%</td>
<td>108%</td>
<td>112%</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

*The 2018 budget for the Williston Fitness Center reflects continued forecasted strength in the fund's financial position. Significant improvements to the facility completed mid-2011, including required primary infrastructure maintenance and new child-oriented amenities, are a driving factor behind the facility's recent and projected successes.*

- Membership rates and daily fees increased in January 2017. Williston continues to be on a "non-resident membership freeze" and has been since July 1, 2013.
- The reduction in full-time equivalent (FTE) positions for the revised 2017 budget reflects an appropriate reallocation of staff time amongst Recreation Services Department staff, which results in no net FTE changes overall.
- In August 2017 pool lighting fixtures were upgraded to LED luminaires and the main lobby received new carpet.
- Non-member usage (i.e. daily passes, private parties, programming) of the facility continues to be popular. The facility's child-oriented amenities and the fact that other local facilities offer a more expensive daily rate make Williston an obvious choice for those wishing to drop in.
- Facility visits is a combination of membership scans, daily visits and program participation, which provides an accurate number for usage of the facility.
ICE ARENA - Recreation Services Department

Revenues

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Rental</td>
<td>549,188$</td>
<td>596,285$</td>
<td>600,000$</td>
<td>625,000$</td>
<td>630,000$</td>
</tr>
<tr>
<td>Concessions</td>
<td>47,000</td>
<td>42,320</td>
<td>50,000</td>
<td>45,000</td>
<td>45,000</td>
</tr>
<tr>
<td>Programs &amp; Special Events</td>
<td>247,967</td>
<td>224,172</td>
<td>225,000</td>
<td>215,000</td>
<td>225,000</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>1,052</td>
<td>10,589</td>
<td>10,000</td>
<td>5,000</td>
<td>5,000</td>
</tr>
<tr>
<td>Transfers In</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>(2,998)</td>
<td>(2,194)</td>
<td>(1,400)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>892,209$</td>
<td>921,172$</td>
<td>933,600$</td>
<td>940,000$</td>
<td>955,000$</td>
</tr>
</tbody>
</table>

Expenditures by Category

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>532,834$</td>
<td>452,112$</td>
<td>447,300$</td>
<td>447,300$</td>
<td>458,600$</td>
</tr>
<tr>
<td>Supplies</td>
<td>63,001</td>
<td>46,175</td>
<td>83,800</td>
<td>84,700</td>
<td>79,300</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>251,122</td>
<td>305,774</td>
<td>253,400</td>
<td>284,800</td>
<td>323,700</td>
</tr>
<tr>
<td>Costs of Goods Sold</td>
<td>35,535</td>
<td>32,269</td>
<td>37,000</td>
<td>26,500</td>
<td>32,000</td>
</tr>
<tr>
<td>Transfer Expenses</td>
<td>62,400</td>
<td>31,200</td>
<td>63,300</td>
<td>31,500</td>
<td>31,500</td>
</tr>
<tr>
<td>Totals</td>
<td>944,892$</td>
<td>867,530$</td>
<td>884,800$</td>
<td>874,800$</td>
<td>925,100$</td>
</tr>
</tbody>
</table>

Surplus(Deficiency) of Revenues over Expenditures

<table>
<thead>
<tr>
<th>Product</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus</td>
<td>$ (52,683)</td>
<td>$ 53,642$</td>
<td>$ 48,800$</td>
<td>$ 65,200$</td>
<td>$ 29,900$</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>3.62</td>
<td>3.00</td>
<td>3.00</td>
<td>3.50</td>
</tr>
</tbody>
</table>

Description of Services:
The Minnetonka Ice Arena, under the management of the Recreation Services Department, provides ice time and programs to the surrounding community, as well as local special interest groups and individuals for the purpose of ice related recreational activities. Programs and activities include, but are not limited to hockey, figure skating, learn-to-skate programs and public skate sessions. Fees charged to users support the operation of the facility.

Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice rental hours sold</td>
<td>2,750</td>
<td>3,071</td>
<td>3,100</td>
<td>3,100</td>
</tr>
<tr>
<td>Registered skating lesson</td>
<td>1,186</td>
<td>1,137</td>
<td>1,200</td>
<td>1,200</td>
</tr>
<tr>
<td>Public skating/hockey hours offered</td>
<td>490</td>
<td>450</td>
<td>450</td>
<td>450</td>
</tr>
<tr>
<td>Public skating/hockey participants</td>
<td>4,000</td>
<td>4,300</td>
<td>4,300</td>
<td>4,300</td>
</tr>
<tr>
<td>Adult hockey teams utilizing facility</td>
<td>18</td>
<td>15</td>
<td>36</td>
<td>36</td>
</tr>
<tr>
<td>Total days of operation</td>
<td>327</td>
<td>340</td>
<td>340</td>
<td>340</td>
</tr>
<tr>
<td>Operating expenses covered by revenue, transfers in</td>
<td>94%</td>
<td>106%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:

Since completion of a major renovation in 2015, the Ice Arena has improved its financial footing. As a result of the restructured personnel and utility and maintenance savings with the new refrigeration renovation, the ice arena realized an operating cost reduction of over $133,000 in 2016 from 2014 expenditures.

- Beginning in the fall of 2017, city administered adult hockey leagues are now contracted out to a private organization to maintain consistent adult participation and financial stability during non-prime evening ice rental hours.
- The reduction in full-time equivalent (FTE) positions for the revised 2017 budget reflects an appropriate reallocation of staff time amongst Recreation Services Department staff, which results in no net FTE changes overall.
- Despite its solid record in maintaining strong demand for use of the facility, the Ice Arena historically struggled to generate enough revenues to meet its annual operating costs. Because this was in part due to mechanical failures of the aging facility, the city council advanced a capital project from 2018 to 2015 to replace the refrigeration system of Arena A. Additionally, the General Fund provided a one-time cash infusion of $200,000 to the enterprise fund in 2014 as well as an ongoing annual subsidy of $50,000 beginning 2015.
- At a cost of $1.5 million, the 2015 capital improvement of Ice Arena A included replacement of the refrigeration system to meet federal guidelines away from R22 refrigerant and a new state of the art dasher board system that includes enhanced safety characteristics.
- Decreases in 2015 revenues, ice rental hours and participation numbers are a result of ice time lost to complete the Ice Arena A refrigeration and dasher board replacement project.
ICE ARENA IMPROVEMENT FUND - Recreation Services Department

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SACF, Transfer In/Out</td>
<td>1,600,000</td>
<td>(247,800)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest on Investments</td>
<td>7,935</td>
<td>1,237</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$ 1,607,935</strong></td>
<td><strong>$ (246,563)</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Arena A Project</td>
<td>$ 1,409,412</td>
<td>$ 51,656</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Interfund Loan Repayment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$ 1,409,412</strong></td>
<td><strong>$ 51,656</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
</tr>
</tbody>
</table>

| Surplus (Deficiency) of Revenues  |             |             |             |              |             |
| over Expenditures                 | 198,523     | (298,219)   | -           | -            | -           |
| Reserve for Delayed Projects      | -           | -           | -           | -            | -           |

| Beginning Fund Balance            | 99,696      | 298,219     | -           | -            | -           |

| Ending Fund Balance               | $ 298,219   | $ -         | $ -         | $ -          | $ -         |

**Description of Services:**
The Ice Arena Improvement Fund was created in 2014 to finance the replacement of Rink A refrigeration system, rink floor, and dasher boards. The adopted 2015-19 Capital Improvements Program (CIP) originally scheduled the project in 2018 to meet federal law changes effective in 2020 that eliminated R22 refrigerant. Instead, the project has been advanced for construction in 2014 and 2015 with a transfer of proceeds from the city Special Assessment Construction Fund.

**Key Measures:**

<table>
<thead>
<tr>
<th>Avg monthly electricity demand (kW)</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>235</td>
<td>186</td>
<td>185</td>
<td>185</td>
</tr>
</tbody>
</table>

**Budget Comments/Issues:**
The Ice Arena project was completed in the fall of 2015, on time and under budget. The 2018-22 CIP anticipates payback of the cost to the Special Assessment Construction Fund over the five years from 2018 to 2021 from the Community Investment Fund (CIF), but will ultimately depend upon actual and future investment earnings of the CIF.

- In 2016, the first full year of operations using the new reconstructed refrigeration system, the facility realized savings of over $133,000 below actual 2014 operating expenses. Staff also estimates that advance funding of the project saved more than $250,000 in construction costs.
- Construction during the project resulted a one-time loss of around $65,000 in revenue to the Ice Arena in 2015.
## GRAY’S BAY MARINA - Recreation Services Department

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slip Rental</td>
<td>$112,050</td>
<td>$113,120</td>
<td>$113,100</td>
<td>$114,800</td>
<td>$113,600</td>
</tr>
<tr>
<td>Fuel Sales</td>
<td>129,648</td>
<td>123,404</td>
<td>115,000</td>
<td>135,000</td>
<td>118,000</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1,605</td>
<td>1,307</td>
<td>1,100</td>
<td>1,100</td>
<td>1,100</td>
</tr>
<tr>
<td>Investment Income</td>
<td>3,702</td>
<td>2,640</td>
<td>2,000</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$247,005</strong></td>
<td><strong>$240,471</strong></td>
<td><strong>$231,200</strong></td>
<td><strong>$253,400</strong></td>
<td><strong>$235,200</strong></td>
</tr>
</tbody>
</table>

### Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$47,811</td>
<td>$37,409</td>
<td>$53,500</td>
<td>$42,900</td>
<td>$49,500</td>
</tr>
<tr>
<td>Supplies</td>
<td>96,102</td>
<td>80,241</td>
<td>100,600</td>
<td>96,500</td>
<td>100,800</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>36,956</td>
<td>45,732</td>
<td>38,400</td>
<td>52,400</td>
<td>51,900</td>
</tr>
<tr>
<td>Transfer Expenses</td>
<td>25,100</td>
<td>11,000</td>
<td>25,400</td>
<td>11,100</td>
<td>11,100</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$205,969</strong></td>
<td><strong>$174,382</strong></td>
<td><strong>$217,900</strong></td>
<td><strong>$202,900</strong></td>
<td><strong>$213,300</strong></td>
</tr>
</tbody>
</table>

### Surplus (Deficiency) of Revenues over Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$41,036</strong></td>
<td><strong>$66,089</strong></td>
<td><strong>$13,300</strong></td>
<td><strong>$50,500</strong></td>
<td><strong>$21,900</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>0.20</strong></td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
<td>0.20</td>
</tr>
</tbody>
</table>

### Description of Services:

Grays Bay Marina is managed by the Recreation Services Department and is open April 1-October 31, weather and ice-out dates permitting. The facility offers 29 boat slips that are leased to Minnetonka residents only. The site is staffed mid-April through October 31 and offers fuel, pump-out service, restrooms and public launch facilities. Lease fees and gas sales finance operation and maintenance of the facility. Through a joint powers agreement, the City is responsible for all capital outlay for City-owned amenities such as the service building and boat slip/service docks, with the DNR proving the funding for public areas of the park such as the public landing, boarding docks, and parking lot.

### Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gallons of gas sold on site</td>
<td>26,454</td>
<td>27,512</td>
<td>30,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Days of operation</td>
<td>200</td>
<td>200</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td>Slip lease rate</td>
<td>$3,900</td>
<td>$3,900</td>
<td>$3,900</td>
<td>$3,900</td>
</tr>
<tr>
<td>Operating expenses covered by revenue</td>
<td>120%</td>
<td>138%</td>
<td>125%</td>
<td>110%</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

The 2018 budget for Grays Bay Marina provides current level services and a strong financial position for the fund.

- Replacement security camera equipment was installed in 2016.
- 2016 gas sales were 13 percent higher than average.
- Thirty-five percent of the LMCD dues are funded through the marina operations budget and is shown as "Other Services & Charges," and the remainder is funded and paid by the Natural Resources Division of the Public Works Department.
COMMUNITY DEVELOPMENT DIVISION - Community Development Department

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$1,354,655</td>
<td>$1,344,113</td>
<td>$1,462,200</td>
<td>$1,463,200</td>
<td>$1,535,700</td>
</tr>
<tr>
<td>Supplies</td>
<td>23,496</td>
<td>41,250</td>
<td>19,300</td>
<td>19,300</td>
<td>16,500</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>194,550</td>
<td>217,526</td>
<td>205,200</td>
<td>216,600</td>
<td>226,200</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>2,034</td>
<td>630</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$1,574,735</td>
<td>$1,603,519</td>
<td>$1,686,700</td>
<td>$1,699,100</td>
<td>$1,778,400</td>
</tr>
</tbody>
</table>

Method of Financing

| General Fund                     | $1,574,735  | $1,603,519  | $1,686,700  | $1,699,100   | $1,778,400  |

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12.50</td>
<td>13.10</td>
<td>13.10</td>
<td>13.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>13.25</td>
</tr>
</tbody>
</table>

Description of Services:

The mission of the Community Development Department is to promote building safety through education and inspections, and to promote community vitality through housing, redevelopment, and transit. The department educates residents and businesses about code compliance and assists them in developing a safer, healthier community by sharing clear, timely information with residents and businesses. Community Development also provides housing and redevelopment services for the city, and coordinates certain transit services, including the Minnetonka Dial-A-Ride. Building inspections are provided to Deephaven, Woodland and Greenwood via a contract for services.

Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2017 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Permits issued</td>
<td>7,924</td>
<td>7,800</td>
<td>7,250</td>
<td>7,150</td>
</tr>
<tr>
<td>Building construction value</td>
<td>$264 million</td>
<td>$146 Million</td>
<td>$207 million</td>
<td>$206 Million</td>
</tr>
<tr>
<td>Residential building plan reviews</td>
<td>764</td>
<td>698</td>
<td>700</td>
<td>675</td>
</tr>
<tr>
<td>Agenda items prepared</td>
<td>247</td>
<td>258</td>
<td>300</td>
<td>300</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:

As projected, construction activity in 2018 continues to trend slightly lower than in previous years but still supports population growth and associated service orientated development. The 2018 budget for the department includes additional funding ($22,000) to increase the hours for one permanent part-time technician to ensure timely customer service and response related to permitting.

- A tight labor market for the specialized skills required of city permit inspectors continues to be a challenge for the department. Staff appropriately relies upon part-time and contracted employees for these services to meet customer needs during high need periods. As a result, customer wait time is improving.
- The number of permits issued is expected to be steady with a slight decrease in 2018.
- Interest in apartment development continues to be strong with larger structures and more amenities. Office and industrial remodels are also providing positive permit activity.
- With the implementation of our new electronic plan review system, the city is anticipating a much more streamlined plan review process, which should translate to reduced plan review time and more time available for field inspections.
PLANNING DIVISION - Community Development Department

Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$556,082</td>
<td>$546,283</td>
<td>$608,000</td>
<td>$610,000</td>
<td>$623,900</td>
</tr>
<tr>
<td>Supplies</td>
<td>6,734</td>
<td>2,911</td>
<td>3,800</td>
<td>3,800</td>
<td>3,800</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>37,665</td>
<td>104,980</td>
<td>107,500</td>
<td>100,300</td>
<td>118,500</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td></td>
<td>5,316</td>
<td>2,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$600,481</td>
<td>$659,490</td>
<td>$721,300</td>
<td>$714,100</td>
<td>$746,200</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>Method of Financing</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$600,481</td>
<td>$659,490</td>
<td>$721,300</td>
<td>$714,100</td>
<td>$746,200</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>FTEs</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
<td>6.00</td>
</tr>
</tbody>
</table>

Description of Services:
The mission of the Planning Division is to champion the values of the community by guiding development and protecting the environment. The division serves Minnetonka by providing a long-range plan for the city, reviewing new development applications to ensure that development standards are met, and providing information and assistance to residents, businesses, other city departments, and developers.

Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning applications received</td>
<td>116</td>
<td>133</td>
<td>90</td>
<td>95</td>
</tr>
<tr>
<td>Building permits reviewed</td>
<td>1,007</td>
<td>1,853</td>
<td>1,200</td>
<td>1,500</td>
</tr>
<tr>
<td>Grading permits issued</td>
<td>1</td>
<td>15</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Sign permits issued</td>
<td>108</td>
<td>110</td>
<td>80</td>
<td>90</td>
</tr>
<tr>
<td>Public meetings</td>
<td>74</td>
<td>87</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The Planning Division is fully staffed and continues to experience a heavy work flow as a result of development requests. Funding for the Planning Division includes $85,000 in 2018 for work on the city’s long term 2040 Comprehensive Plan. This is the third and final year of this project budget, and any of the project funds not spent in one fiscal year is transferred to the Development Fund to ensure its completion.

- The overall number of planning applications is expected to remain steady from 2018. At the same time, the complexity and scale of these applications continues to increase. Site plan applications associated with these require far more staff time than variance applications for home additions. Public outreach prior to construction, has also increased.

- Staff anticipates projects requiring more time and public interaction will be received in the coming years as redevelopment around Ridgedale continues and the Green Line Extension (SWLRT) is constructed.
ASSESSING DIVISION - Finance Department

Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$540,839</td>
<td>$563,264</td>
<td>$621,900</td>
<td>$621,900</td>
<td>$648,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>$4,111</td>
<td>$2,354</td>
<td>$4,500</td>
<td>$2,900</td>
<td>$4,000</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$114,665</td>
<td>$112,392</td>
<td>$140,800</td>
<td>$132,400</td>
<td>$142,900</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$659,915</td>
<td>$678,010</td>
<td>$767,200</td>
<td>$757,200</td>
<td>$794,900</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>Method of Financing</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$659,915</td>
<td>$678,010</td>
<td>$767,200</td>
<td>$757,200</td>
<td>$794,900</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>FTEs</td>
<td>5.60</td>
<td>5.60</td>
<td>5.60</td>
<td>5.60</td>
</tr>
</tbody>
</table>

Description of Services:

The mission of the Assessing Division is to establish accurate and equitable market values by recording property characteristics and conducting sales analyses of the approximately 20,600 parcels in the city, including real and personal property, residential, industrial, and tax exempt. After the division values parcels of real property in the city, as required by state law, it mails value notices to property owners in March. Property owners' concerns or appeals are addressed by staff and by the city council sitting as the Local Board of Appeal and Equalization in April. The council has local real estate professionals advise them when considering market value appeals, while staff works with commercial property owners regarding their petitions to State Tax Court. The division also administers the homestead classification, special assessments, and serves as the repository for current and historical property information within the city.

Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total market values</td>
<td>$8.39 billion</td>
<td>$8.73 billion</td>
<td>$9.14 billion</td>
<td>$9.32 billion</td>
</tr>
<tr>
<td>Sales ratio (targets revised annually by county)</td>
<td>97.3%</td>
<td>95.7%</td>
<td>95.6%</td>
<td>96.5%</td>
</tr>
<tr>
<td>Coefficient of dispersion (Less than 10 is &quot;good.&quot;)</td>
<td>6.4</td>
<td>7.5</td>
<td>6.6</td>
<td>7.0</td>
</tr>
<tr>
<td>Special assessment manual information requests</td>
<td>874</td>
<td>979</td>
<td>125</td>
<td>100</td>
</tr>
<tr>
<td>Survey rating &quot;excellent&quot; or &quot;good&quot; from on-site appraisal visits</td>
<td>97%</td>
<td>97%</td>
<td>100%</td>
<td>97%</td>
</tr>
<tr>
<td>Commercial tax court petitions (payable year)</td>
<td>110</td>
<td>85</td>
<td>68</td>
<td>80</td>
</tr>
<tr>
<td>Assessing repository electronically filed (cumul.)</td>
<td>80%</td>
<td>90%</td>
<td>100%</td>
<td>NA</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:

The 2018 budget for the Assessing Division generally supports current level services. Fluctuation in the real estate market can increase the workload of the division with required revaluation of properties due to new developments and other improvements.

- Because the city experienced a precipitous rise in special assessment requests for information in 2015 and 2016, the division purchased the use of software to make special assessment information by parcel available to the public online. As a result, only a fraction of such needs now require staff time beginning 2017.
- Since restructuring and reducing full-time staffing numbers in the division during the recession, seasonal interns serve a critical role in managing the division's workload.
- Commercial property values have shown steady growth from 2015 through 2017, which is reflected in the declining number of tax court petitions. Upward movement of the commercial real estate market makes it less attractive for smaller properties to file appeals. Despite the reduced number of cases, the total value under appeal increased by 2.4 percent over the same period. Staff proactively seeks multiyear agreements that include the current year before taxes are levied.
DEVELOPMENT FUND - Community Development Department

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>$18,933</td>
<td>$13,549</td>
<td>$15,000</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>TIF-related Levy Proceeds</td>
<td>200,000</td>
<td>200,000</td>
<td>270,000</td>
<td>270,000</td>
<td>270,000</td>
</tr>
<tr>
<td>Other Grants</td>
<td>-</td>
<td>250,000</td>
<td>200,000</td>
<td>150,000</td>
<td>200,000</td>
</tr>
<tr>
<td>TIF Admin Revenue</td>
<td>127,697</td>
<td>107,584</td>
<td>127,000</td>
<td>127,000</td>
<td>130,000</td>
</tr>
<tr>
<td>Cedar Ridge Assessments</td>
<td>56,196</td>
<td>56,346</td>
<td>54,000</td>
<td>54,000</td>
<td>52,000</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>48,846</td>
<td>42,277</td>
<td>-</td>
<td>57,334</td>
<td>40,936</td>
</tr>
<tr>
<td>Transfers In</td>
<td>350,000</td>
<td>75,000</td>
<td>50,000</td>
<td>75,000</td>
<td>40,936</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$801,672</td>
<td>$744,756</td>
<td>$716,000</td>
<td>$748,334</td>
<td>$748,872</td>
</tr>
</tbody>
</table>

### Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redevelopment Projects</td>
<td>242,056</td>
<td>17,360</td>
<td>45,000</td>
<td>49,061</td>
<td>50,000</td>
</tr>
<tr>
<td>Transit Projects/Programs</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Economic Development Programs</td>
<td>14,595</td>
<td>25,000</td>
<td>40,000</td>
<td>40,000</td>
<td>40,000</td>
</tr>
<tr>
<td>Transfer to SACF</td>
<td>197,266</td>
<td>179,619</td>
<td>200,000</td>
<td>150,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>179,619</td>
<td>200,000</td>
<td>150,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Transfer Out, Indirect Costs</td>
<td>59,400</td>
<td>59,400</td>
<td>61,200</td>
<td>61,200</td>
<td>62,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>$513,317</td>
<td>$479,845</td>
<td>$543,500</td>
<td>$497,561</td>
<td>$549,300</td>
</tr>
</tbody>
</table>

### Surplus (Deficiency) of Revenues over Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>$2,062,529</td>
<td>$2,350,884</td>
<td>$2,615,795</td>
<td>$2,866,568</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>$2,350,884</td>
<td>$2,615,795</td>
<td>$2,788,295</td>
<td>$3,066,140</td>
</tr>
</tbody>
</table>

### Number of Employees (FTEs)

- -

### Description of Services:

The Development Fund was created with funds remaining after retiring the bonds of a single Tax Increment Finance (TIF) district in 1993. Under provisions of the TIF contract and law, the Development Fund may only be used for costs associated with Minnetonka's redevelopment and economic development activities. The city's Economic Development Authority initiates projects appropriate to these activities.

### Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>Estimated</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development/redevelopment projects in progress</td>
<td>7</td>
<td>0</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Predevelopment contacts</td>
<td>2</td>
<td>0</td>
<td>2</td>
<td>10</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

The 2017 adopted budget authorized a temporary interfund loan of $82,000 in 2016 for the early purchase of planning software for the Community Development Department. Initial payback of $75,000 of this amount in 2017 is indicated above as a "transfer in" of $50,000 from the Technology Fund per the adopted 2017 capital budget plus $25,000 from the department's general fund operating budget. The remaining purchase price reimbursement is budgeted in the department's budget in 2018.

- 2018 revenue to the Development Fund includes additional dollars, which is a temporary funding stream of returned tax increment proceeds from Boulevard Gardens Tax Increment Finance (TIF) District. The annual amount has increased due to improved market values of the district and is scheduled to continue through the life of the district ending 2021.
- The 2018 budget does not include any additional funding for loan repayment to be paid to the Special Assessment Construction Fund for the Shady Oak Road / Oak Drive Lane project, because the plan includes selling the property in 2018 to fully repay the special assessment loan.
- 2016 revenue includes $75,000 previously budgeted in the General Fund to be transferred into the Development Fund and reserved for costs of the city's 20-year Comprehensive Plan. An additional $170,000 in costs for the project will be budgeted and spent out of the planning division's operating budget in 2017 and 2018, $85,000 each year.
- In 2012, the city approved establishment of the Cedar Ridge Housing Improvement Area (HIA). Revenues to offset these costs that were incurred in 2012 and 2013 will be realized over time through special assessments to the property owners. Income for 2016 is expected to be approximately $52,000.
- Funds budgeted for "Redevelopment Projects" are for pre-development activities as recommended by the Economic Development Advisory Commission (EDAC). In prior years, these costs were noted under "Other."
- Expenditures under Economic Development Programs are used to fund the Open to Business program, which is administered by a third-party contractor. Also included is the city's GreaterMSP membership costs.
### HOUSING & REDEVELOPMENT AUTHORITY FUND

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Tax Levy</td>
<td>$171,616</td>
<td>$171,508</td>
<td>$175,000</td>
<td>$175,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Investment Interest</td>
<td>$3,347</td>
<td>$3,380</td>
<td>$2,000</td>
<td>$2,000</td>
<td>$3,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$174,963</strong></td>
<td><strong>$174,888</strong></td>
<td><strong>$177,000</strong></td>
<td><strong>$177,000</strong></td>
<td><strong>$253,000</strong></td>
</tr>
</tbody>
</table>

**Expenditures by Category**

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHAHLT (in Mtka Liv Commtty Fd)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Village Center Master Planning</td>
<td>139,259</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SWLRT</td>
<td>-</td>
<td>-</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Housing Programs</td>
<td>-</td>
<td>51,888</td>
<td>100,000</td>
<td>39,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>139,259</strong></td>
<td><strong>51,888</strong></td>
<td><strong>175,000</strong></td>
<td><strong>114,000</strong></td>
</tr>
</tbody>
</table>

**Surplus (Deficiency) of Revenues over Expenditures**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for Delayed Projects</td>
<td>35,704</td>
<td>123,000</td>
<td>2,000</td>
<td>63,000</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td><strong>557,793</strong></td>
<td><strong>680,793</strong></td>
<td><strong>682,793</strong></td>
<td><strong>685,793</strong></td>
</tr>
</tbody>
</table>

### Description of Services:

Minnesota Statutes 469.033, Subd. 6 authorizes housing and redevelopment authorities (HRAs) the power to levy a tax upon all property within its district to finance housing and redevelopment programs subject to the consent of the city council. In 1988 and amended in 1994 and 2010, the Minnetonka City Council established the Economic Development Authority (EDA) of the City of Minnetonka and transferred to the EDA the control, authority and operation of all projects and programs of the city's HRA. The law and council resolutions further require the EDA to file a budget in accordance with the budget procedure of the city in the same manner as required of executive departments of the city and all actions of the authority to be approved by the city council.

### Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>Estimated</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing rehab loan issued &lt;$15,000</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Average amount of rehab loan</td>
<td>$13,398</td>
<td>$14,991</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>Down payment assistance provided &lt;$10,000</td>
<td>1</td>
<td>5</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Average amount of down payment loans</td>
<td>$10,000</td>
<td>$7,715</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

The 2018 Housing and Redevelopment Authority (HRA) budget includes funding for the West Hennepin Affordable Land Trust (WHAHLT), supplemental funding for the city's two housing loan programs, and the city's second year of a ten-year payback for its commitment the Southwest Light Rail Transit project. The annual budget of the HRA Fund is reviewed by the Economic Development Advisory Committee (EDAC).

- The city launched two housing improvement programs in June 2011, Minnetonka Home Enhancement (rehab) and Welcome to Minnetonka (down payment). Because the pace of actually making loans was slower than expected until 2014, the city did not supply new funding for the programs. The funds previously provided are expected to be exhausted in early 2016 and are reflected above in the Reserve for Delayed Projects. In 2016, the city experienced an uptick in interest in the Minnetonka Home Enhancement and Welcome to Minnetonka programs, and all funds were fully committed by fall of 2016. Additional dollars are included in the 2018 levy to fund the program in future years.
- Beginning in 2018, WHAHLT (Homes Within Reach), will be funded through the HRA Levy. HWR will receive $100,000 in 2018 and 2019. In 2020, the HRA contribution will be reduced to $25,000 annually to assist with property maintenance.
- In July of 2017, GHMC, will no longer process the city's loan programs. The Center for Energy and Environment now processes the loan applications for the Welcome to Minnetonka and Minnetonka Home Enhancement Programs. Community Reinvestment Fund (CRF) continues to service the loans for the city.
- Reserve for Delayed Projects includes funding for Housing programs, Business Outreach, SWLRT and marketing.
- Because HRA levies are specifically covered as separate levies under state law, proposed property tax notices and invoices to property owners identify the levy as a "special taxing district" separate from the city.
MINNETONKA LIVABLE COMMUNITIES FUND - Community Development Department

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Income</td>
<td>3,151</td>
<td>937</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td>Metropolitan Council Grants</td>
<td>65,000</td>
<td>21,500</td>
<td>150,000</td>
<td>110,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Transfer In, from HRA Levy</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$68,151</strong></td>
<td><strong>$22,437</strong></td>
<td><strong>$151,000</strong></td>
<td><strong>$111,000</strong></td>
<td><strong>$201,000</strong></td>
</tr>
</tbody>
</table>

### Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mtka Heights / Crown Ridge</td>
<td>26,821</td>
<td>9,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>WHAHLT/City Grant</td>
<td>241,770</td>
<td>331,354</td>
<td>100,000</td>
<td>134,000</td>
</tr>
<tr>
<td>WHAHLT/Met Council</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>110,000</td>
</tr>
<tr>
<td>Legal/Other</td>
<td>22,200</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$268,591</strong></td>
<td><strong>$362,554</strong></td>
<td><strong>$100,000</strong></td>
<td><strong>$244,000</strong></td>
</tr>
</tbody>
</table>

### Surplus (Deficiency) of Revenues over Expenditures

- Beginning Fund Balance: 955,156
- Reserve for prior obligations: -
- Ending Fund Balance: 754,716

### Description of Services:

The Livable Communities fund was created after receiving special legislation to develop an account from the revenues of a closed Tax Increment Finance (TIF) district. The legislation specifically restricts the use of these funds for affordable housing programs. Standards for affordability are consistent with the Metropolitan Council's income, rent and sales price limits. Uses of the fund are annually recommended by the city's Economic Development Advisory Commission (EDAC) and adopted by the city council herein.

### Key Measures:

<table>
<thead>
<tr>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total WHAHLT units in Minnetonka</td>
<td>55</td>
<td>56</td>
<td>57</td>
</tr>
<tr>
<td>Average sales price of WHAHLT unit</td>
<td>$135,000</td>
<td>$140,000</td>
<td>$145,000</td>
</tr>
<tr>
<td>Percent of Met Council housing goals achieved</td>
<td>41%</td>
<td>50%</td>
<td>55%</td>
</tr>
<tr>
<td>Median value of Minnetonka home</td>
<td>$317,800</td>
<td>$323,400</td>
<td>$332,800</td>
</tr>
<tr>
<td>Change from previous year</td>
<td>6.9%</td>
<td>1.8%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

### Budget Comments/Issues:

Due to structural imbalance of the fund, the Livable Communities Fund balance is projected to decrease over time. In 2009, the city's Economic Development Authority (EDA) and the Minnetonka city council adopted a Housing & Redevelopment Authority (HRA) levy to potentially supplement this fund for the purposes of affordable housing.

- The city provides annual financial support to the West Hennepin Affordable Housing Land Trust (WHAHLT), or Homes Within Reach. The city generally provides around $225,000 annually through 2016, and WHAHLT has two years to use each year's allotment. "Reserve for prior obligations" are the portion of the prior year WHAHLT allotment that may still be spent in the current fiscal year. After accounting for the final three years of commitment ($675,000) per the adopted Economic Improvement Program (EIP), it is anticipated that balances will be exhausted in this fund in 2017. The negative ending balance in 2017 will be reconciled over the next two years relative to the lines of credit previously granted to WHAHLT.

- As outlined in the EIP, annual funding to Homes within Reach will be reduced to $100,000 in 2017 and 2018. The balance of the final three-year commitment in this fund is $250,000.

- $364,000 in revenue and additional expenditures for WHAHLT from 2012 to 2018 are a pass-through grant from the Metropolitan Council, which the non-profit is using to fund scattered-site affordable housing.

- New Metropolitan Council housing goals began in 2011, making the percentage of achievement drop as noted above. The percentages are based on an allocation goal established by the Met Council, and the City of Minnetonka's goal is 246 affordable housing units to be provided between 2011 and 2020. In 2018, it is expected that 55% of this goal will be met.
COMMUNITY DEVELOPMENT BLOCK GRANT FUND - Community Development Dept.

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Grant</td>
<td>$244,088</td>
<td>$128,359</td>
<td>$160,000</td>
<td>$157,386</td>
<td>$98,900</td>
</tr>
<tr>
<td>Investment Income</td>
<td>867</td>
<td>415</td>
<td>800</td>
<td>400</td>
<td>600</td>
</tr>
<tr>
<td>Program Income</td>
<td>36,879</td>
<td>30,917</td>
<td>20,000</td>
<td>53,407</td>
<td>20,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$281,834</strong></td>
<td><strong>$159,691</strong></td>
<td><strong>$180,800</strong></td>
<td><strong>$211,193</strong></td>
<td><strong>$119,500</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Rehabilitation</td>
<td>$295,164</td>
<td>$125,687</td>
<td>$120,000</td>
<td>$122,205</td>
<td>$65,500</td>
</tr>
<tr>
<td>Support Services</td>
<td>17,404</td>
<td>15,311</td>
<td>25,000</td>
<td>23,607</td>
<td>10,500</td>
</tr>
<tr>
<td>Administration</td>
<td>-</td>
<td>-</td>
<td>10,000</td>
<td>10,000</td>
<td>22,000</td>
</tr>
<tr>
<td>Fair Housing</td>
<td>1,570</td>
<td>1,000</td>
<td>2,000</td>
<td>1,574</td>
<td>900</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$314,138</strong></td>
<td><strong>$141,998</strong></td>
<td><strong>$157,000</strong></td>
<td><strong>$157,386</strong></td>
<td><strong>$98,900</strong></td>
</tr>
</tbody>
</table>

Surplus (Deficiency) of Revenues over Expenditures: (32,304) $17,693 $23,800 $53,807 $20,600

Beginning Fund Balance: 79,214 $46,910 $64,603 $64,603 $118,410

Ending Fund Balance: 46,910 $64,603 $88,403 $118,410 $139,010

**Description of Services:**
Since 1975, the Community Development Block Grant (CDBG) fund has accounted for revenues and expenditures made under the federal CDBG program. Minnetonka typically uses these funds for housing projects and programs (such as housing rehab, affordable housing, and supportive housing) and supportive services (such as senior chore programs, sliding fee day care assistance, and others). The CDBG grant revenues vary from year to year based on funding decisions made by the federal government. Because CDBG funding distribution and the federal fiscal year do not coincide with the city's fiscal year, expenditures and revenue figures may seem lower or higher than the allocation, which also affects the key measure comparison. A typical CDBG timeline is the award notification by the Federal government is provided in February, the funds become available in July of that year. This budget is prepared approximately one year ahead of the actual knowledge of funds received.

**Key Measures:**

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small projects rehab program (≤ $5,000) completed</td>
<td>34</td>
<td>31</td>
<td>24</td>
<td>13</td>
</tr>
<tr>
<td>Avg. cost of emergency repair project (≤ $5,000)</td>
<td>$4,532</td>
<td>$4,812</td>
<td>$5,000</td>
<td>$5,000</td>
</tr>
</tbody>
</table>

**Budget Comments/Issues:**
In 2017, the city participated in CDBG as an entitlement community, but in July of 2018, the city will switch to participate in Hennepin County’s Urban County CDBG program. This change streamlines public service funding requests and assists the city with administration of the various programs. The city anticipates that this Federal fund will not continue for the long term.

- Housing Rehabilitation expenditures above include both the city's rehab and small project rehab programs.
- Program Income above is generated when there is an early repayment for a rehabilitation loan.
- Beginning 2009, the city receives from nonprofit organizations applications for CDBG program monies, which are reviewed and ranked for funding by the Minnetonka Economic Development Advisory Commission (EDAC). Preference is given to agencies that provide community-wide benefits, proportionately serve Minnetonka residents, have limited access to alternative funding, and provide cost-effective services. Based upon those criteria, the following amounts are included above for funding as indicated:

<table>
<thead>
<tr>
<th>Community Action Partnership of Suburban Hennepin (CAPSH)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>HOMEline</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Resource West</td>
<td>4,400</td>
<td>4,525</td>
<td>4,336</td>
<td></td>
</tr>
<tr>
<td>Intercongregation Communities</td>
<td>9,000</td>
<td>7,970</td>
<td>7,708</td>
<td></td>
</tr>
<tr>
<td>Senior Community Services (SCS) H.O.M.E.</td>
<td>5,500</td>
<td>5,270</td>
<td>5,300</td>
<td></td>
</tr>
<tr>
<td>Treehouse</td>
<td>-</td>
<td>3,770</td>
<td>3,854</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$23,300</strong></td>
<td><strong>$23,960</strong></td>
<td><strong>$23,607</strong></td>
<td></td>
</tr>
</tbody>
</table>
MAYOR AND CITY COUNCIL

Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$72,753</td>
<td>$86,977</td>
<td>$86,900</td>
<td>$86,900</td>
<td>$86,900</td>
</tr>
<tr>
<td>Supplies</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$150,741</td>
<td>$134,024</td>
<td>$155,800</td>
<td>$155,800</td>
<td>$173,600</td>
</tr>
<tr>
<td>Totals</td>
<td>$223,494</td>
<td>$221,001</td>
<td>$242,700</td>
<td>$242,700</td>
<td>$260,500</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>Method of Financing</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$223,494</td>
<td>$221,001</td>
<td>$242,700</td>
<td>$242,700</td>
<td>$260,500</td>
</tr>
</tbody>
</table>

Number of Elected Officials

<table>
<thead>
<tr>
<th>Number of Elected Officials</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Description of Services:
The mayor and six council members are the city’s elected representatives and the governing body. The city’s charter and code of ordinances provide that they be paid a modest salary and reimbursed for reasonable expenses, which are included within this budget. Also included in this budget are the city’s memberships and dues in various metro, state and national organizations through which the city’s interests are represented and/or the city receives benefits and services.

Key Measures:

<table>
<thead>
<tr>
<th>Key Measures</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents rating ‘Quality of Life’ in city ‘good’/excellent</td>
<td>98%</td>
<td>99%</td>
<td>98%</td>
<td>98%</td>
</tr>
<tr>
<td>City council meeting dates (reg and study sessions)</td>
<td>35</td>
<td>33</td>
<td>34</td>
<td>33</td>
</tr>
<tr>
<td>Board, commission and task force appointments/reappointments</td>
<td>26</td>
<td>38</td>
<td>33</td>
<td>24</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget is consistent with the 2017 budget.

- The 2017 increases in other services and charges are related to the increasing dues for organizational memberships in which the city is enrolled and fees for those associated conferences.
- 2016 appointments includes the 12-member Imagine Minnetonka steering committee, and 2017 the 15-member task force appointments for the comprehensive guide plan process.
- The 2016 budget reflects an ordinance that was adopted in 2014 to increase council members salaries after the 2015 general election that became effective on January 1, 2016.
ADMINISTRATIVE SERVICES DEPARTMENT

Expenditures by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$1,061,905$</td>
<td>$1,152,786$</td>
<td>$1,323,600$</td>
<td>$1,323,600$</td>
<td>$1,470,000$</td>
</tr>
<tr>
<td>Supplies</td>
<td>$30,271</td>
<td>$29,666</td>
<td>$29,000</td>
<td>$29,000</td>
<td>$36,000</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>$194,796</td>
<td>$191,577</td>
<td>$330,200</td>
<td>$302,200</td>
<td>$331,100</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>$1,286,972$</td>
<td>$1,374,029$</td>
<td>$1,682,800$</td>
<td>$1,654,800$</td>
<td>$1,837,100$</td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>Method of Financing</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$1,286,972$</td>
<td>$1,374,029$</td>
<td>$1,682,800$</td>
<td>$1,654,800$</td>
<td>$1,837,100$</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>FTEs</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9.55</td>
<td>9.95</td>
<td>10.95</td>
<td>10.95</td>
</tr>
</tbody>
</table>

Description of Services:
The Administrative Services budget includes management of all day-to-day operations of the city, communications with the mayor and council members, overall administration of the city's policies and procedures, human resources management (including compensation and benefits), official city records, elections, information desk, city court (including its administration for the City of Excelsior) and some oversight of park and open space planning and development.

Key Measures:

<table>
<thead>
<tr>
<th>Measure</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registered voters</td>
<td>35,234</td>
<td>37,040</td>
<td>35,200</td>
<td>36,000</td>
</tr>
<tr>
<td>Absentee voters</td>
<td>578</td>
<td>11,673</td>
<td>800</td>
<td>9,000</td>
</tr>
<tr>
<td>Administrative Citation Hearings</td>
<td>6</td>
<td>4</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Information desk phone calls</td>
<td>29,541</td>
<td>24,771</td>
<td>30,000</td>
<td>30,000</td>
</tr>
<tr>
<td>City positions - Reg FT, PT &amp; POC*</td>
<td>326</td>
<td>330</td>
<td>335</td>
<td>325*</td>
</tr>
<tr>
<td>Employee retention rate</td>
<td>83%</td>
<td>91%</td>
<td>89%</td>
<td>85%</td>
</tr>
</tbody>
</table>

* Refers to number of positions, not full-time equivalents (FTEs).

Budget Comments/Issues:
The 2018 budget includes a new entry level records technician to assist the city with public records retention, data practices requests and official record management. The budget also includes $30,000 for the second phase of a compensation and classification project to update job descriptions to ensure compliance with employment laws enacted over the last ten years.

- The 2017 budget included an additional communications staff position to handle the increased demands in the Communications Division and for partial transition overlap in the Human Resources Division due to a planned retirement.
- The 2016 budget included an additional human resources position to handle additional administrative requirements, including ongoing turnover of full-time positions as well as mounting complexities in health care associated with the Affordable Care Act (ACA) and legal mandates. The 2015 budget also included an increase in annual costs in Other Services and Charges for implementing other fiscal and management impacts of the ACA.
- The additional FTE in 2016 was partially offset by moving the 0.5 FTE for the communications manager to be fully funded by the Cable Fund beginning 2016.
- The department's budget, for personnel services in particular, fluctuates with the occurrence of elections. In a year like 2018 with national and state elections, workload responsibilities and corresponding information desk calls increase, while costs are higher than a year like 2017 with local elections only.
- With the change to "no excuse" absentee voting for the 2016 election, the city experienced an unprecedented shift from voting on election day to more and more voters voting absentee prior to election day. Staff will continue to monitor this
INFORMATION TECHNOLOGY DIVISION - Administrative Services Department

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$400,158</td>
<td>$419,269</td>
<td>$442,000</td>
<td>$442,000</td>
<td>$562,000</td>
</tr>
<tr>
<td>Supplies</td>
<td>1,459</td>
<td>1,886</td>
<td>1,400</td>
<td>1,700</td>
<td>1,500</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>359,029</td>
<td>362,082</td>
<td>415,600</td>
<td>415,000</td>
<td>401,800</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$760,646</strong></td>
<td><strong>$783,237</strong></td>
<td><strong>$859,000</strong></td>
<td><strong>$858,700</strong></td>
<td><strong>$965,300</strong></td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>General Fund</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$760,646</strong></td>
<td><strong>$783,237</strong></td>
<td><strong>$859,000</strong></td>
<td><strong>$858,700</strong></td>
<td><strong>$965,300</strong></td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Employees (FTEs)</td>
<td>3.75</td>
<td>3.75</td>
<td>3.75</td>
<td>3.75</td>
</tr>
</tbody>
</table>

Description of Services:
The Information Technology Division provides internal consulting and end-user support for technology to all city departments. Specifically, the division is responsible for implementing and maintaining the network infrastructure, desktop and mobile support, telephone system, pagers, cell phones, office equipment and audio visual equipment at 18 city locations.

Key Measures:

<table>
<thead>
<tr>
<th>Key Measures</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Help Desk requests</td>
<td>2,700</td>
<td>2,745</td>
<td>3,000</td>
<td>2,500</td>
</tr>
<tr>
<td>Hand held devices supported</td>
<td>173</td>
<td>175</td>
<td>196</td>
<td>254</td>
</tr>
<tr>
<td>Field &amp; home remote connections</td>
<td>128</td>
<td>130</td>
<td>169</td>
<td>*328</td>
</tr>
<tr>
<td>Technology projects completed</td>
<td>30</td>
<td>31</td>
<td>40</td>
<td>50</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget includes a new mid-level information technology staff person to handle the increased technology demands on the city, specifically in the police and fire functions.

- In 2017 a new mobile device policy was established for the city. The number of devices supported is projected to increase, while costs are projected to remain stable due to the city's adoption of BYOD (Bring Your Own Device) policy options.
- The number of remote connections and hand held devices continues to grow requiring additional support of an increasingly mobile workforce conducting business matters in the field, primarily in the police, fire, development inspections and public works areas.
- While the number of Help Desk requests is projected to remain stable, the complexity of tickets are increasing primarily as they relate to new projects or initiatives.
- In 2014 and 2015, "Other Services and Charges" increased due to costs of managed backup using storage hosted by LOGIS, which is the consortium-based provider of technology services for the city.

* Field & home remote connections now include all mobile devices (iPads, iPhones, & home remote)
TECHNOLOGY DEVELOPMENT FUND - Administrative Services Department

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ad Valorem Tax Levy</td>
<td>$415,000</td>
<td>$395,000</td>
<td>$580,000</td>
<td>$580,000</td>
<td>$580,000</td>
</tr>
<tr>
<td>Investment Income, Other</td>
<td>945</td>
<td>(209)</td>
<td>500</td>
<td>200</td>
<td>200</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$415,945</strong></td>
<td><strong>$394,791</strong></td>
<td><strong>$580,500</strong></td>
<td><strong>$580,200</strong></td>
<td><strong>$580,200</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology Purchases/Upgrades</td>
<td>$378,792</td>
<td>$304,071</td>
<td>$307,700</td>
<td>$307,700</td>
<td>$362,100</td>
</tr>
<tr>
<td>Office Equipment</td>
<td>77,300</td>
<td>78,677</td>
<td>118,500</td>
<td>118,500</td>
<td>128,100</td>
</tr>
<tr>
<td>Public Safety Technology</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Security Equipment</td>
<td>5,335</td>
<td>2,741</td>
<td>-</td>
<td>68,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$461,427</strong></td>
<td><strong>$385,489</strong></td>
<td><strong>$426,200</strong></td>
<td><strong>$426,200</strong></td>
<td><strong>$558,200</strong></td>
</tr>
</tbody>
</table>

Surplus (Deficiency) of Revenues over (under) Expenditures
(45,482) 9,302 154,300 154,000 22,000

Reserve for Delayed Projects
- 66,400

Beginning Fund Balance
128,515 83,033 92,335 92,335 179,935

Ending Available Fund Balance
$83,033 $92,335 $246,635 $179,935 $201,935

**Description of Services:**
The Technology Development fund provides for the purchase of replacement computers, local area and wide area network equipment, printers, peripheral devices, telecommunications improvements and software. It also provides for the purchase of new equipment and software that serves the city as a whole, including major office equipment such as copiers, postage machine, and security card access system enhancements.

<table>
<thead>
<tr>
<th>Key Measures:</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of servers</td>
<td>21</td>
<td>21</td>
<td>26</td>
<td>32</td>
</tr>
<tr>
<td>Number of desktop computers</td>
<td>187</td>
<td>197</td>
<td>221</td>
<td>234</td>
</tr>
<tr>
<td>Number of laptop computers</td>
<td>114</td>
<td>103</td>
<td>108</td>
<td>113</td>
</tr>
<tr>
<td>Number of iPads</td>
<td>49</td>
<td>49</td>
<td>72</td>
<td>82</td>
</tr>
<tr>
<td>Wireless access points</td>
<td>35</td>
<td>35</td>
<td>40</td>
<td>45</td>
</tr>
</tbody>
</table>

**Budget Comments/Issues:**
The 2018 budget is consistent with 2017.

- The 2017 budget reflects a tax levy increase of $165,000 as adopted in the 2017-2021 Capital Improvement Program (CIP) to meet the ongoing technology needs of the city.
- Adoption of the 2016 budget amended the 2016 CIP to provide an additional $50,000 for digital planning software to be used by the Planning Division. The remainder of the 2016 budget for the Technology Fund finances the city's regular technology replacement schedule as provided in the adopted CIP.
- In 2015, the migration to virtual servers was completed.
- In 2015, $15,000 was funded for security equipment at Williston Tower and replacement of camera at Burwell House.
- Increases in the number of wireless access points provide better coverage and mobility for wireless devices of city customers/citizens, business partners and city employees.
# CABLE TELEVISION FUND - Administrative Services Department

## Revenues

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV Franchise Fee</td>
<td>$810,308</td>
<td>$845,835</td>
<td>$820,000</td>
<td>$840,000</td>
</tr>
<tr>
<td>Public, Educational &amp; Govt. Fee</td>
<td>101,769</td>
<td>101,232</td>
<td>102,000</td>
<td>101,000</td>
</tr>
<tr>
<td>Investment Income</td>
<td>20,058</td>
<td>13,252</td>
<td>10,000</td>
<td>16,000</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>7,746</td>
<td>7,393</td>
<td>7,500</td>
<td>7,500</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$939,881</strong></td>
<td><strong>$967,712</strong></td>
<td><strong>$939,500</strong></td>
<td><strong>$968,500</strong></td>
</tr>
</tbody>
</table>

## Expenditures by Category

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$115,752</td>
<td>$284,656</td>
<td>$296,900</td>
<td>$296,900</td>
</tr>
<tr>
<td>Supplies</td>
<td>3,448</td>
<td>2,721</td>
<td>3,500</td>
<td>3,500</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>373,477</td>
<td>400,145</td>
<td>339,400</td>
<td>340,150</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>352,314</td>
<td>398,462</td>
<td>340,700</td>
<td>329,400</td>
</tr>
<tr>
<td>Transfer Expenses</td>
<td>30,600</td>
<td>31,200</td>
<td>31,500</td>
<td>31,500</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$875,591</strong></td>
<td><strong>$1,117,184</strong></td>
<td><strong>$1,012,000</strong></td>
<td><strong>$938,200</strong></td>
</tr>
</tbody>
</table>

## Surplus (Deficiency) of Revenues over Expenditures

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for Delayed Projects</td>
<td>64,290</td>
<td>(149,472)</td>
<td>(72,500)</td>
<td>(111,250)</td>
</tr>
<tr>
<td>Dedicated Future Transition Reserve</td>
<td>1,017,184</td>
<td>976,750</td>
<td>838,200</td>
<td>869,200</td>
</tr>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>2,545,285</td>
<td>2,609,575</td>
<td>2,460,103</td>
<td>2,460,103</td>
</tr>
<tr>
<td><strong>Ending Available Fund Balance</strong></td>
<td><strong>$1,592,391</strong></td>
<td><strong>$1,483,353</strong></td>
<td><strong>$1,549,403</strong></td>
<td><strong>$958,753</strong></td>
</tr>
</tbody>
</table>

## Number of Employees (FTEs)

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>2.00</td>
<td>2.50</td>
<td>2.50</td>
<td>2.50</td>
</tr>
</tbody>
</table>

## Description of Services:

The Cable Television Fund was created in 1984 to enhance city communications both with the community and within the city's organization. It is primarily financed by franchise fees paid to the city by two cable companies in exchange for use of the city's rights-of-way. The fund finances numerous activities and events to inform and educate the public and city employees as well as to strengthen residents' sense of community, including broadcast of public meetings and special events; publication of the **Minnetonka Memo** (circulation of 26,000); upkeep of the city's website and intranet; and hosting city events for residents such as Summer Festival, Burwell House Festival, Farmers' Market and City Open House. Fiber for the city's technology infrastructure is also budgeted in this fund.

## Key Measures:

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>% residents rating the Memo &quot;excellent&quot; or &quot;good&quot;</td>
<td>98%</td>
<td>98%</td>
<td>99%</td>
<td>98%</td>
</tr>
<tr>
<td># of subscribers to email/text notification system</td>
<td>8,000</td>
<td>16,144</td>
<td>18,500</td>
<td>20,000</td>
</tr>
<tr>
<td>Average # of unique monthly website visits</td>
<td>27,627</td>
<td>28,882</td>
<td>31,000</td>
<td>34,000</td>
</tr>
<tr>
<td>Burwell House visitors (Excluding Ice Cream Social visitors)</td>
<td>910</td>
<td>711</td>
<td>750</td>
<td>750</td>
</tr>
<tr>
<td>Visitors - Open House &amp; Summer Fest/Ice Cream Soc</td>
<td>7,500</td>
<td>6,700</td>
<td>7,600</td>
<td>8,600</td>
</tr>
<tr>
<td>Miles of fiber</td>
<td>19</td>
<td>19</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>IT supported broadcast events (city and private)</td>
<td>85</td>
<td>85</td>
<td>80</td>
<td>80</td>
</tr>
</tbody>
</table>

## Budget Comments/Issues:

- The 2018 budget supports some costs of updating the city's branding and graphics, including the development of citywide communication standards.
- In 2016, a second cable television provider, CenturyLink was approved for a non-exclusive franchise agreement. Although the company is a new provider in the city, the overall number of franchise subscribers in Minnetonka who pay the franchise fees are expected to remain consistent at around 14,600.
- In 2016, Capital Outlay includes $70,000 for replacement costs associated with core network infrastructure, uninterruptible power supplies and virtual storage architecture and $150,000 for security equipment. Operating costs include the Imagine Minnetonka strategic initiative. The 2015 Capital Outlay includes $96,700 for the replacement of audio and presentation equipment in Council Chambers and improvements to the city's outdoor amphitheater.
- In March of 2016, the city combined its two mass email systems into one new and improved system that also provides an option for residents to receive text messages based on subscription preferences.
- In 2016, the Summer Festival event was shut down for 2 hours to prepare for an impending storm; this greatly affected attendance.
- "Reserve for delayed projects" includes previously approved CIP projects for fiber infrastructure, electronic records management, audio/visual equipment and security equipment.
- The dedicated future transition reserve equals twelve subsequent months of operating and ongoing capital costs.
FINANCE DEPARTMENT

Expenditures by Category

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Actual</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>$628,404</td>
<td>$643,329</td>
<td>$699,000</td>
<td>$702,000</td>
<td>$788,800</td>
</tr>
<tr>
<td>Supplies</td>
<td>4,439</td>
<td>4,112</td>
<td>5,800</td>
<td>4,900</td>
<td>4,900</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>130,482</td>
<td>142,215</td>
<td>163,600</td>
<td>171,900</td>
<td>168,800</td>
</tr>
<tr>
<td>Capital &amp; Other</td>
<td>3,807</td>
<td>3,679</td>
<td>4,400</td>
<td>4,000</td>
<td>4,500</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$767,132</strong></td>
<td><strong>$793,335</strong></td>
<td><strong>$872,800</strong></td>
<td><strong>$882,800</strong></td>
<td><strong>$967,000</strong></td>
</tr>
</tbody>
</table>

Method of Financing

<table>
<thead>
<tr>
<th>General Fund</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Actual</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$767,132</td>
<td>$793,335</td>
<td>$872,800</td>
<td>$882,800</td>
<td>$967,000</td>
</tr>
</tbody>
</table>

Number of Employees (FTEs)

<table>
<thead>
<tr>
<th>Number of Employees (FTEs)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
<td>6.0</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Description of Services:
The mission of the Finance Department is to protect and safely manage the assets of the city and to provide accurate, timely and complete financial information in an understandable and friendly manner to the public and staff. The department is responsible for the functions of preparation of budgets, payroll, utility billing, purchasing, investing city funds, debt, financial reporting, and managing as well as safeguarding other city assets as requested by city council and/or the city manager and in compliance with federal, state and local legal requirements. It assists other city departments in developing appropriate recommendations for fee schedules, fiscal analysis including examination of program costs and benefits, and other financial evaluations as needed.

Key Measures:

<table>
<thead>
<tr>
<th>Key Measures</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility customer accounts</td>
<td>16,957</td>
<td>17,085</td>
<td>17,165</td>
<td>17,200</td>
</tr>
<tr>
<td>Utility customers using city online billing</td>
<td>12%</td>
<td>13%</td>
<td>14%</td>
<td>15%</td>
</tr>
<tr>
<td>Utility customers paying electronically</td>
<td>52%</td>
<td>55%</td>
<td>57%</td>
<td>59%</td>
</tr>
<tr>
<td>Average monthly vendor payments</td>
<td>615</td>
<td>608</td>
<td>620</td>
<td>625</td>
</tr>
<tr>
<td>Vendor payments paid electronically</td>
<td>12%</td>
<td>18%</td>
<td>19%</td>
<td>20%</td>
</tr>
<tr>
<td>Average payroll count (FT,PT,seasonals,firefighters)</td>
<td>525</td>
<td>551</td>
<td>555</td>
<td>555</td>
</tr>
<tr>
<td>Annual rate of return on investments</td>
<td>0.85%</td>
<td>0.49%</td>
<td>1.05%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Moody's credit rating</td>
<td>Aaa</td>
<td>Aaa</td>
<td>Aaa</td>
<td>Aaa</td>
</tr>
<tr>
<td>GFOA Award for Excellence in Financial Reporting</td>
<td>Awarded</td>
<td>Awarded</td>
<td>Awarded</td>
<td>Awarded</td>
</tr>
</tbody>
</table>

Budget Comments/Issues:
The 2018 budget for the Finance Department includes funding for a new financial/budget analyst position to support financial planning, reporting and ongoing financial oversight of the city's increasingly complex capital program.

- The department continues to move towards greater efficiencies through electronic transactions. In 2016, the department began implementation of a software system for the city's internal, electronic check request process and invoice filing, and this new system required an additional $3,500 annually budgeted under "Other Services & Charges" beginning 2016. The city offers online utility billing, and the number of customers choosing to receive bills and pay electronically continues to rise. In 2014, the city worked with LOGIS to negotiate a contract with a bank for system services to electronically pay vendors, the costs for which are budgeted under "Capital & Other" above beginning 2015.
- In 2015, the city began developing and enacting a plan for ensuring ongoing compliance with Payment Card Industry (PCI) Data Security Standards. Working with city IT staff and an outside vendor, the plan is requiring equipment, management and process changes and staff training that is impacting all programs in the city where credit cards are accepted as payment, both online and in-person. Costs for plan development, training and some equipment are reflected across affected city programs beginning in their 2016 budgets.
- The increase in the city's payroll count reflects greater numbers of hires, full-time, part-time and seasonal employees, including an increasing number of instructors at the Williston fitness center and summer seasonal employees.
- The full-time utility billing clerk is budgeted above and reimbursed to the General Fund by the Utility Fund. Another part-time staff member to assist with utility billing is funded directly by the Utility Fund.
INSURANCE FUND - Administrative Services Department

<table>
<thead>
<tr>
<th>Revenues</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interfund Transfers In</td>
<td>$747,835</td>
<td>$716,000</td>
<td>$673,100</td>
<td>$673,100</td>
</tr>
<tr>
<td>Investment Income</td>
<td>6,114</td>
<td>7,856</td>
<td>2,000</td>
<td>12,000</td>
</tr>
<tr>
<td>Refunds and Dividends</td>
<td>86,395</td>
<td>94,604</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>840,344</strong></td>
<td><strong>818,460</strong></td>
<td><strong>675,100</strong></td>
<td><strong>685,100</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums</td>
<td>$375,766</td>
<td>$360,117</td>
<td>$400,000</td>
<td>$375,000</td>
</tr>
<tr>
<td>Settlements</td>
<td>184,800</td>
<td>124,609</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td>Other Services &amp; Charges</td>
<td>15,500</td>
<td>15,500</td>
<td>18,000</td>
<td>18,000</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>576,066</strong></td>
<td><strong>500,226</strong></td>
<td><strong>568,000</strong></td>
<td><strong>543,000</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Surplus (Deficiency) of Revenues</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>over Expenditures</td>
<td>264,278</td>
<td>318,234</td>
<td>107,100</td>
<td>142,100</td>
</tr>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td><strong>1,263,698</strong></td>
<td><strong>1,527,976</strong></td>
<td><strong>1,846,210</strong></td>
<td><strong>1,846,210</strong></td>
</tr>
</tbody>
</table>

| Ending Fund Balance             | **1,527,976** | **1,846,210** | **1,953,310** | **1,988,310** | **2,062,410** |

**Description of Services:**

The Insurance Fund was created in 1986 to ensure that the city retains viable and cost-effective insurance coverage. Other city funds are allocated appropriate portions of the premium costs on an annual basis and transferred into the fund. The fund supports the following: 1) premiums for the city's package policies (general liability, property, boiler, etc.), 2) fees for the city's agent of record, 3) settlements (deductibles) for general liability claims and workers' compensation, and 4) risk management, including some costs for safety training. It does not cover workers' compensation premiums, which are financed by each operating division under personnel costs.

**Key Measures:**

<table>
<thead>
<tr>
<th></th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Estimated</th>
<th>2018 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability rating (less than 1.0 is good)</td>
<td>1.30</td>
<td>1.15</td>
<td>1.25</td>
<td>1.00</td>
</tr>
<tr>
<td>Workers comp mod factor (less than 1.0 is good)</td>
<td>0.84</td>
<td>0.96</td>
<td>1.00</td>
<td>1.10</td>
</tr>
</tbody>
</table>

**Budget Comments/Issues:**

The city's workers compensation experience rating as measured above by the "mod factor" has fluctuated over the last several years due to an aging work force as well as some significant claims "cycling out" of the city's three-year experience window, which also determines the city's insurance premium cost.

- An appropriate fund balance in the Insurance fund should cover the city's maximum total liability under its policy coverage through the League of Minnesota Cities Insurance Trust (LMCIT) as well as a minimum of $1 million towards any potentially awarded civil rights claim, which would be outside of state liability limitations. Revenues to the Insurance Fund are programmed through the budgets of contributing city divisions in order to maintain such a reserve over time.

- The workers comp mod factor relates to the frequency and severity of an employer’s workers compensation claims over a three-year period, and it is used to calculate the premium. A mod factor of 1.00 is considered average for an employer’s particular industry; the lower the mod factor, the better.

- The liability rating is calculated by a formula that looks at the city's expected liability claim losses compared to the actual losses. Data is used over a three-year period, and it is used to calculate the premium. A liability rating of 1.00 means the city's actual losses equal the expected losses for a city of similar size and expenditures.
CONTINGENCY BUDGET - Finance Department

<table>
<thead>
<tr>
<th>Expenditures by Category</th>
<th>2015 Actual</th>
<th>2016 Actual</th>
<th>2017 Budget</th>
<th>2017 Revised</th>
<th>2018 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingency</td>
<td>$</td>
<td>- $</td>
<td>- $</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Total Contingency</strong></td>
<td>$</td>
<td>- $</td>
<td>- $</td>
<td>50,000</td>
<td>50,000</td>
</tr>
</tbody>
</table>

**Description of Services:**
The city budgets a targeted amount for contingency in the event that unanticipated expenses arise during the fiscal year that require additional funding. If the monies are not required, they are returned to the fund balance of the General Fund.

**Budget Comments/Issues:**
Over time, the amount budgeted for contingency has been revised up and down to reflect current conditions. The city has not required its use in recent history.
## 2018 BUDGET SUMMARY - All Funds
by Service Program & Budget

<table>
<thead>
<tr>
<th>Service Program</th>
<th>Budgetary Unit</th>
<th>%</th>
<th>All Budgets</th>
<th>Gen't Fund Operating</th>
<th>Enterprise Operating</th>
<th>Capital</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Safety:</strong></td>
<td>Police Department</td>
<td>$9,742,900</td>
<td>$9,690,400</td>
<td>$ -</td>
<td>$ -</td>
<td>$52,500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dispatch Division</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fire Department</td>
<td>3,126,700</td>
<td>3,126,700</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Safety Fund</td>
<td>723,000</td>
<td>-</td>
<td>-</td>
<td>723,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public Safety Facility</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Environmental Health Division</td>
<td>406,100</td>
<td>406,100</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grants Special Revenue Fund</td>
<td>102,441</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>102,441</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Legal Department</td>
<td>827,400</td>
<td>827,400</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td></td>
<td>$50,000</td>
<td>$3,112,000</td>
<td>56.7%</td>
<td>$14,928,541</td>
</tr>
<tr>
<td><strong>Streets &amp; Utilities:</strong></td>
<td>Engineering Department</td>
<td>$1,325,200</td>
<td>$1,325,200</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Street Improvement Fund</td>
<td>8,487,200</td>
<td>-</td>
<td>-</td>
<td>8,487,200</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MSA Fund</td>
<td>914,775</td>
<td>-</td>
<td>-</td>
<td>750,000</td>
<td>164,775</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Storm Water Fund</td>
<td>3,112,000</td>
<td>-</td>
<td>914,800</td>
<td>2,197,200</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Electric Franchise Fee Fund</td>
<td>2,500,000</td>
<td>-</td>
<td>-</td>
<td>2,500,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Street Maintenance Division</td>
<td>3,541,600</td>
<td>3,541,600</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Building Maintenance Division</td>
<td>1,292,500</td>
<td>1,292,500</td>
<td>-</td>
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**TOTALS** | | | | $50,000 | $3,112,000 | 100.0% | $87,488,941 |

* Capital Replacement Fund budget is allocated to only "Streets & Utilities" in this table, but is split by actual service program under the Summary tab of book.
## 2017 REVISED BUDGET SUMMARY - All Funds

### by Service Program & Budget

<table>
<thead>
<tr>
<th>Service Program</th>
<th>Budgetary Unit</th>
<th>%</th>
<th>All Budgets</th>
<th>Gen'T Fund Operating</th>
<th>Enterprise Operating</th>
<th>Capital</th>
<th>Other</th>
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<td>$ 2,495,100</td>
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| Streets & Utilities: | | | $ 1,238,800 | 1,238,800 | $ - | $ - | $ - |
| Engineering Department | | | 7,151,200 | - | 7,151,200 | - | - |
| Street Improvement Fund | | | 2,669,463 | - | 2,500,000 | 169,463 |
| Storm Water Fund | | | 2,290,000 | - | 2,290,000 | - | - |
| Electric Franchise Fee Fund | | | 3,604,800 | 3,604,800 | - | - | - |
| Street Maintenance Division | | | 1,284,100 | 1,284,100 | - | - | - |
| Building Maintenance Division | | | 1,487,500 | - | 1,487,500 | - | - |
| Fleet Maintenance Division | | | 108,000 | 50,000 | 58,000 |
| Capital Replacement Fund* | | | 1,942,800 | - | 1,942,800 |
| Water & Sewer Utility Fund | | | 18,253,000 | - | 8,158,000 | 668,800 |
| **Subtotal** | | | 52.5% | $ 42,206,387 | $ 10,313,900 | $ 23,381,024 | $ 2,383,763 |

| Parks & Environ: | | | $ 1,740,300 | 1,740,300 | $ - | $ - | $ - |
| Parks & Trails Division | | | 1,346,700 | 1,346,700 | - | - | - |
| Natural Resources Division | | | 30,000 | - | 30,000 |
| Forestry Fund | | | 968,000 | 968,000 | - | - |
| Environmental Fund | | | 728,500 | - | 728,500 |
| Community Investment Fund | | | 150,000 | - | 150,000 |
| **Subtotal** | | | 6.2% | $ 4,963,500 | $ 3,087,000 | $ 968,000 | $ 908,500 |

| Recreation: | | | $ 1,402,300 | 1,402,300 | $ - | $ - | $ - |
| Minnetonka Recreation | | | 618,300 | 618,300 | - | - |
| Senior Services | | | 412,200 | 412,200 | - | - |
| Community Center | | | 530,300 | 530,300 | - | - |
| Williston Center | | | 2,305,500 | - | 2,071,000 | 234,500 |
| Ice Arena | | | 843,300 | - | 843,300 |
| Gray’s Bay Marina | | | 191,800 | 191,800 | - | - |
| **Subtotal** | | | 7.8% | $ 6,303,700 | $ 2,963,100 | $ 3,106,100 | $ 234,500 |

| Development: | | | $ 1,699,100 | 1,699,100 | $ - | $ - | $ - |
| Community Devt Division | | | 714,100 | 714,100 | - | - |
| Planning Division | | | 757,200 | 757,200 | - | - |
| Assessing Division | | | 436,361 | - | 436,361 |
| HRA Fund | | | 114,000 | - | 114,000 |
| Livable Communities Fund | | | 244,000 | - | 244,000 |
| CDBG Fund | | | 157,386 | - | 157,386 |
| **Subtotal** | | | 5.1% | $ 4,122,147 | $ 3,106,400 | $ - | $ 951,747 |

| General Gov't: | | | $ 242,700 | 242,700 | $ - | $ - | $ - |
| Mayor & City Council | | | 1,654,800 | 1,654,800 | - | - |
| General Administration | | | 858,700 | 858,700 | - | - |
| Information Tech Division | | | 426,200 | - | 426,200 |
| Technology Fund | | | 1,045,250 | - | 340,700 | 704,550 |
| Cable Fund | | | 882,800 | 882,800 | - | - |
| Finance Department | | | 543,000 | - | 543,000 |
| Insurance Fund | | | 50,000 | 50,000 | - | - |
| Contingency | | | 50,000 | 50,000 | - | - |
| **Subtotal** | | | 7.1% | $ 5,703,450 | $ 3,689,000 | $ - | $ 766,900 | $ 1,247,550 |

**TOTALS**

|  | 100.0% | $ 80,439,784 | $ 33,249,600 | $ 14,388,000 | $ 27,786,024 | $ 5,016,160 |

* Capital Replacement Fund budget is allocated to only "Streets & Utilities" in this table, but is split by actual service program under the Summary tab of book.
## STAFFING LEVELS - 2017 & 2018

### Full-Time Equivalents (FTEs)

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<th>2017 Revised Budget</th>
<th>2017 Revised Budget</th>
<th>2018 Revised Budget</th>
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* Excludes paid-on-call firefighters.

** Mayor and council members are excluded from FTE totals.
## City of Minnetonka, Minnesota
### 2018 Budget
#### BONDED INDEBTEDNESS

<table>
<thead>
<tr>
<th>G.O. Revenue Bonds</th>
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<td>Utility</td>
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<td>Refunding</td>
<td>(portion)</td>
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<td>2012</td>
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</tr>
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</table>

* Amounts are Pay 2018 market value tax levies required to cash flow late 2018 and early 2019 debt service payments.

** 2008 Park Referendum debt service increases by almost $400,000/year for its last two years after 2010 Park Refunding debt has been paid off in 2018.
### 2018 Budget Calendar

**2017**

- **February 1**  
  Capital Improvement Program (CIP) forms sent to departments.

- **February 28**  
  Departments submit capital requests to city manager.

- **Weeks of March 20 & 27**  
  City manager meets with department leadership to discuss CIP requests.

- **April 17**  
  City council study session on 2018-22 CIP and 2018-22 Economic Investment Program (EIP).

- **May 15**  
  City council study session on Strategic Profile performance, citizen survey results and new goals.

- **June 5**  
  Budget work papers are made available to departments.

- **June 12**  
  City Council adopts 2018-22 CIP and 2018-22 EIP.

- **Weeks of July 3 & 10**  
  City manager meets with departments to discuss 2017-18 department merit indicators, big budget issues, and key measures, including identified relationships to the city's Strategic Profile.

- **July 26**  
  Forecasts completed for compensation and benefits, internal service fund allocations, utility costs, technology contract costs, fee and other revenue. Departments submit revised indicators, key measures and issues.

- **August 16**  
  Budget memo sent to city council.

- **August 21**  
  First city council budget study session.

- **September 25**  
  City council adopts preliminary levies and announces public budget hearing date.

- **September 26**  
  Budget instructions and targets provided to departments.

- **October 20**  
  Departments submit detailed budget requests.

- **November 13-24**  
  Hennepin County sends parcel specific proposed tax estimates to taxpayers.

- **November 15**  
  City manager sends proposed 2018 budget and revised 2017 budget to city council members.

- **November 20**  
  Second city council budget study session.

- **December 4**  
  City council holds public budget hearing and adopts final 2018 budget, 2018 tax levies and revised 2017 budget.

- **December 18**  
  Alternate date for council adoption of budgets and levies, should changes be required after December 4 council meeting.

- **December 27**  
  Final 2018 levies certified to Hennepin County.
Relevant Financial Policies

City of Minnetonka budgets are adopted on a basis consistent with Generally Accepted Accounting Principles. Annual appropriated budgets are prepared and legally adopted for the General and special revenue funds on a modified cash basis, and government capital funds are appropriated by the council’s formal adoption of its five-year Capital Improvement Program (CIP). The city council also adopts a five- and ten-year Economic Improvement Program (EIP). The first years of the rolling five-year CIP and EIP plans are reflected in the annual budget. The city’s basis of budgeting is generally consistent with its basis for accounting as reported in its Comprehensive Annual Financial Report.

General Fund and special revenue fund expenditures may not legally exceed budgeted appropriations at the total fund level without city council approval. Budgetary control for capital funds is accomplished through the use of project controls, which are amended by council action of a super majority throughout the year as well as within the budget document on a project-by-project basis. The city council may authorize transfer of budgeted amounts between funds.

Monitoring of budgets is maintained at the expenditure category level (i.e., personnel, supplies and other services and charges, capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter. Management may alter the budget within a fund but cannot exceed the total budgeted expenditures for the fund that was approved by the city council.

The city's policy regarding General Fund fund balances meets the Government Accounting Standard Board's (GASB's) rules to maintain a prudent level of financial resources to protect itself against temporary revenue shortfalls or unpredicted one-time expenses or mandates. The policy provides that balances are committed to reserve funding for liabilities associated with compensated absences of employees and may be assigned for special purposes. Additionally, the policy requires a balance to serve as a budget stabilization reserve, which is equal to 30 to 50 percent of the following year's operating budget. Balances otherwise available above that reserve and above 40 percent of the following year's operating budget may be appropriated by the city council only for one-time costs that have no ongoing financial commitments.

The city council also has a council-adopted policy that establishes goals for cash fund balances in the city's water and sanitary sewer enterprise fund. The policy sets a minimum cash balance in the fund as an operating reserve in an amount equal to six months of operating expenses, plus annual debt service. The policy sets another reserve for capital with a targeted goal of ten percent of the accumulated depreciation of the water and sewer systems combined, but it allows that the reserve may be greater or less depending upon the projected needs for the replacement or upgrades of major components as provided in the adopted CIP. Furthermore, it requires regular staff analysis of the fund, including recommending to the city council rate changes and the issuance of debt with the goal of meeting the established targets.

The city also has an established written capital improvement policy that prioritizes funding and requires fund balance guidelines for each capital fund. Projects are ranked: first, those that are related to public health and safety and legal mandates; second, those that help maintain or make existing systems more efficient; and third, those that expand existing system, provide new services, or are for general community betterment. The policy further provides that fund balance guidelines be established to reflect subsequent-year budget needs, annual cash flow requirements, replacement reserves and potential contingencies. The guidelines are to be used to responsibly manage balances over the five-year planning horizon.
City Council Agenda Item #14F
Meeting of December 4, 2017

**Brief Description:** Process for filling the council vacancy to occur in Ward 3

**Recommended Action:** Provide direction to city staff regarding the council’s preferred process for filling the vacancy

**Background**

The election of Brad Wiersum as mayor will create a vacancy in the Ward 3 council seat. The vacancy is expected to occur on either January 7, 2018 (if Council Member Wiersum submits a letter of resignation) or January 8, 2018 (after Council Member Wiersum takes the oath as mayor and the council adopts a resolution declaring the vacancy). In either case, there would be two years or less remaining in the Ward 3 council member term.

When a vacancy occurs in a council seat with two or fewer years remaining in the term, Section 2.06 of the city charter gives the city council the option of filling the vacancy by appointment or by calling for a special election. The council may not take the final action of making the appointment or calling for the special election until the vacancy actually exists. However, the charter does not require the council to wait for the vacancy to occur before it determines how the council would like to fill the vacancy. In addition, if the council would like to fill the vacancy by appointment, the council could set that process in motion prior to the vacancy actually occurring.

The council discussed this matter at the study session on November 20, 2017 and directed staff to provide further information for council consideration at the December 4 regular meeting. Based on that discussion, staff has prepared alternative schedules for the council’s consideration. The schedules were prepared based on staff’s understanding that, under either of the available scenarios, the council would like to minimize the period of time that the Ward 3 council seat is vacant and maximize the distribution of information to the public in order to attract interested and qualified candidates or applicants.

Time schedules and plans for dissemination of public information are attached to this report. As previously disclosed to the city council, any decision that the presently-constituted council makes could be reconsidered, at least in theory, by the council as it exists on January 8, 2018. Out of fairness to applicants or candidates, staff anticipates that the council would not proceed in December if the outcome would be likely to change in January.
The alternatives available to the council at this time are:

- Direct staff to proceed with an appointment process, according to the attached plan, with any amendments to the plan as the council deems appropriate.

- Direct staff to proceed with the special election process, according to the attached plan, with any amendments to the plan as the council deems appropriate.

- Table the matter to January 8, 2018.

**Recommendation**

Provide direction to staff regarding the council’s preferred process for filling the vacancy.

Submitted through:
Geralyn Barone, City Manager

Originated by:
Corrine Heine, City Attorney
David Maeda, City Clerk
Kari Spreeman, Communications and Marketing Manager
Perry Vetter, Assistant City Manager
SCHEDULE FOR SPECIAL ELECTION OPTION

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 8, 2018</td>
<td>Council provides direction to staff to begin preparing for special election</td>
</tr>
<tr>
<td>January 22, 2018*</td>
<td>City council adopts resolution calling for special election</td>
</tr>
<tr>
<td>January 26, 2018</td>
<td>City clerk deadline (74 days prior to election) to notify Hennepin County of special election</td>
</tr>
<tr>
<td>February 1, 2018</td>
<td>Clerk publishes notice of candidate filing period</td>
</tr>
<tr>
<td>February 20, 2018 to March 13, 2018</td>
<td>Candidate filing period (per charter, candidates have until March 13 to file)</td>
</tr>
<tr>
<td>March 15, 2018</td>
<td>Last day for candidates to withdraw</td>
</tr>
<tr>
<td>March 22, 2018</td>
<td>Absentee voting begins</td>
</tr>
<tr>
<td>March 22, 2018</td>
<td>Notice of election and sample ballot published</td>
</tr>
<tr>
<td>April 10, 2018</td>
<td>Special election is held</td>
</tr>
<tr>
<td>April 16, 2018</td>
<td>City council certifies the election results</td>
</tr>
<tr>
<td>April 23, 2018</td>
<td>Elected council member takes oath of office</td>
</tr>
</tbody>
</table>

* Because the charter requires that the special election be held within 90 days after it is called, and because state law requires 74 days’ prior notice to the county and only allows special elections on specified dates, January 22 is the earliest date that the council could call for an election on April 10 and comply with both the city charter and state law.

COMMUNICATIONS PLAN FOR SPECIAL ELECTION

Should the council decide to proceed with the special election option, staff will utilize the following communication tools to inform residents and promote the opportunity to participate:

- Distribute news release to local media outlets (*Sun Sailor* and *Lakeshore Weekly*)
- Feature information in monthly editions of the *Minnetonka Memo*, beginning with the January issue
- Post an article to the homepage of the city’s website, eminnetonka.com
- Distribute an email/text message to anyone subscribed to receive “news” updates from the city (approximately 12,000 people)
- Mail a postcard to each Ward 3 household
- Share the information via social media:
  - Nextdoor (approximate reach of 11,000)
  - Twitter (approximate reach of 5,500)
  - Facebook (approximate reach of 1,300)
  - Instagram (approximately reach of 350)
SCHEDULE FOR APPOINTMENT OPTION

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 5, 2017</td>
<td>Begin administrative process</td>
</tr>
<tr>
<td>December 12, 2017</td>
<td>“Go live” date for advertising, making application available</td>
</tr>
<tr>
<td>January 12, 2018</td>
<td>Application deadline – 4:30 p.m.</td>
</tr>
<tr>
<td>January 22, 2018</td>
<td>City council selects finalists to interview</td>
</tr>
<tr>
<td>January 29, 2018</td>
<td>City council interviews finalists</td>
</tr>
<tr>
<td>February 5, 2018</td>
<td>City council makes appointment</td>
</tr>
<tr>
<td>February 12, 2018</td>
<td>Appointed council member takes oath of office</td>
</tr>
</tbody>
</table>

COMMUNICATIONS PLAN FOR APPOINTMENT PROCESS

Should the council decide to proceed with the appointment option, staff will utilize the following communication tools to inform residents and promote the opportunity to apply:

- Distribute news release to local media outlets (*Sun Sailor* and *Lakeshore Weekly*)
- Feature information in the January edition of the *Minnetonka Memo*
- Post an article to the homepage of the city’s website, eminnetonka.com
- Distribute an email/text message to anyone subscribed to receive “news” updates from the city (approximately 12,000 people)
- Mail a postcard to each Ward 3 household
- Share the information via social media:
  - Nextdoor (approximate reach of 11,000)
  - Twitter (approximate reach of 5,500)
  - Facebook (approximate reach of 1,300)
  - Instagram (approximately reach of 350)
CITY COUNCIL VACANCY
Expression of Interest

The City of Minnetonka welcomes your interest in filling the vacancy in the Ward 3 council seat, created by the election of Council Member Brad Wiersum as mayor. The City Council intends to appoint a resident of Ward 3 to fill Mr. Wiersum’s term until January 7, 2020. The position will be subject to election at the November 2019 municipal election.

The Minnetonka city council is committed to an open process for this decision. All interested individuals are required to fill out this form to provide background information for the council’s consideration. The only requirements are that you be a qualified voter and a resident of Ward 3 in the City of Minneotnka. You may also attach a resume if you wish. Please note all applications must be received by the City no later than 4:30 p.m. on January 12, 2018, whether submitted electronically, by U.S. mail, or by delivery.

The selection process will vary according to the number of applicants, and will likely include interviews with some of the candidates. Please plan to be available on the evening of January 29, 2018.

January 12, 2018  Deadline for applications (4:30 p.m.)
January 22, 2018  Council reviews applications and selects candidates for interviews
January 29, 2018  Council interviews finalists
February 5, 2018  Council selects replacement

Accommodations will be provided, upon request, to allow individuals with disabilities to participate in the application process. For more information, please contact David Maeda at 952-939-8218 or dmaeda@eminnetonka.com.

DATA PRACTICES ADVISORY
We are required to provide the following information to you. Under Minnesota law, some of the information requested below is public information, which must be provided to anyone who requests it. Some of it is classified as private information, which is not generally available to the public. However, all of the information will be used by the city council in determining whether you should be appointed to the council. Therefore, the information will be provided to the city council in a public forum and will be reviewed in public. It will be part of the public record, which will be available to anyone. Failure to provide the requested information may result in your not being considered for the appointment. If you have concerns about providing any of the requested information, please contact city clerk David Maeda at 952.939.8218 or dmaeda@eminnetonka.com.
APPLICATION FOR CITY COUNCIL SEAT – WARD 3

PERSONAL INFORMATION

Name

Address

ZIP

Phone (H) (Cell) (W)

E-mail

How long have you been a resident of Minnetonka and Ward 3?

BACKGROUND

Employer:

Occupation:

Education:

Community service, civic and professional activities:
ADDITIONAL INFORMATION

Why are you interested in becoming a member of the Minnetonka City Council?

What strengths and abilities would you bring to the City Council?
POTENTIAL CONFLICTS

Regular city council meetings are held on Monday evenings, with occasional other meetings on other days of the week. The number of meetings in a month typically varies from one to three. Please explain how you would accommodate any scheduling difficulties:

Are you or any of your family members, other than a spouse, presently employed by the city of Minnetonka?

Yes ____     No_____  If yes, please explain:

Conflicts of interest may arise by participating in any activity, recommended action, or decision from which you receive or could potentially receive direct or indirect personal financial gain. In accordance with this definition, do you have any legal or equitable interest in any business, however organized, which in the course of your role as a council member, could give rise to a conflict of interest?

Yes ____     No_____  If yes, please explain on a separate sheet of paper.

Do you have a legal or equitable interest in any real property located in Minnetonka, other than your residence, which in the course of your role as a council member, could give rise to a conflict of interest?

Yes ____     No_____  If yes, please explain on a separate sheet of paper.

As a city council member, what issue(s) might cause conflict between your civic responsibility and personal or professional interests? How would you manage these conflicts?

Thank you for your interest in serving your community as a member of the Minnetonka City Council.

_________________________________  _____________________________
Applicant’s signature                  Date
5 Approval of Minutes: September 25, October 9, October 23, and November 13, 2017 regular council meetings

Annette Bertelsen, a resident who spoke at the October 23 council meeting on the iFLY concept plan (item 14A) has asked the following be added to her remarks in the minutes of the meeting (page seven of the minutes):

She suggested if there was a neighborhood meeting that representatives from General Growth attend to talk about their visions for future growth and structured parking on the mall property — or, alternatively, that they attend the first public engagement discussions coming up for the comprehensive guide plan for the Ridgedale Village area.

If the council agrees to amend the minutes, the city clerk is also providing an additional paragraph to the minutes capturing the council’s discussion on Ms. Bertelsen’s suggestion:

Wischnack noted that no one attended the first planning commission meeting on the project. Around five hundred people in the central area were notified of that meeting. Because the iFLY representative was flying in from Austin, Texas, and the General Growth representative was flying in from Chicago, it was challenging to setup a neighborhood meeting where they could attend. She said it could be done if that was what the council directed. Schneider said he was assuming that type of meeting might occur during a formal application process. Allendorf said he thought it made more sense to have the General Growth representative attend a meeting as part of the comprehensive guide plan process for the area rather than a neighborhood meeting for this project. Bergstedt said given the quiet, yet unique use of this project and its location, he didn’t think many people would attend a neighborhood meeting other than hearing from a General Growth representative. He didn’t want to make the applicant fly in for a meeting that no one attended. Schneider said he supported separating the overall visioning of the Ridgedale area and this project.

14A Resolution approving a conditional use permit for a 7 to 12 resident licensed residential care facility at 5022 Baker Road

Attached is a change memo from the city planner with information received after the council packet was distributed.

14B Concept plan review for Ridgedale Executive Apartments at 12501 Ridgedale Drive

Attached is a change memo from the city planner with information received after the council packet was distributed.
ITEM 14A – Counter Point Recovery

The following attached information was received after the city council packet was distributed.

The following is a summary of the public comment and planning commission discussion:

Public Comment:
- There are state laws that guide the ability for others to visit a residential care facility.
- Counter Point Recovery (CPR) does not have full control of what their clients are doing.
- Facility does not have the required area to accommodate the 12 person population.
- The property is not adequately screened.
- Visitors to the facility would create traffic burdens on Baker Road.
- Parking issues exist at CPRs existing facility.
- Off-site visitation is problematic to the rehabilitation of clients.
- A facility in Minnetonka allowed me to begin to rehabilitate.
- Calls for service come from all types of residential neighborhoods
- Neighborhood has a strong base and a transient population isn’t wanted.
- Would like CPR to find an adequate facility to support 12 clients and become a pillar for the community.
- Personal experience with the benefits of an adolescent recovery center in the community.
- The facility meets city, county and state requirements.
- The facility would place a burden on the city to respond to other 911 calls.
City Council Change Memo – December 4, 2017

- The facility does not have adequate buffering.
- There is a high density of residential care facilities within a mile of CPR. There are other locations in Minnetonka for this facility.
- Facility can be a part of the neighborhood if residents accept it.
- Chemical dependency is the leading cause of death for people under 50. The community should show support for a facility trying to address this issue.
- Property is more suitable for 6 residents.

Planning Commission discussion:
- Would like some additional buffering; natural preferred.
- Necessary facility; interior space needs state sign-off.
- Good to see facility meeting and underserved need; yes for 6 but no tonight.
- Not in favor of the facility; plan is not correct, facility could be 6.
- Try with 6 then go for more if works in the future.
- Motion - The commission recommended the council deny the application on a 4-3 vote finding there was a lack of screening, inadequate response to visitors and associated parking and lack of an adequate operations plan. The planning commissioners opposing the motion felt the application met the requirements of the ordinance.

The additional information section in the staff report incorrectly notes the voting requirement for a conditional use permit. The language should read as follows:

The planning commission will make a recommendation to the city council. A recommendation requires an affirmative vote of a simple majority. The city council's final approval requires an affirmative vote of five members.

**ITEM 14B – Ridgedale Executive Apartments**

The following attached information was received after the city council packet was distributed.

The following is a summary of the public comment and planning commission discussion:

Public Comment:
- The images of the building as viewed from the single-family neighborhood are deceiving.
- The building is out of proportion for the property.
- The proposal is inconsistent with the comprehensive plan. This is an area of transition to single-family neighborhoods.
- The proposal is inconsistent with the zoning ordinance.
- The trail around the pond has never been discussed. It is a trail to nowhere.
- Park dedication fees would be diverted from other park plans in the area.
- The proposal would cause a loss of privacy and security for adjacent single-
family homes.

Planning Commission discussion:
- What is the distance from the other adjacent developments to recent Ridgedale developments?
- What is the size of the property?
- Where did the trail come from?
- Like the idea of a luxury apartment building.
- Don’t know what the right height should be.
- What is sustainable about this project?
- A 6-story building would be intrusive for the neighbors to the south; an abrupt transition. Mass is too close to the single-family neighborhood.
- What are the other development options if not 6-story residential?
- Land use is appropriate.
- What would zoning allow? FAR limits?
- Trail not needed.
- Is the conservation easement already in place fair for a 6-story building?
- Mass is too great, maybe 4 stories?
Counter Point Recovery letters received
Hello Drew,

Here is a preliminary plan for additional buffering. Let me know your thoughts.

Fartun
PART OF LOT 8

10' WOOD PRIVACY FENCE

6' HGT WOOD PRIVACY FENCE

(29)

ARBORVITAE 'TECHNY'

SPRUCE 'BLACK HILLS'

ARBORVITAE 'EMERALD GREEN'

5

SPRUCE 'BLACK HILLS'

JUNIPER 'HETZ COLUMNAR'

ARBORVITAE 'EMERALD GREEN'

$376,300

5022 BAKER RD
MINNETONKA, MN

I hereby certify that this plan was prepared by me or under my direct supervision and that I am a duly registered landscape architect in the State of Minnesota.

SIGNATURE

REGISTRATION #

DATE

DATE ISSUED

DRAWN BY

DESIGN DEVELOPMENT SET

PRELIMINARY LANDSCAPE PLAN

SCALE = 1" = 10'-0"
September 18, 2017

Fartun Ahmed, Authorized Agent  
Counter Point Recovery  
14528 Moonlight Hill Road,  
Minnetonka, MN 55345

License Numbers: 1080128 (Rule 31)

Dear Fartun,

On September 12, 2017, the Licensing Division received the final portion of your response to a Correction Order issued on June 16, 2017. Violations cited for which the Licensing Division required submissions to evidence corrections have been reviewed and found to be compliant with applicable Minnesota statutes and/or rules.

Any additional violations for which DHS did not require submissions to evidence corrections are also expected to have been corrected. Ongoing compliance with Minnesota Rules, parts 9530.6405 through 9530.6505 and applicable statutes will continue to be monitored. If you have any questions, please contact me at (651) 431-6614.

Sincerely,

Leah Wachter, Senior Licensor  
Mental Health/Chemical Dependency  
Licensing Division  
Office of Inspector General
From: Mary Pat Blake  
Date: December 3, 2017 at 11:07:33 PM CST  
To: <tschneider@eminnetonka.com>, <dallendorf@eminnetonka.com>, <pacomb@eminnetonka.com>, <bellingson@eminnetonka.com>, <twagner@eminnetonka.com>, <bwiersom@eminnetonka.com>, <tbergstedt@eminnetonka.com>, <jwischnack@eminnetonka.com>  
Subject: Support for Approval of Counter Point Recovery for 7-12 Bed Facility

Dear Mayor Schneider and Minnetonka City Council,

I am a second-generation Minnetonka resident who respectfully requests consideration of my attached letter in support of approving Counter Point Recovery group home for 7-12 bed facility.

Thank you, and thank you for your service to our community.

Sincerely,

Mary Pat Blake  
President  
Blake Strategic Consulting, LLC

Residence:  
14800 Wychewood Road  
Minnetonka, MN 55345
December 3, 2017

Dear Mayor Schneider and Minnetonka City Council Members,

I am a second-generation resident of Minnetonka who is writing in support of the City Council approving a conditional use permit for Counter Point Recovery to operate its business with 7-12 residents. I was very disappointed by the decision made by the Planning Commission last Thursday night. In fact, I believe a grave injustice was committed against Ms. Fartun Ahmed. This letter has concerns in two areas and is written in two parts. I add additional information about increased housing values on streets with group homes as point 3.

1. **Concern #1**: People have a right to enjoy a thriving business in the City of Minnetonka after months of planning it with City staff. Last Thursday night, the Planning Commission voted not to recommend a conditional use permit for Counter Point Recovery to serve more than 6 residents, even though City staff finds that this lot meets or exceeds the requirements for 7-12 residents and Hennepin County and the DHS, who governs over these group homes, has found the project to be with good merit. The home on Baker Road has been bought with the assumption that it will be a 7-12-bed facility. All business plans and all financials have been developed with this assumption. For the Planning Commission to now say “it can only be a 6-bed facility” is depriving the facility from achieving a good income to cover expenses and a modest profit for reinvestment. Key points:
   a. Ms. Ahmed has been planning this facility with the City of Minnetonka staff for close to a year. In alignment with City of Minnetonka ordinance, the City staff has approved of this location project and has helped them to take it to this step. The home was purchased with the understanding it would be a 12-bed facility.
   b. Ms. Ahmed has been licensed by DHS and successfully operating a residential treatment facility in Minnetonka since March, 2016. The City has had little to no problems with them.
   c. Ms. Ahmed is a United States citizen and has a right to run a profitable business.
   d. If she is denied the ability to have 7 – 12 residents, the income to the home is literally cut by 50% and the City is severely hampering her ability to cover fixed costs and earn a small profit for reinvestment back into the home and program.
   e. In the world of business, if there isn’t enough income to cover the costs, the business will fail. By way of background, I am a business person with a 35-year career with companies including General Mills, PepsiCo, and others. I am also a Harvard MBA, I’m on the Carlson School of Management Board of Overseers at the University of Minnesota, and I have had my own business consulting practice for 15 years. I have started 3 companies. I provide my business background so you understand that I do know business. In the world of business, if there isn’t enough income, any business will fail. I am disturbed that the Planning Commission sees fit to cut the income for this project by 50%.
f. The Planning Commission, in its decision to deny recommending the group home its ability to serve 12 residents, has severely hampered the success of the group home project.

g. Indeed, it’s my understanding that Ms. Ahmed has had to incur extra legal fees for lawyers to attend the Planning Commission Meeting and other meetings which other group home owners—including those who currently run 7-12 chemical treatment facilities in Minnetonka—did not need to do. Why is this?

h. Ms. Ahmed is quite distinguished in her field. She has earned a bachelor’s degree, two master’s degrees from the University of Chicago, and is a licensed chemical health counselor. She and her husband are doing good work in our community, and are gifts to Minnetonka. We’re lucky to have them in our community.

i. I see no reason to hamper or badger Ms. Ahmed any further. What was obvious by the comments at the Planning Commission meeting: there is a huge bias against people seeking chemical health treatment.

j. I grew up in Minnetonka, and I am not proud of what I saw stated and acted upon in my community last week.

k. I see no reason to deny this project the ability to serve up to 12 residents, which is what the City of Minnetonka has been planning with Ms. Ahmed for close to a year. They bought the home on Baker Road with that assumption. They have done their part to move forward in good faith. To cut their income by 50% would be a grave disservice. And, given the decisions that have been made regarding other 7-12 bed facilities in Minnetonka, it could be construed to be an act of bias (seeing as Ms. Ahmed meets or exceeds every requirement in the ordinance that was created by the City Council).

2. Concern #2: Mr. Brian Kirk showed bias while leading the Planning Commission meeting.

   a. At last Thursday’s Planning Commission meeting, Mr. Kirk started his remarks by saying, “Group homes don’t make great neighbors.” Mr. Kirk did not provide any evidence to back up his opening statement, and proceeded to be influenced by the falsehoods stated by the Baker Rd. neighbors (that were all debunked during the question and answer period with Ms. Ahmed and her lawyer).

   b. I understand that Mr. Kirk is a resident of the neighborhood in question, and owns a home there. He should have recused himself from the discussion but he did not. Instead, he LED the discussion.

3. Property values have increased on Caribou Drive in Minnetonka with 2 group homes on it.

   a. I grew up on Caribou Drive, a small street that parallels 494, and members of my family still own 2 homes there. Through the years, 2 single family homes have been converted to group homes. There have been no issues whatsoever with these homes or their residents.

   b. The housing values on Caribou Drive have risen greatly during this time and my family is quite pleased.
c. My family believes there is no negative downside (including no substantial increase to traffic or parking issues) to having one or more group homes on their street.

Thank you. I am happy to discuss in more detail and can be reached at my cell phone at 314-409-3111.

Sincerely,

Mary Pat Blake

14800 Wychewood Road
Minnetonka, MN 55345
FYI.

Begin forwarded message:

From: Hassanen Mohamed <hassanen.mohamed@eminnetonka.com>
Date: December 1, 2017 at 4:53:30 PM CST
To: tschneider@eminnetonka.com, gbarone@eminnetonka.com
Cc: dingvalson@eminnetonka.com
Subject: Disappointed Over The Planning Commission's Decision Regarding Counter Point Recovery

Greeting Mayor Schneider and City Manager Barone,

I wanted to bring it your attention the abnormality of the decision to deny Conditional Use Permit to Counter Point Recovery last night at the planning commission and it’s repercussion for future business owners.

I have attended many cities planning commission meetings where agenda items were really controversial and needed much thinking have come up over the years. I felt that last night the planning commission did a disservice to the community and the city council on its role to take action as an advisory to the city council while making sure that they ONLY look at the requirements of the land use and not personal opinions.

Counter Point Recovery came to the planning commission with a plan to move and expand from a 6 bed home to a 7-12 beds home. They provide letters of support from both Hennepin County Human Services and Minnesota Department of Human Services. To qualify for this Conditional Use Permit, they needed to satisfy 4 general conditional use standards and 11 specific conditional use permit standards.

At the beginning of the presentation, city planner Drew Ingvalson provided the background and basis for the approval as requested by the city staff. The business has worked with the city staff and satisfied all the requirements as set forth for the conditional use permit. He shared with the planning commission a graph of the Pyramid of Discretion to show how discretionary and public participation are
entertained in such matter. By a matter of law, he also mentioned that if all these requirements were meet, “the city is legally obligated to approve the request”.

The planning commission came back with a decision of 4-3 to deny the facility a conditional use permit.

Here are some of the comments from the commissioners who voted NO:

Planning Commissioner Joshua Sewall “…come back in another year under your belt with few incidents…”

Planning Commissioner John Powers “…site is inadequate for 6-12, I think it does pose a safety problem based on what I heard tonight…” “…come back in a year or two when they get more experience…”

Planning commissioner Sean O’Connell “…do have some concern on the operational issues that were brought up. “…I think it should go with 6 people for a period of time and show the community and neighbor that it could run in a professional manner.”

Chair Kirk, “…Does not like to be in this position…” “…Is difficult when a home goes over 6…”. “…I would really want to see this work for 6…”, “…they can come back and reapply…” “…the impact regarding the public health, safety and welfare of the neighbors because of the lack of buffer and the demonstrated control of the operation will have an impact on neighbors.”

Police officer Mark was there and provided history of calls from this facility and others that provide the same service and the numbers of 911 from this facility were as per expected for such facility. NONE of the neighbors have EVER called 911 because of feeling unsafe or of other reasons when the business was operational.

The county and state are the ones who will be making the determination if it's going to be a 7 or a 12 bed facility and not the planning commission. These two entities are the ones who will make the business permit determinations. There statements were overreach as per their denial reasons.
It is understood that Planning Commissioners are there to make land use decision and not discuss the fitness of the business or business owner. The basis of a business being new or has been around for 50 years does not carry weight in this decision. The planning commissioners who voted NO showed that they used their personal opinions rather than facts and it was pathetic to see chair Kirk trying to figure out what to throw on the denial to stick. The video is available for you to review and reach your own conclusion.

Does this mean that regardless of how much your work with a city employee to fulfill all requirements of a project, you have to get approval of the same items or standards by these commission members? Then it would be wise for the city to hire the commissioners since they know when a requirement has been fulfilled and people would work with them rather than the city staff!

The applicant has gone far and beyond to address all the requirements of the conditional use only to be denied because of personal feelings or opinions. I believe such behavior can open the city for future litigation and hope that you can look at this incident as a learning opportunity for these planning commissioners. I believe the planning commissioners may need to have another orientation (again, if they had one) and training on what their roles are in this capacity with the presence of city attorney.

I want to thank the planning commissioners who voted YES on this item. They had a lot of weight reaching this decision and I am sure they are going to get a lot of heat because of this decision. But it is the right decision as per this situation.

I am looking forward to the discussion on Monday when this item comes up to the council. I hope the council will do the due diligence and correct this error and approve this conditional use permit for this much needed facility.

NOTE: I could not find the group email for the planning commission on your website, please feel free to forward this email to the entire commission.

Warmly,
Hassanen Mohamed
Supporter of this business
Dear Mayor Schneider and City Council Members,

We encourage you to make your decision about the CUP application for 5022 Baker Road based on the facts, and not on the unfounded fears, that were presented at the Planning Commission meeting on November 30, 2017.

We live very close to the home at 5022 Baker Road and we know many people in this neighborhood. Barb grew up at 4640 Caribou Drive after her parents built their home in 1957. We have lived on Caribou Drive for the past 29 years of our marriage (at 4640 and now 4713). We have 2 group homes on our street that have always been good neighbors, and our home values have continued to rise.

We believe Minnetonka can be a welcoming place for all, including people who need a helping hand to live in dignity.

We have visited this home that has been purchased by Counter Point Recovery (CPR) many times over the years that Katie Williams and John Lee raised their family there. It is an excellent location for a group home, set far back on the lot for privacy for both the clients and the next door neighbors. It has a long private driveway with plenty of parking space for staff (clients cannot have their cars). The most recent additions to the home have increased the garage space with plenty of room for the CPR client van, increased the kitchen, dining & living space, and increased the number of bedrooms and bathrooms. The square footage and layout of the home meet all the city, county and state's requirements for a group home supporting the chemical dependency recovery of 7-12 people.

We have known Fartun Ahmed, the owner of CPR, for 10 years. We have gotten to know her husband Munasir Gabeyre over this past year. Their degrees and work experience in the field of chemical & alcohol dependency have prepared them to launch CPR more than a year ago. They work together tirelessly to provide a high quality and intensive 3 month program for men who have committed to getting their lives back and to achieve their highest potential.

We had many questions about the 911 calls to the current CPR location on Moonlight Hill Road. Officer Marks and Fartun & Munasir were very open about sharing the details that are public record. Our imagined fears have been alleviated and we are thankful that CPR staff called 911 for support, following DHS guidelines. No client of CPR was without staff supervision during these mental health crises. No neighbors on Moonlight Hill Road have called 911.

We researched and now understand that the Minnesota Department of Human Services (DHS) stringent controls, governs and supervises the programming and the staffing of Counter Point Recovery. DHS has already given their approval for CPR to expand their program from 6 clients to 7-12 clients at 5022 Baker Road. Many of the comments from neighbors and Planning Commissioners were based on unfounded fears about details that are governed by DHS, not the city (such as client visitation rules; perceived “lack of operations plan”; judgements about owner's age, gender & experience in this profession).

We agree with the 3 Planning Commissioners who were in support of the CUP application for Counter Point Recovery at 5022 Baker Road because it meets all requirements of the city ordinance.

We encourage you to research any concerns you may have, tour the home, visit the current CPR program on Moonlight Hill Road, and vote in favor of the CUP application.

Thank you,
Barb & Dan Westmoreland
4713 Caribou Drive
Minnetonka MN 55345
Hi Drew,

I talked to a few neighbors at 14526 Moonlight Hill and here are some of the privacy issues they have encountered.

Privacy and Safety:

- Due to the way the houses are arranged the men at the facility could view into homes. When asked to lower the shades in the evening out courtesy. The request was met with defiant opposition.
- Other neighbors were not able find out any scheduling of activities when asked which caused parents to be uneasy about children moving around the neighborhood as they had previously done
- It had also been conveyed other neighbor's had stopped using their outdoor facilities because of the loud arguing coming from the deck when patients were smoking on the deck area of the facility
- Use of the deck area after the proposed lights out policy for smoking

The South property line has a direct line of sight between the two dwellings, and this has the potential to directly affect the use of our back yard. Since a privacy fence wouldn't affectively work for a privacy fence a hedge would. a suggestion would be -

**Emerald Green Arborvitae**

**Thuja occidentalis 'Emerald Green'**

Evergreens That Stop Growing at a Perfect 8-12 ft. Height

These easy-to-grow hedge trees are perfect for tight areas. Its shimmering emerald color and disease resistance make it an extremely popular evergreen hedge.

Your best choice for a medium-sized privacy screen... just plant every 3 ft. for a tidy, neat hedge that never needs trimming.

Sincerely,

Jeff Wehner
Email Address: [redacted]
Phone: [redacted]
Cell: [redacted]
On Wed, Nov 29, 2017 at 10:33 AM, Drew Ingvalson <dingvalson@eminnetonka.com> wrote:

Jeff,

Per your phone request, attached is a document that compiles state statutes and city code regarding residential care facilities. Additionally, below is a link to the Mn State Statutes. Look under Subd. 7 for residential care facilities severing less than 6 persons.

https://www.revisor.mn.gov/statutes/?id=462.357

Feel free to contact me at the information listed below if you have any additional questions.

Best regards,

Drew

Drew Ingvalson | Planner | City of Minnetonka
14600 Minnetonka Blvd | Minnetonka, MN 55345 | 952-939-8293
Hi Drew,

I created an addendum with the original list of conditions our neighborhood developed. On the first page is additional information regarding the only other 12-person substance rehab facility. The other pages have the conditions and reasoning behind them.

Thank you and I appreciate you allowing us to include this for the meeting today.

Jim
Additional information and request pertaining to the application for CUP for the address at 5022 Baker Road by CPR.

Aerial and street views of the only existing 12 resident substance abuse rehab facility at 12401 Minnetonka Blvd.
Dear Planning Commission and City Council members,

While we believe we there are serious enough concerns and evidence to deny the approval of the permit, in the event the evidence is not persuasive enough we request that the following conditions be a part the permit. These are based on neighborhood concerns and include brief points on why these conditions are important to the neighborhood and necessary regardless of whether there is a six or twelve resident facility.

There are around 100 individuals we are speaking for and in a single day, 30 of them replied approving the general conditions stated below. Part of the logic behind the recommendations is based on a phone conversation I had with one of the owners, Fartun Ahmed.

- The existing 12-person van or other vehicles accommodating > 7 people must be parked in garage at all times
  - This is more of a commercial vehicle which you would not normally see in our neighborhood

- No visitation hours at the facility and family education also held offsite
  - Fartun already stated visitation will be done outside the facility, so council should have no issues with this condition
  - Minimizes traffic in and out of residence during re-occuring, consolidated hours

- Submission of list of employee vehicles on site regularly
  - Help to eliminate false calls to city from residents when there are occasions where there are more than 4 cars parked on the driveway
  - For example, if there are 5 cars parked outside and we know 4 of them are regular staff, we will understand that there may be a single, short-term visitor versus 5 cars that are not regular staff

- Staff is not allowed to carpool within 5 miles of the facility unless picking-up directly from employee residence and staff/visitors are not allowed to park on neighborhood streets then walk to facility
  - There are many lots and city streets within walking distance of the facility and want to ensure that CPR staff and visitors are not using those on a regular basis in order to comply with the four cars on the driveway condition.
  - Still allows employees to carpool, but doesn’t put parking burden on another part of the city or neighborhood

- Outdoor activity schedule be posted online where/when residents will be in open, public spaces and must adhere to that schedule
  - Allows residents notice when to expect large groups on public trails, parks, etc
  - This was also a large concern of the neighbors of the existing CPR facility and limited their use of common areas
- Nature walks, park visits, "therapeutic walks", etc must be accompanied by a security personnel (i.e. off-duty police officers) that has the right to intervene or contain residents if necessary, to be paid for by CPR
  - Many local trails and parks are difficult for police to respond to in a timely fashion if an incident occurs or a CPR resident leaves the group and this allows for immediate response and if necessary containment
  - CPR does not have the right to intervene or contain residents, but relies on the local police if an incident occurs or a resident leaves unsupervised
  - Helps eliminate a major neighborhood concern regarding safety when out of the facility
  - Plain-clothed, off duty officers can blend in and is more respectful of the residents when in public trails, walkways, etc.
  - Based on my discussion with Fartun (and the schedule she provided) the walks are less frequent and limited to 45 minutes, which should not put a significant financial burden on the owners

- CPR will have one employee supervising for every 4 residents during off-facility excursions
  - Especially in public places, it allows continuous surveillance of residents, which CPR stated is necessary at all times in their permit application

- Neighborhood within 1 mile of the facility must be reasonably notified 2 months in advance of any permit requests, can be done via email
  - Gives neighborhood opportunity to partner and co-develop recommendations with CPR
  - Allows ample time for community to research permit impact on the neighborhood

- All windows/doors facing adjacent neighbors will have shades drawn after 5:00
  - This was an issue for neighbors next to the existing location

- 7' wooden privacy fence be created and maintained around the south, west and north sides of the building to enclose the back and side yard area. Additional, matching fences be created along the entire south and north property line if requested from the adjacent neighbor
  - Creates privacy fence for residents and neighbors and reduces noise from larger gatherings outside (even with 6 residents plus staff can have 12+ people congregating on a regular basis)
  - Minimizes use of more visible front yard space
  - Allows neighbors on each side of property to make decision whether they want a fence through the entire property line
  - Makes access to overpass pedestrian bridge over 494 less easily accessible

- Evergreen plants/trees be planted on the East-facing property line to ensure coverage during all seasons
Current deciduous trees offer little to no coverage during late Fall to Spring seasons and you can clearly see the house from the street at this time.

- Any resident who leaves the property line without supervision or notice will be removed from the program
  o Speaking with Fartun, the previous resident who left was removed from the program “immediately” as a result and we want to ensure the policy continues at the new residence
  o Ensures that residents who have a history of leaving the facility unsupervised are no longer permitted in the program

- Proactively disclose 911 calls within 24 hours of report
  o Ensures community is aware of facility and resident issues in a timely manner

- Inform local community immediately if any resident is outside the property unsupervised through a community alert
  o After calling police, ensures local residents are aware of potential issues
  o Local neighborhood can be on the lookout and assist in locating the resident

- Facility will have window and door sensors, cameras at exits and motion/cameras on the exterior that is directly linked to a security system that can immediately alert police
  o Assists night/overnight CPR employee to monitor and survey residents when minimal staff present in a multi-story facility
  o Helps ensure CPR staff and police are immediately notified if/when a resident leaves the facility unsupervised

- Exterior doors will be locked, without resident access to unlock, after 5:00 daily. Exception will be a single emergency door located in the closest proximity/visibility of night staff
  o This was discussed in the application and want to ensure it does not get removed as a policy
  o Helps minimize residents exiting property when minimal supervision is on-site

- The City of Minnetonka will not allow permit for any other similar facility within a one mile radius of the 5022 Baker Road address while the facility exists
  o Our neighborhood will already have one facility with double the capacity of most others and this will ensure that one area of the community does not have a disproportionate number of these residences
October 20, 2017

Division of Licensing
PO Box 64242
Minnesota Department of Human Services
St Paul, MN 55164

RE: Letter of Need for Counter Point Recovery
Fartun Ahmed
14528 Moonlight Hill Road
Minnetonka, MN, 55345
http://counterpointrecovery.org

To Whom It May Concern:

I am writing in response to a request from Counter Point Recovery for a letter of need to be incorporated with their application to relocate and expand the capacity from 6 to 12 beds for their Rule 31 licensed program in Hennepin County re-locating to:
5022 Baker Road, Minnetonka MN, 55305
Counter Point has been successfully operating a high intensity 6 bed residential program in Minnetonka and has helped to fill a growing need in our community.
Please consider this Hennepin County’s letter of support of Counter Point Recovery’s request to modify their Rule 31 license.

Sincerely,

Tom Turner
CH Unit Supervisor
October 27, 2017

Ms. Fartun Ahmed  
Counter Point Recovery  
14528 Moonlight Hill Road  
Minnetonka, MN 55345

Dear Ms. Ahmed,

The Commissioner is in receipt of a statement from the Hennepin County Human Services & Public Health Department dated October 18, 2017 regarding approval pursuant of 9530.6810 for a chemical dependency (Rule 31) residential program capacity increase in Hennepin County. I have confirmed that Hennepin County Human Services & Public Health Department does not object to the capacity increase from six to twelve beds.

The Department of Human Services Alcohol and Drug Abuse Division functions as the Single State Authority for chemical dependency under Minnesota Statutes, section 254A.03. DHS has reviewed the previous letter of support issued to you on January 11, 2016 in accordance with Minnesota Rules, part 9530.6800. The decision to support the need for a capacity increase was determined, in part, based on the communication with Hennepin County Human Services & Public Health Department pursuant to Minnesota Rules, part 9530.6800. Based on our review of compliance with Minnesota Rules, part 9530.6800, the Commissioner supports the need for the capacity increase.

Thank you for your interest in providing chemical dependency treatment services in Minnesota. Please contact Julie Jacobson in the Alcohol and Drug Abuse Division at 651-431-3461 or julie.a.jacobson@state.mn.us with any questions and/or concerns.

Sincerely,

Claire Wilson  
Assistant Commissioner  
Community Supports Administration
Dear City Council,

I am in favor of you granting the conditional use permit for the licensed residential care facility on 5022 Baker Road.

I am asking that you consider Minnetonka’s city staff recommendation to approve the permit.

I have read all of the supporting documents from this agenda packet as well as those from the November 30th planning commission meeting. As a neighbor and resident of Minnetonka, I can understand the concerns raised by my neighbors. But, not providing intentional spaces of care, does not magically make these issues disappear. They will only persist without advocacy.

Please consider that voting against the permit can give the perception that our city will make care giving difficult and practical spaces untenable. I know you care about building a holistic thriving community. There are economic and cultural realities that make spaces like Counter Point Recovery absolutely essential for the total health and well being of our city. They are going to be able to do and serve in a way that other places have not and cannot. I think this is a gift rather than a liability to Minnetonka. I am asking for your affirmative vote.

I can appreciate the tension that you will hold on December 4th. You have a staff recommendation to vote yes and you have a 4/3 non-recommendation from the planning commission. You also hold neighbor’s concerns. Thank you for holding these spaces and these tensions.

I believe, along with the city staff, that these spaces ultimately add value and promote the overall well being of our families. On December 4th, you get to vote yes and say, we see you and we care. Additionally, you have an opportunity to communicate to all those in our city, who are considering initiatives that will creatively help our city thrive, to continue the good work. You get to say, “Don’t be discouraged. We see you and we need you to creatively provide healing spaces for our neighbors in need.”

Thank you for your consideration,

David Landt
Lead Pastor, Mills Church
13215 Minnetonka Drive
Minnetonka, 55305
Good evening Mayor Schneider & Councilman Ellingson.

Thank you for taking the time to read the original email submitted by my wife (Emily) and I on Nov 19th. I am writing a second time to express our full support of the Planning Commission’s Recommendation to deny the Conditional Use Permit to be used at 5022 Baker Road. We agree with the Commission’s explicit reasoning that an approval of this permit for this location would violate the General Standards section of the Minnetonka City Code 300.16.2 C and D. We also believe approval would violate the following as well:

**Section 300.16.3.G.4** – “no external building improvements undertaken in R-1 and R-2 districts which alter the original character of the home unless approved by the city council. In R-1 and R-2 districts, there must be no exterior evidence of any use or activity that is not customary for typical residential use, including no exterior storage, signs, and garbage and recycling containers”

The average household in Minnetonka is 2.25 persons and each home of this size averages one garbage can and one recycling can. Having a residential home with 12 men and 5 staff members exceeds the average over 7 times. Applying that same ratio of individuals to the number of garbage and recycling cans needed to accommodate 17 residents would calculate out to 7 to 8 garbage cans and 7 to 8 recycling cans. Going from 2 to 3 cans per home to over 14 cans would not be customary for “typical” residential use and a violation of the ordinance.

**Section 300.16.3.G.6** – “no on-street parking to be allowed. Adequate off-street parking will be required by the city based on the staff and resident needs of each specific facility. In R-1 and R-2 districts, the parking area must be screened from the view from other R-1 and R-2 residential properties. Private driveways must be of adequate width to accommodate effective vehicle circulation and be equipped with a turnaround area to prevent backing maneuvers onto public streets. Driveways must be maintained in an open manner at all times and be wide enough for emergency vehicle access. Driveway slope must not exceed 8 percent unless the city determines that site characteristics or mitigative measures to ensure safe vehicular circulation are present. Adequate sight distance at the access point must be available”

Since it has been proposed in the application to have 7 off-street parking spaces, the homes located at 5014 and 5030 Baker Road (the properties directly north and south of the 5022 Baker) do not have the required buffering as required in Code Section 300.27.20.A.3 which states “Off-street parking facilities containing six or more spaces shall be buffered from streets located within 50 feet, and from lots which are used for any residential purpose.” Although the home directly north is separated by *Isoglossa woodii* (commonly known as buckweed), this material does not comply with Section 300.27.20.B as a suitable material for buffering. In addition, Section 300.27.21 states that any property that does not comply with these conditions is declared a “Public Nuisance”.

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Kathy Leervig
Section 300.16.3.G.9 – “submission of detailed program information including goals, policies, activity schedule, staffing patterns and targeted capacity which may result in the imposition of reasonable conditions to limit the off-site impacts”

The “Activity Schedule” submitted with the application failed to mention any allotted time for visitation which is a requirement based on the Minnesota Admin Code 9530.6505. The lack of proper time allocated for visitation is a clear violation of Minnesota governance. But even if this schedule was revised to allocate visitation for 12 adult men on-site (which is the Minnesota requirement) it would then result in the “imposition of reasonable conditions” for this location and be a violation of this ordinance.

Section 845.020.3.C.3 – “Vehicles, watercraft and other articles stored outside on residential property must be owned by a person who resides on that property. Students who are away at school for periods of time but still claim the property as their legal residence will be considered residents on the property.”

After carefully reading through Section 300.16, there seems to be no provision that negates, changes, or alters this ordinance for the purpose of issuing a Conditional Use Permit. And due to the following conditions:

a) the owner of the property has stated they will not be residing on the property  
b) the staff are not considered residents of the property (since a “resident” is someone who must use this address as a primary or secondary address)  
c) the 12 adult men who are considered residents are not allowed to have vehicles

we can conclude that none of the vehicles on the property would be owned by a person who “resides” on the property. Also, by the definition of this section, this property would then be considered a ”Public Nuisance”.

Again, thank you for your time and attention to this matter. With the recommendation of the Planning Committee and the list of violations within this email, we are asking that you deny the conditional use permit for this location.

Thank you,
Derrick Banks & Emily Dalager

On Nov 19, 2017, at 10:55 PM, Derrick Banks wrote:

Good evening Mayor Schneider & Councilman Ellingson:

My wife (Emily Dalager) and I (Derrick Banks) are writing to express our concerns with the conditional use permit for 5022 Baker Road which has been requested by Counter Point Recovery, LLC (CPR). We were fortunate to attend the community meeting where we heard the owner and staff of CPR express their plans, business model, and operating experience to us and approximately ten of our neighbors. After evaluating the information we received from them, reviewing their application online, and researching the organization, we find great concerns with
this location for a treatment facility of this size, this organization’s ownership and staffing model, and their history of operating a similar business in the area. We respectfully request that you reject CPR’s request for a conditional use permit based on the following:

1. We believe CPR is either dishonest or extremely disorganized, neither of which is appropriate for a company treating such medically sensitive clients in a high intensity environment. This is based on the discrepancies discussed with CPR in the community meeting versus their responses in the application; including but not limited to the following:

   A. the owner/staff stated there would be visitation on Wednesday and the weekends. But in response to question 5C of the application, they state that no visitation would be permitted.

   B. the owner/staff stated that there would be construction for parking to accommodate 15 vehicles. But in response to question 6 of the application, they state that there will be “no more than 5 vehicles” on the site at the same time.

   C. the owner/staff stated that they would construct a security fence to shield the neighbors that are to the south of the property. They also were not sure at the time if it would be tree-lined or a material constructed fence; nor did they know the height of the fence. But in response to question 8 of the application, they state that there would be no change in landscape or exterior buildings.

   D. In response to question 9 of the application, they state that there is a "submitted activity schedule" for their residents of which we have not seen. But when asked in the meeting what local activities would their residents participate, we were simply told “there would be walks to the SA” in reference to Super America on the corner of Baker and Excelsior. By this response, it is clear to both us and CPR that this area lacks the amenities conducive to providing activities outside of the home for their clients.

2. The vicinity where 5022 Baker Road is located is already serving most of Minnetonka’s residential adult chemically dependent population. Of the 8 DHS licensed facilities actively serving adults over the age of 18, 6 of those facilities are within a 3 mile radius of 5022 Baker Road; and 4 of those facilities are within a 2 mile radius.

   A. Counter Point Recovery, LLC (on Moonlight Hill Road) - 1.8 miles - services 6 adult males
   B. One Twelve (on Lake St. Ext) - 1.7 miles - services 6 adult males
   C. One Twelve (on Shady Oak Road) - 1.9 miles - services 5 adults (male/female)
   D. River Ridge (on Glen Avenue) - 2.0 miles - services 6 adult males
   E. One Twelve (on Shady Oak Road) - 2.6 miles - services 6 adult males
   F. One Twelve (on Minnetonka Blvd) - 2.6 miles - services 12 adult males

3. After extensive research, we identified additional facts leading us to question CPR’s credibility, experience, and ability to operate a facility of this size and complexity regarding addiction/recovery and mental health:

   A. the mis-information about the ownership/closing of the property: on 2 different occasions, Ms. Ahmed stated to the community that she already purchased and owned the property and assured us a 6 bed facility was opening regardless of opposition. However, we were able to verify that there has not been a closing or transfer of ownership as of 11/19/2017.
B. the Operations Manager for CPR is Munasir Gabeyre. Ms. Ahmed and Mr. Gabeyre essentially have a family business as they have been married since August 2016 and are working together. Please understand that it is not important, nor an issue, to us that they did not disclose this fact, but what does concern us is that Mr. Gabeyre is also listed as the owner of another treatment facility named “Milestones Recovery Inc” located at 5136 Willow Lane, Minnetonka, MN 55345 (according to the NPI database). In the community meeting, CPR stated that Mr. Gabeyre would be onsite at the 5022 Baker Road property between 8am and 5pm. We are concerned that with his limited experience in this industry and obligations to other facilities, that he will truly be able to both own and operate multiple facilities; especially given the number of citations by DHS (15 upon initial site visit) and emergency 911 calls (14 for the year 2017) which occurred under his supervision at their current one and only operational facility on Moonlight Hill Road.

C. Ms. Ahmed is listed as the Executive Director of the Family Resources and Child Care Center facility in Hopkins. Although we find it commendable and plausible to have multiple business interests at once, we have found that in April 2015, Ms. Ahmed’s childcare facility had 24 citations (food, medical and safety related) issued by DHS and 2 additional critical citations (concerning staff background checks) issued that same month which resulted in an $800 fine. The 2 critical citations related to background checks for the daycare issued in April 2015 were of the same nature as 2 of the 15 citations issued to Moonlight Hill Road in June 2017. It’s clear that, for over 2 years, Ms. Ahmed's business practices still had not matured enough to correct hiring procedures and policies mandated by the state.

Thank you for your time and attention to our concerns. Again, we are requesting you please reject any conditional use permit for this organization at this location.

Derrick Banks & Emily Dalager
5135 Baker Road
Minnetonka, MN 55343
Kathy Leervig

From: Elizabeth Davis
Sent: Friday, December 01, 2017 4:29 PM
To: Drew Ingvalson; Terry Schneider; Bob Ellingson
Subject: Counter Point Recovery conditional use permit -- 5022 Baker Rd

Planner Ingvalson, Council Member Ellingson, Mayor Schneider:

I attended the Planning Commission meeting on 30-Nov, and was interested to learn that the conditional use permit requested for 5022 Baker Rd attaches to the property-- meaning that, if granted, the house would essentially become a “group home” rather than a single family residence, regardless of ownership.

Any group home would be expected to have demands on traffic flow different from a typical residence, due to the volume of staff, residents, and visitors. Effects on parking and traffic are of great concern to current residents near this location (like myself), because Maywood Lane and Jane Lane—each connecting to Baker Road almost directly across from the 5022 property—are both dead end streets relying solely on Baker Road as an outlet. Any traffic congestion along Baker south of Excelsior is felt directly by the residents of these streets. Traffic already limits pedestrian activity on Baker, reducing our ability to utilize nearby connecting trails, and it is not uncommon for the trip from Maywood to Excelsior (~ 0.25 mi) to take 4-5 minutes during rush hour.

Parking would be a prime concern for a group home with more than 6 residents (plus staff), especially as it relates to visitors. I was concerned about the solution proposed by CPR to conduct all visits off site, as this compromise seems a disservice to residents and a great burden for staff to identify alternative locations, schedule visits to accommodate staffing ratios, and drive. It is hard to imagine any group home, especially a health-related facility, functioning effectively without allowing for unscheduled visits.

Because a group home for more than 6 residents (plus staff) likely requires more parking than this location can accommodate, and because businesses of any sort generate traffic, I urge you not to grant the permit.

Sincerely,

Elizabeth Davis
13020 Maywood Ln

1
Kathy Leervig

From: Hilal Ibrahim
Sent: Sunday, December 03, 2017 12:32 PM
To: Dick Allendorf; Terry Schneider; Patty Acomb; Bob Ellingson; Tony Wagner; Brad Wiersum; Tim Bergstedt; Drew Ingvalson
Subject: CUP regarding Counter Point Recovery
Attachments: FullSizeRender.jpg; LLO_396230 1066522.pdf

Dear Mayor, City Council Members and City Staff---

My name is Hilal Ibrahim. I grew up in Minnetonka and graduated from Hopkins High School. Currently I am in my last year of studies at the University of Minnesota. As a long time resident I would like to bring your attention to a few things regarding the Conditional Use Permit (CUP) application for Counter Point Recovery (CPR). I have seen many of the letters circulating from the neighborhood, and while I understand their concerns I believe we must look at facts and not just fear and assumptions. Some of the points brought forward at the planning commission meeting:

1. Citations---CPR has 14 citations, to contextualize this we must look at similar businesses operating in Minnetonka and nearby cities. One Twelve operates several facilities including a 12-bed facility that the city of Minnetonka approved a CUP for in 2015. They have 17 citations, (many very similar to the same citations CPR received) and received these citations before the CUP was granted. I witnessed several people refer to CPR’S inability to run a business because of citations. I also witnessed several people refer to denial of a CUP based on citations. What was most shocking was to witness planning commissioners refer to CPR was having ‘operational issues’ and not being a ‘successful business’. Many of these commissioners went as far as to say come back when you can show and prove to run a successful business. This is unfair in many ways. One Twelve (owned by a white man) was not held to this standard. The 17 citations were never brought up and from the research I have done neither the planning commission or the city council labeled them as having ‘operational issues’ or ‘unsuccessful business’ during the application process. I have attached the 17 citations One Twelve has received. I can only come to a conclusion that the relevance of 14 citations for CPR has come up because of one thing: The owner is not white and many of the clients served by the program are not white. If 14 citations is indicator of performance, I’m not sure many of the conditional use permits granted to DHS licensed facilities in Minnetonka were held to that standard. And if you hold 1 person to a standard that you do not hold all of your other applicants to, it is discrimination.

2. Police Calls—Another issue, which was brought up over and over, again is police calls. Officer Marks is on camera saying that for these types of facilities police calls range from 1 to in 100’s. Officer Marks is also on camera saying neighbors have never called the police on any client or disturbance at CPR. All the calls were made to keep both the neighborhood residents and the vulnerable adults CPR serves safe. Many more calls are made to Omegon, the Home School and even single-family residential homes in our city. If CPR’s dozen phone calls are draining city resources, I hope we can say others alike are draining the very same resources.

3. The planning commission based their vote on the applicant’s ability to run a successful program (because she is not white, she was held to a different standard) and the type of residents served. In the staff report it says, “The conditions outlined in code look at building square-footage, on-street parking, and the like. The conditions do not distinguish between the type of care provided at the facility, the populations residing at the facility or the owner of the property on which the facility is being located.” Planning commissioners made comments regarding the owner’s inability to run a successful business. CPR has support from both the State of Minnesota and Hennepin County to expand
services, if they had operational issues the State of Minnesota or Hennepin County would not support an increase let alone allow them to operate.

4. City Council is obligated to make a decision on this CUP that is lawful. The planning commission had no right to say Ms. Ahmed has operational issues unless they can publicly say all DHS licensed facilities with citations in Minnetonka have operational issues. This is imperative, because they accused a black woman running a business in Minnetonka of ‘operational issues’ while allowing white counterparts to run other DHS licensed facilities, with more citations. No questions asked.

5. Traffic was brought up—the basis of the traffic question was because of visitation being required on site or off site. I would like to remind the council of the letter they received from One Twelve an identical licensed Rule 31 program in Minnetonka. One Twelve states in their letter “There are no on-site visiting hours permitted at this location due to its size” this is exact wording from the letter they attached to their conditional use permit application. Again I ask, why did the planning commission need more proof or research on whether visitation could take place off-site, neither the planning commission nor the city council questioned a white man when he stated the same exact thing?

It both deeply saddens and hurts to see so much push back on the part of some of our community and council members. I cannot help but wonder why different standards have been a factor in Ms. Ahmed’s application and if that is because of her multicultural background. Ms. Ahmed sits at the intersectionality of being a black, Muslim, East African woman—something that the previous applicant who submitted a similar conditional use permit application is not. And in learning of feelings brought forth by representatives of the city and members of this community—it deeply perturbs me to hear sentiments that are clearly un-favoring of Ms. Ahmed’s established business. The comments of ‘operational issues’ and ‘unsuccessful business’ from planning commission members as well as many emails I read incited a sense of fear and un-belonging and I as a community member feel that wording such as ‘this would be something good to open in Minneapolis’ and ‘we have lived here since the 1950’ have underlying meanings. This is a land use request, and I hope the council will vote for this in a matter that would be fair to a white applicant submitting an application for a residential care facility at 5022 Baker Road. It is critical that both appointed and elected officials give each applicant equal access and equal standards in having the ability to run a business in the city of Minnetonka. I appreciate the service you have provided to our community and I look forward to building a Minnetonka that is inclusive, regardless of skin color or faith.

Thank you,

Hilal Ibrahim
RE: CUP & Variation Stipulations

May 7, 2015

To The City of MNTKA P&Z, Council & Staff

This letter is to serve and satisfy the questions brought forth by the City staff concerning day to day operations of One Twelve at 12401 Minnetonka Boulevard, Minnetonka Boulevard, Minnetonka, MN 55305.

Goal:
To assist individuals already stable in recovery from alcohol and drug addiction. Our program is designed to accept residents from a Primary Residential Treatment facility into our Medium Intensity Long Term Residential Facility and assist them in expounding on newly learned coping skills, job searches, living skills and integration back into the community so that may surpass their active addiction and become high functioning members of society.

Policies:
There are over 30 policies in the client handbook given to each client outlining behavior expectations, within the facility and most importantly outside the facility. Clients are required to follow 9:30pm curfew seven days a week with up three hour passes granted during each day and eight hours on the weekend. All clients are Breathalyzed and drug screened on a daily basis. Clients that are not staying clean & sober are referred to and taken to a higher level of care. There are no on-site visiting hours permitted at this location due to its size. Clients are required to participate in therapeutic recreation 2-4 times per week in addition to be taken to the grocery store. All clients participate in 20+ hours of group process with a licensed counselor in addition to 1-3 hours per week of 1:1 counseling with their Licensed Counselor. Many clients are also engaged in secondary therapy to address manageable mental health issues.

Staffing:
During the day there are three-four staff members on site. In the evening hours, there are one-two staff members on-site at all times with emergency protocol in place to have an additional five staff members on-site within 3-5 minutes. Normal business hours are 8am-5p after which time the doors are locked except for emergency escape. We do not accept clients with arson or criminal sexual conduct charge on their record.

Best Regards,

Benjamin Palmby
Director of Operations
ben@onetwelve.org

One Twelve

One Twelve is a residential treatment center for men designed to assist the alcohol and drug dependent individual in the transition to a sober and productive life. We are committed to promoting personal discipline, a strong work ethic, and a spiritual foundation of service and involvement in Alcoholics & Narcotics Anonymous.

One Twelve
12401 Minnetonka Boulevard
#15006.15a
September 15, 2015

David Kascmar, Executive Director

One Twelve

4199 Terrace Lane

Minnetonka, MN 55305

License Numbers: **1066522** One Twelve (Lake St.)

**1074322** One Twelve (Shady Oak)

**1076129** One Twelve (Minnetonka)

**CORRECTION ORDER**

Dear Mr. Kascmar:

On May 12 through 15, 2015, licensing reviews of the following programs were conducted to determine compliance with state and federal laws and rules governing the provision of chemical dependency treatment under Minnesota Rules, part 9530.6405 through 9530.6505, (Rule 31).

- May 12 through May 14, 2015, One Twelve, license number **1066522**, located at 12218 Lake St. Extension, Minnetonka, MN 55305.

- May 12 through 14, 2015, One Twelve, license number **1074322**, located at 3601 Shady Oak Rd., Minnetonka, MN 55305.

- May 14 and 15, 2015, One Twelve, license number **1074322**, located at 12401 Minnetonka Blvd. Minnetonka, MN 55305.

As a result of this licensing review a Correction Order is being issued.

**A. Reason for Correction Order**

Pursuant to Minnesota Statutes, section 245A.06, if the Commissioner of the Department of Human Services (DHS) finds that an applicant or license holder has failed to comply with an applicable law or rule and this failure does not imminently endanger the health, safety, or rights of the persons served by the program, the Commissioner may issue a Correction Order to the applicant or license holder.

The following violation(s) of state or federal laws and rules were determined as a result of the licensing review. Corrective action for each violation is required by Minnesota Statutes, section 245A.06 and is hereby ordered by the Commissioner of Human Services.

1. **Citation**: Minnesota Statutes, sections 245A.04, subdivision 1,
Violation: The license holder submitted requests for payment of public funds for services that did not meet the applicable requirements under Minnesota Statutes, section 254B.05, subdivision 5. The license holder failed to provide all of the required 15 hours of clinical services each week to clients receiving medium intensity residential treatment services. The license holder included services provided by persons not qualified to provide clinical services as part of the required 15 hours of clinical services. Only 13.5 hours of the required 15 hours of clinical services were provided by qualified staff persons. Paraprofessionals were providing 1.5 hours of treatment services for which they were not qualified (Lake St., Shady Oak and Minnetonka).

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that all applicable requirements for programs providing medium intensity residential treatment services are met. Within 30 days of receipt of this order submit a schedule of weekly treatment services that identifies the type of treatment service, the amount of time of the service, and the qualifications of the individual that provides the service.

Policies and Procedures

2. Citation: Minnesota Rules, parts 9530.6455, item E, and 9530.6470, subpart 1.

Violation: The client rights contained in the license holder’s policy and procedure manual did not include the rights identified in Minnesota Statutes, sections 144.651, and 253B.03 (Lake St., Shady Oak, and Minnetonka).

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure their policy and procedure manual contains all required client rights. Within 30 days of receipt of this order, submit a revised set of client rights that meets all applicable requirements.

3. Citation: Minnesota Rules, parts 9530.6455, item E, and 9530.6470, subpart 2, item B.

Violation: The license holder’s grievance procedure did not include the correct telephone number of the Department of Human Service, licensing division (Lake St., Shady Oak, and Minnetonka).

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that the grievance procedure meets all applicable requirements. Within 30 days receipt of this order, submit a revised grievance procedure that meets all applicable requirements.

4. Citation: Minnesota Statutes, section 245A.19, paragraph (c), and Minnesota Rules, part 9530.6455, item B.

Violation: The license holder did not maintain documentation that the list of referral sources for the purpose of making necessary referrals of client to HIV-related services was updated annually (Lake St. and Shady Oak).

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that the list of referral sources for the purpose of making necessary referrals of clients to HIV-related services is updated annually.
5. **Citation:** Minnesota Statutes, section 245A.65, subdivision 2, paragraph (a).

**Violation:** The license holder failed to maintain documentation that the license holder’s governing body reviewed the program abuse prevention plan at least annually (Lake St. and Shady Oak).

**Corrective Action Ordered:** Immediately and on an ongoing basis, the license holder must ensure that the program abuse prevention plan is reviewed at least annually by their governing body using the assessment factors in the plan and any substantiated maltreatment findings that occurred since the last review.

6. **Citation:** Minnesota Rules part 9530.6455, item I.

**Violation:** The license holder’s reporting policy and procedure for vulnerable adults included definitions of maltreatment which were not consistent with the current statute language.

**Corrective Action Ordered:** Immediately and on an ongoing basis, the license holder must ensure that the definitions of maltreatment meets all applicable requirements. Within 30 days of receipt of this order, submit a revised definitions of maltreatment that meets all applicable requirements (Lake St., Shady Oak, and Minnetonka).

**Personnel Files**

**Personnel files reviewed are identified in the following manner:**

- Lake St.: Personnel files numbered 1 through 5
- Shady Oak: Personnel files numbered 6 and 7
- Minnetonka: Personnel files numbered 8 through 10

7. **Citation:** Minnesota Statutes, section 245C.20, subdivision 1 and Minnesota Rules part 9530.6460, subpart 3, item B.

**Violation:** Four of ten personnel files reviewed for requirements governing background studies (personnel files numbered 2 through 5) did not contain documentation of the date the program initiated a background study.

**Corrective Action Ordered:** Immediately and on an ongoing basis, the license holder must ensure that all requirements for documentation of background studies are met.

8. **Citation:** Minnesota Rules, parts 9530.6450, subpart 1, item A, and 9530.6460, subpart 3, item E.

**Violation:** One of three personnel files reviewed for requirements governing freedom from chemical use problems (personnel file numbered 5) contained a statement of freedom from chemical use problems that did not include documentation attesting to freedom from chemical use problems for at least two years immediately preceding their hiring as the statement was not dated.

**Corrective Action Ordered:** Immediately and on an ongoing basis, the license holder must ensure that all personnel files contain a signed and dated statement attesting to freedom from chemical use problems for the time period immediately preceding their hiring required for the position.
9. **Citation:** Minnesota Rules, part 9530.6460, subpart 1, item C.  
**Violation:** Three of four personnel files reviewed for requirements governing personnel file content requirements (personnel files numbered 2, 3, and 5) did not contain written annual reviews of the employee’s job performance.  
**Corrective Action Ordered:** Immediately and on an ongoing basis, the license holder must ensure that all personnel files contain a written annual review of the employee’s job performance.

**Client Files**

**Client files reviewed are identified in the following manner:**

- Lake St.: Client files numbered 1 through 3  
- Shady Oak: Client files numbered 6 and 7  
- Minnetonka: Client files numbered 8 through 10

10. **Citation:** Minnesota Statutes, sections 245A.19, paragraph (b), and 245A.65, subdivision1, paragraph (c), and Minnesota Rules, parts 9530.6470, subparts 1 and 2, and 9530.6440, subpart 3, item A.  
**Violation:** Eight of eight client files reviewed for requirements governing service initiation did not meet requirements in the following ways:

a. The client files did not contain documentation to demonstrate the license holder reviewed the client rights with the clients (client files numbered 1 through 8);  

b. The client files did not contain documentation to demonstrate the license holder explained the grievance procedure to the clients (client files numbered 1 through 8);  

c. The license holder did not provide orientation to the HIV minimum standards within 72 hours of admission to the program. The client received the orientation two days late (client file numbered 3); and  

d. The license holder did not provide orientation to the program's internal and external reporting policies, including the telephone number for the Common Entry Point and program abuse prevention plan within 24 hours of admission to the program. The client received the orientation four days late (client file numbered 3).

**Corrective Action Ordered:** Immediately and on an ongoing basis, clients must receive an orientation that meets all applicable requirements.

11. **Citation:** Minnesota Rules, parts 9530.6420, and 9530.6440, subpart 3, item B.  
**Violation:** Eight of eight client files reviewed for requirements governing initial services plans (client files numbered 1 through 8) contained initial services plans that did not include:

a. The issues to be addressed in the first treatment sessions; and  

b. Treatment suggestions for the client during the time between intake and completion of the treatment plan.

**Corrective Action Ordered:** Immediately and on an ongoing basis, clients must receive an orientation that meets all applicable requirements.
Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that all initial services plans meet all applicable requirements. Within 30 days of receipt of this order, submit an initial services plan for two clients that demonstrates compliance.

12. Citation: Minnesota Statutes, section 245A.65, subdivision 2, paragraph (b) and Minnesota Rules, part 9530.6440, subpart 3, item E.

Violation: Three of eight client files reviewed for requirements governing individual abuse prevention plans did not meet requirements in the following ways:

a. The client file did not contain an individual abuse prevention plan. The client had been at the program for three months (client file numbered 6); and

b. The individual abuse prevention plan did not detail the measures to be taken to minimize the risk that the vulnerable adult might reasonably be expected to pose to visitors to the facility and persons outside the facility, if unsupervised, when the facility knew that the vulnerable adult had committed an act of physical aggression toward others (client files numbered 7 and 8).

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that an individual abuse prevention plan is completed during or immediately following the initial services plan that meets all applicable requirements.

13. Citation: Minnesota Rules, part 9530.6422, subpart 1, items B-E, J, K, M, and O, and 9530.6440, subpart 3, item C.

Violation: Eight of eight client files reviewed for requirements governing comprehensive assessments did not meet requirements in the following ways:

a. The assessment was not completed within three calendar days of service initiation. The assessment was completed one day late (client file numbered 1);

b. The assessments did not contain the client’s:

1) Circumstances of service initiation (client file numbered 8);

2) Previous attempts at treatment for compulsive gambling (client files numbered 1 through 8);

3) Previous attempts at treatment for mental illness (client file numbered 1);

4) Chemical use history including the date and time of most recent use for a chemical used within the previous 30 days (client file numbered 8);

5) Specific problem behaviors exhibited by the client when under the influence of chemicals (client file numbered 8);

6) Ability to function appropriately in a work and educational setting (client files numbered 1 through 8);

7) Ability to understand written treatment materials, including rules
and client right (client files numbered 1 through 8);

8) Leisure time activities that have been associated with chemical use (client files numbered 1 through 8); and

9) Whether the client recognizes problems related to substance use (client files numbered 1 through 8).

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that assessments meet all applicable requirements. Within 30 days of receipt of this order, submit comprehensive assessments for two clients that demonstrate compliance.

14. Citation: Minnesota Rules, parts 9530.6422, subpart 2 and 9530.6440, subpart 3, item D.

Violation: Two of eight client files reviewed for requirements governing assessment summaries (client files numbered 1 and 2) did not meet requirements in the following ways:

   a. The assessment summary did not contain documentation that it was completed within three calendar days of service initiation. The summary was not dated; and

   b. The assessment summary did not contain documentation that it was prepared by an alcohol and drug counselor.

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that assessment summaries meet all applicable requirements.

15. Citation: Minnesota Rules, parts 9530.6425, subpart 2, item A, and 9530.6440, subpart 3, item F.

Violation: Seven of eight client files reviewed for requirements governing individual treatment plans did not meet requirements in the following ways:

   a. The treatment plan did not address each problem identified in the assessment summary (client file numbered 8);

   b. The treatment plans contained specific methods that did not include the anticipated duration of treatment services (client files numbered 1 through 6); and

   c. The treatment plan did not include resources to which the client was being referred for problems when the problems were to be addressed concurrently by another provider (client file numbered 8).

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that individual treatment plans meet all applicable requirements. Within 30 days of receipt of this order, submit individual treatment plans for two clients that demonstrate compliance.

16. Citation: Minnesota Rules, parts 9530.6425, subpart 3, items A and B; and 9530.6440, subpart 3, item G.

Violation: Two of eight client files reviewed for requirements governing combined progress notes and treatment plan reviews (client files numbered 2 and 5) did not meet requirements:
a. The combined progress notes and treatment plan reviews were not entered in the client’s file weekly; and

b. The progress notes contained inaccurate documentation of treatment services as the number of hours documented as group was more than the number of available hours provided by individuals qualified to provide group.

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure combined progress notes and treatment plan reviews meet all applicable requirements.

17. Citation: Minnesota Statutes, section 245A.04, subdivision 14 and Minnesota Rules, parts 9530.6425, subpart 3, item C, and 9530.6435, subpart 3, item B.

Violation: Two of three client files reviewed for compliance with the requirements for medication administration (client files numbered 1 and 7) did not meet requirements. The client files contained medication administration records which contained multiple blank spaces and no information as to why the medication was not administered. Also, the client files did not contain any further documentation to show guidelines were followed for informing a registered nurse of problems with self-administration for these missed medications.

Corrective Action Ordered: Immediately and on an ongoing basis, the license holder must ensure that each client file contains the required documentation and that program guidelines are followed for informing the registered nurse of problems with the administration of medications.

If you fail to correct the violations specified in the Correction Order within the prescribed time lines the Commissioner may issue an Order of Conditional License or may impose a fine and order other licensing sanctions pursuant to Minnesota Statutes, sections 245A.06 and 245A.07.

Submissions required as part of a corrective action ordered must be sent to your Licensor at:

Commissioner, Department of Human Services

ATTN: Pete Honerman
Licensing Division
PO Box 64242
St. Paul, MN 55164-0242

B. Right to Request Reconsideration

If you believe any of the citations are in error, you have the right to request that the Commissioner of Human Services reconsider the parts of the Correction Order that you believe to be in error. The request for reconsideration must be in writing and received by the Commissioner within 20 calendar days after receipt of this report. Your request for reconsideration must be sent to:

Commissioner, Department of Human Services
ATTN: Legal Unit
Licensing Division
Immediately and on an ongoing basis, the license holder must ensure that each client file contains the required documentation and that program guidelines are followed for informing the registered nurse of problems with the administration of medications.

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ATTN: Pete Honerman
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PO Box 64242
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Commissioner, Department of Human Services
ATTN: Legal Unit
Licensing Division
PO Box 64242
St. Paul, MN 55164-0242

Please note that a request for reconsideration does not stay any provisions or requirements of the Correction Order. The Commissioner’s disposition of a request for reconsideration is final and not subject to appeal under Minnesota Statutes, chapter 14.

If you have any questions regarding this Correction Order, please contact me as soon as possible.

Pete Honerman, Human Services Licensor
Licensing Division
Office of Inspector General
651-431-6609

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http://www.dhs.state.mn.us/licensing
Hello Council members,

We are sending this letter in support of the Planning commissions decision to Deny the CUP for the property at 5022 Baker Rd.

Sincerely,

Jeff Wehner

Email Address: [redacted]
December 3, 2017

Minnetonka City Council
14600 Minnetonka Boulevard
Minnetonka MN

RE: Conditional Use Permit for 5022 Baker Rd

Dear Council Members,

I am writing to support the decision of the Planning Commission’s Recommendation to Deny the Condition Use Permit for the above property. The Planning Commission was correct denying the Conditional Use Permit. Because the Condition Use Permit “attaches” to the property for which it has been approved. It can not be guaranteed it will meet all future parking needs for different types of Residential Care facilities. When considering other types of Residential Care facilities such as a Dementia residence, Assisted Living Care residence, were the staff needed for the facility would likely increase. Then the Conditional Uses which has been defined would not be able to meet the future requirements of the land use. Below I have added the section of Conditional Uses as outlined by the proposal for CUP’s general land use.

Conditional Uses:
A conditional use is a use of a property that is permitted so long as certain conditions – which are clearly outlined in city code – are met. A conditional use permit (CUP) is both the city’s acknowledgement that the code-defined conditions have been met and mechanism to outline various regulations to ensure the conditions continue to be met into the future. A conditional use permit “attaches” to the property for which it has been approved, not to the property owner who applied for the permit. CUPs may be granted to general land uses. In other words, the city may grant a CUP for a fast food restaurant, but not a CUP for McDonalds. The city may grant a CUP for non-service station having gasoline pumps, not a CUP for Super America. This distinction between general and specific uses is because the conditions outlined in the zoning ordinance cover generalities of the land use. For instance, the conditions require a certain amount of parking for fast food restaurants and certain vehicle stacking area for gas stations. The zoning ordinance does not, and should not, concern itself with a whether a restaurant serves burgers or tacos or what type of gasoline is offered for sale at a station. It is the same for residential care facilities. The conditions outlined in code look at building square-footage, on-street parking, and the like. The conditions do not distinguish between the type of care provided at a facility, the population residing at the facility, or the owner of the property on which the facility is located.

These three CUPs have currently been approved by the City of Minnetonka for conditional use permits for 7 to 12 resident licensed residential care include

One Twelve – 12401 Minnetonka Blvd, 12 substance abuse residents, approved in 2015

Rakhma Grace Home – 5126 Mayview Rd, 12 dementia residents, approved in 2012
Gianna Homes – 4605 Fairhills Rd E, 10 dementia residents, approved in 2004
Hello council members,

I just realized you have received the wrong letter and I apologize. I have attached the correct letter and hope you have time to view it be tonight's city council meeting.

Sincerely,

Jeff Wehner

Email Address -

On Mon, Dec 4, 2017 at 10:04 AM, Jeff Wehner > wrote:
Hello Council members,

We are sending this letter in support of the Planning commissions decision to Deny the CUP for the property at 5022 Baker Rd.

Sincerely,

Jeff Wehner

Email Address -
Dear Council Members,

We are writing to support the decision of the Planning Commission’s Recommendation to deny the Conditional Use Permit for a 7 to 12 resident licensed residential care facility at 5022 Baker Road. Because the Conditional Use Permit “attaches” to the property for which it has been approved, it cannot be guaranteed to meet all future parking needs, square footage needs or other codes and conditions without the need for exterior building improvements which would alter the single-family character of the property and neighborhood.

In viewing some of the other residential care facilities in Minnetonka, for example, 4605 Fairhills Rd E and 12401 Minnetonka Blvd., it is clear that these properties have more parking and buffers.

First I would like to address parking. Parking on Baker Road is prohibited. Therefore, all parking will be in the driveway. Currently, there is a three stall garage and approximately enough room for four designated outside parking spots in front of the garage. Apparently, as people come and go, a person parked outside will need to leave the facility to move their car, so a person parked in the garage can leave. This may affect the supervision of the residents. (The garage nearly abuts the perimeter fence for I-494, so it would not be possible to have a “drive through” garage.) There is supposed to be an unloading area for handicapped persons, but it is not clear if one of these spaces will actually be designated “handicapped.”

Facilities also have a large van for transporting residents. It is not clear if any of the stalls are large enough for the van, and common sense indicates that as a matter of practicality, this vehicle is likely to remain in the driveway. Counter Point Recovery (CPR) has said that there would be four day time staff members. They have not clarified if this will be four full time staff members, or perhaps three full time staff members and two part time staff members, etc. In addition, residents may have periodic visits from doctors, spiritual advisors, and others relating to their residency. Per Minnesota Statute 245G.21 Subdiv. 2, residents must be allowed to “receive visitors at times prescribed by the license holder. The license holder must set and post a notice of visiting rules and hours, including both day and evening times.” Also, a facility of this size would be expected to have periodic deliveries of supplies, groceries, etc. While seven parking spots may be barely adequate for six or fewer residents, as you can see, these seven spots are insufficient for a six to twelve member facility. From what we have been able to ascertain, different types of Residential Care facilities may have higher staff to resident ratios, and require additional parking.
Finally, emergency vehicles are to be expected from time to time. In order for such vehicles to turn around, the driveway will need to be enlarged. The aerial photo included with the proposal shows at least two SUV’s in the driveway. It is clearly evident for comparison purposes that an ambulance, and certainly not a fire truck, would not be able to turn around without driving onto the grass.

Related to the parking is the driveway itself. CPR plans to pave the driveway. My concern is that sufficient review has not been done regarding the potential for water back-up on either side of the driveway near Baker Road. The driveway has a relatively steep slope here, and while the current, unpaved driveway has been able to absorb excess water, a paved one may not. Already there is a low spot in the yard approximately 10’ – 20’ behind the front tree line border that floods a bit after a heavy rain and sometimes freezes in the winter.

The next matter I would like to address is buffers. Buffers are required. Currently, there is a scrawny border of buckthorn on the north side of the property to separate 5022 Baker Road from the neighboring home. It would be what most people would consider barely sufficient. A fence placed along this line of buckthorn would be a reasonable supplement. Across the front of the property, facing east/along Baker Road, is a line of older trees and buckthorn. There is a lot of dead wood within this line of trees, and it’s not at all clear how sufficient this border would be with the dead wood removed.

There is no border at all on the south side of the property; this, too, is clearly visible from the aerial photo. The property to the south sits slightly higher, and this, along with the lack of border, makes it easy to see into either house from the other house. A facility of this size will have multiple garbage containers and perhaps even a dumpster, and these, along with the facility’s van and other cars, will be clearly visible. There will be no privacy for residents of either property. As next door neighbor on the south boundary we feel the 140’ distance, and current vegetation as suggested in the proposal alone is still insufficient to provide adequate privacy and act as a barrier. We would very much like to be involved with CPR on the landscaping planning which would meet the concerns, and be beneficial to both residents. We feel the proposed barrier be bourn by Center Point Recovery, and the barrier should run the along the south border of the property. It should run from the I-494 perimeter fence to the front tree line along Baker Road. We would very much like to be involved with CPR on the landscaping planning which would meet the concerns, and be beneficial to both residents.

Specific parts of Minnetonka City Ordinance Section 300.27 include the following:
5g) protection of adjacent and neighboring properties through…sound and sight buffers…
15a) All open areas of a lot…shall be landscaped…
20c) All required screening or buffering shall be located on the lot occupied by the use, building, facility or structure to be screened.

Photo of the south boundary:
Finally, Baker Road already sees an excessive amount of traffic. It would not be in the best interest of the City to allow the CUP for 5022 Baker Road as it is currently proposed. To accommodate the use by other types of Residential Care facilities which may require clients or staff to enter the facility as well as exit the facility at the same time which is currently not possible. This would put undue pressure on Baker Rd create additional conditions which would disrupt and create unsafe traffic conditions during regular and peak times.

Thank you for considering our legitimate concerns with this conditional use permit. It is not in the best interest of the city, neighborhood, or other potential residential facility’s residents.

Sincerely,

Patrice Wehner
Jeff Wehner
Dear Drew,

Thank you for your excellent work at the commission meeting last night. The information you provided gave members of the public a clear idea of the task before the commissioners, the relevant city ordinance and state statutes, and how CPR meets or exceeds all of the requirements to operate a 7-12 person facility at this location. Please include the email below in the packet for the City Council meeting on Monday.

All my best,

Jen

Dear Minnetonka City Council Members,

We are writing in support of the City of Minnetonka issuing a conditional use permit to Counter Point Recovery at 5022 Baker Road. We are residents of Minnetonka and live less than a mile from the site. Based on what we have read and observed, CPR meets or exceeds every requirement contained in the relevant City of Minnetonka ordinance to operate their residential facility for 7-12 residents on this property.

I (Jen) also attended the Planning Commission meeting on 11/30. We (and a growing number of Minnetonka residents) have concerns about what happened at the public hearing for the conditional use permit and the deliberations that followed. Many of the comments from the Baker Rd. neighbors contained falsehoods (which were later debunked or clarified during the question/answer period with the applicant and city staff) or content that was not germane to the task of the Planning Commission. What was even more concerning to us as a Minnetonka residents was that Commissioners Sewall, Powers, O’Connell, and Kirk went beyond the scope of the Commission and, in their comments, seemed to base their recommendation to deny the conditional use permit on operational concerns that are the purview of DHS, not the City of Minnetonka.

During the deliberations, Commissioner Kirk stated that group homes "don't make great neighbors" (for reference, this statement can be heard at 3:27:29 in the video recording). We find this comment to be deeply unfortunate and not at all reflective of the inclusive Minnetonka that so many of us are working diligently to achieve. Moreover, as people who live on a street in Minnetonka with two group homes, we strongly disagree with his assertion.

We trust that, as our elected officials, the City Council will respect the purview of the city as defined by MN state statute and City ordinance, and continue to make Minnetonka a place where all residents have access to the resources they need to live full and healthy lives.
Sincerely,

Jen and Michael Bouchard

4640 Caribou Drive

Minnetonka, MN 55345
Good Morning,

I am writing in response to the planning commission meeting held last Thursday (11/30/17). First, I wanted to express my support for Counter Point treatment center. I am in support in part because this facility specifically serves youth 18-21; which is often a disregarded population as these youth are often close to aging out of care. I realize that this facility will be helping a larger age span as well which is also very important.

Secondly, I am writing as a Program Director of a residential facility in Minnetonka nestled within a residential area. We have made our partnership with our neighbors a priority. Overall, we have been welcomed into this neighborhood and have implemented an advisory committee that allows neighbors to provide feedback on our treatment facility and our relationship with one another. Our relationship with our community partners and neighbors has been so important in building citizenship amongst our youth; a vital part of recovery. It is because of this, I was deeply saddened to hear some of the very stigmatized and misrepresented data about individuals in recovery and about treatment facilities in general. I want to express my support of this facility and extend my help if this should be requested. Addiction is often categorized in our society as a character deficit of individuals however addiction does not discriminate. Addiction is a disease of the brain, not of the person. I would also like to note that the belief that the community is any less safe with more treatment facilities is a falsehood. Treatment facilities actually create safer environments as it provides a place for people to change and make changes in their lives. My understanding from the meeting was that the four criteria had been properly met by this treatment facility and their request. Therefore, it would seem the only denial would be based on discriminatory beliefs towards individuals working towards recovery.

Thank you for your time.

Sincerely,

Jen Ranallo, MSW, LICSW | Program Director
Volunteers of America - Minnesota | www.voamn.org
Volunteers of America - Wisconsin | www.voawi.org
Omegon
2000 Hopkins Crossroad Minnetonka, MN 55305
O: 952.945.4123  F: 888.965.5128

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Kathy Leervig

From: Jim Swigart
Sent: Monday, December 04, 2017 10:21 AM
To: Terry Schneider; Dick Allendorf; Patty Acomb; Bob Ellingson; Brad Wiersum; Tim Bergstedt; Drew Ingvalson; Tony Wagner
Subject: Application for Conditional Use Permit for 5022 Baker Road

Dear Mayor Schneider and City Council Members,

My name is Jim Swigart, I live at 5211 Baker Road and I am writing asking you to support the Planning Commission decision to deny the application for a Conditional Use Permit (CUP) by Counter Point Recover (CPR) for the expansion of their high-intensity rehab facility to 7-12 residents at 5022 Baker Road.

In an attempt to be brief, I will only discuss what I believe are new points to the conversation and not already being made by other concerned residents since the Planning Commission meeting.

Point 1: There have been arguments and support discussing how approval of the CUP is necessary to help meet the demand for these types of rehabilitation facilities. By denying the motion, the city is not restricting the expansion of high-intensity rehab facilities and especially Counter Point Recovery’s focus on specific, under-served demographics.

Facts: CPR, or any other similar business, does not need approval by the city to open a rehab facility as long as there are 6 or fewer residents. CPR was already operating one facility on Moonlight Hill road and could have received a license to open up the 5022 Baker Road facility as a second location, with six residents at each location for a total of 12 residents. Instead, CPR has stated they are moving their residents and operations from their existing facility and closing the facility on Moonlight Hill Road. As discussed by the Planning Commission in the hearing last Thursdays, the 5022 Baker Road property may not be suitable or allow for 12 residents, as the property has yet to go through inspections. This means that even if your recommendation is to approve the expansion, CPR may actually be limiting the number of residents they can help by making the decision to consolidate to one facility instead of keeping two separate facilities.

Even if the permit is denied, CPR can open up additional facilities with 6 or fewer residents. Other similar businesses have taken this expansion strategy.

My opinion is that CPR could have guaranteed 12 resident capacity with a second facility and by their own actions may be restricting the number of residents they treat in the short-term. This is not consistent with their argument regarding the need for expansion to help serve an under-represented and vulnerable part of the community. Several arguments have been made regarding why placing up to 12 residents in a single, relatively small facility is less ideal to their recovery. The applicant has not been able to answer why a 12 person facility is in the best interest of facility residents or the established neighborhood. The only benefit I can see is for the financial profitability of their business. CPR can significantly reduce overhead, staffing, fuel/energy and other variable and fixed costs by operating out of a single property as opposed to opening a second location.

Point 2: The application does not meet the General Use Standards city Code §300.16 Subd.2 part b where the application must be consistent with the goals, policies and objectives of the comprehensive plan.

There are some specific practices and policies that I believe it does not meet.

1) Chapter 3, Section C, page 9. Policy 1: Maintain, preserve and support the character of established residential neighborhoods.

2) Chapter 3, Section C page 9 “City practices have been and will continue to be oriented towards protection and support of the established residential neighborhoods.”
My opinion is that Policy 1 covers both the physical and personal character of a neighborhood. In the public testimony at the Planning Commission meeting, one person described the concerns and issues the neighbors were having with the existing Counter Point Recovery location on Moonlight Hill Road. There is no doubt that the character of the neighborhood was changed as residents shifted their behaviors based on issues they were having with the facility. If the character of that neighborhood changed with only six residents, it is only logical to conclude that doubling the residents will have an even more adverse impact on the character of the neighborhood surrounding 5022 Baker Road.

My opinion is that Policy 1 also covers many other aspects of the General Use and Specific standards and the application does not meet the following regarding the character of the neighborhood.

- Any proposed privacy fence to prevent barrier concerns would likely have to extend on both the entire north and south side of the property and potentially the entire perimeter of the property. While there are a few sound barrier fences to prevent noise and privacy from Baker road, the vast majority of neighbors have either no fence or see-through dog-fences. It is not in the character of the neighborhood to isolate ourselves from our adjacent neighbors with privacy fencing.

- Without going into the details again, the noise, likely expansion of 911 responses to one residence, garbage production, traffic/parking and other resulting issues of an expanded facility are all outliers that would change the general character of the neighborhood and more directly the adjacent neighbors.

My opinion is that the city practices regarding the protection and support of the neighborhood matter in this case. Per the petition and public testimony, the vast majority of the residents support the denial of the Conditional Use Permit. We are the people that make-up the established residential neighborhood. If you have any doubt that the application does not meet every single standard and code, then you should support the practice stated in our city plan, cast a vote supporting the neighborhood and deny the applicant’s request for a Conditional Use Permit.

I appreciate your openness to hear the concerns of the community and ask that you agree with the recommendation of the Planning Committee to deny the Conditional Use Permit at 5022 Baker Road. If you have any specific questions or want to discuss prior to the meeting this evening, please respond to this email or call me at the number below.

Thank you,

Jim Swigart
5211 Baker Road
Planer Ingvalson, Council Members, & Mayor Schneider:

I've attached a letter for your consideration.

Thanks,
Lauren Wagner
5101 Baker rd.
December 3, 2017

City Council Members
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345

Planner Ingvalson, Council Members, & Mayor Schneider:

I'm writing to you as a concerned neighbor regarding the proposed conditional use permit at 5022 Baker Road for a 12-person licensed residential care facility in a R1 zoning district. My home is across from the property at 5101 Baker Road.

After attending the planning commission on November 30, 2017, wanted to offer up some follow-up thoughts for your consideration. I believe the City Council should confirm the planning commission’s recommendation to deny this application for conditional use permit as it does not meet the criteria in several ways.

At the meeting, many of the comments both for and against granting the conditional use permit focused on the specific type of facility applying. I would like to make it clear that my opposition to this permit being granted is based on the fact that I don’t think the property is appropriate for any type of 12-person facility.

I commend CPR for their business and see the importance of their ability to treat their clients and profit/grow. I also understand the community needs for treatment, but I don’t think any of those issues are relevant here. Whether it’s a rehab facility, senior living, or child care, I don’t think a 12-person conditional use permit of any kind is appropriate for this property. I see a 6-person residence as being in line with the fabric of residential areas enough that it won’t be a detriment. Six people living in a single residence isn’t unheard of, but 12 (plus staff) is an abnormally high number of people for this area/property.

My understanding is that a conditional use permit, if approved, would transfer to any future owners/developers; And that denial of the permit wouldn’t limit future requests for consideration.

I don’t think the conditional use application property meets the standards for this permit because it’s inconsistent with the goals policies and objectives of the comprehensive plan. My understanding of the goals is that they include preserving the unique character of Minnetonka’s existing neighborhoods and retaining families while attracting new families. Our neighborhood has a solid fabric of families and does attract new families. Allowing a conditional use of a 12-person (plus staff) residential care facility isn't compatible with surrounding development since the amount of traffic, people, vehicles, trash, and utility use would be uncharacteristic of this R-1 zone. We are on a busy road, but we are a neighborhood full of typical single-family homes retaining and attracting new families.
A 12-person residential care facility of any kind in this location would have undue adverse impact on government facilities, utilities, and services. The increase in traffic to the site, increased utilities beyond the use of a typical single-family, and increased support of Minnetonka public services will have an adverse impact on these services and the character of the neighborhood.

Parking at this location is not screened from the view of other R-1 residential properties. There is also not adequate landscape buffering. I can see the parking area from parts of my front yard. This location also does not have a turnaround in the driveway, causing safety concern for backing in to the already busy road as well as safety concern for emergency vehicle access.

I would love to see sidewalks on our stretch of Baker, but the lack of them also causes concern for groups larger than normal safely adding to pedestrian traffic already navigating the shoulder of our busy road.

As explained, I believe the City Council should confirm the planning commission’s recommendation to deny this application for conditional use permit, and I appreciate your consideration of the surrounding residents when deciding.

Thank you for your time and consideration with this matter,
Sincerely,

Lauren Wagner
5101 Baker Road
Minnetonka, MN 55343
Good evening City Council Members,

I have prepared a statement regarding my thoughts on the recent Conditional Use Permit for the proposed 12 unit residential care facility located at 5022 Baker Road.

If you see fit, I would be happy to read my letter during the public comments.

Please see attached and thank you for your time.

Sincerely,

Matthew Wilkus, Architect
4837 Hamilton Lane
Minnetonka, MN 55345
December 1, 2017

City Council Members
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345

Dear Council Members:

I’m writing to you as a concerned citizen of Minnetonka in regard to the proposed Conditional Use Permit at 5022 Baker Rd for a 12 person Licensed Residential Care Facility in an R-1 zoning district. I live in Ward 4, just southeast of highway 7 and Woodland Road on Hamilton Lane with my wife and two children, which is also an R-1 zoning district. I attended the Planning Commission on November 30th, 2017 and had follow up thoughts for your consideration.

As a preface, I strongly believe residential care facilities are critical and necessary to our community for the treatment of disease plaguing our community and the broader society. I also understand that all residential care facilities need to be integrated into the fabric of residential areas, as appropriate. This is supported by MN State Law, mirrored in the City of Minnetonka Code of Ordinances, and confirmed by anecdotal accounts from supporters as well as generally in the health care community. That is why I fully support the impact of 6-person residential care facilities in R-1 zoning districts. I also support 7-12 person facilities if they meet the criteria established by the General and Specific Standards identified in Section 300.16, which are relatively elaborate and have stringent standards compared to other conditional uses for residential districts. I believe this level of detail indicates the known potential detriment to the residential neighborhood character if these conditional use permits are not carefully and reasonably considered.

I believe the City Council should confirm the Planning Commission’s recommendation to deny this application for Conditional Use Permit as it does not meet the criteria in two (2) major and three (3) minor ways. I’ve summarized my points below with elaborations on the following pages.

Major 1 – The Conditional Use Application does not meet 300.16 General Standard “b” since it is inconsistent “with the goals, policies and objectives of the comprehensive plan”. The goals are: (1) to “preserve the unique character of Minnetonka’s existing neighborhoods” and (2) to “retain existing families and attract new families”. Despite being on Baker Road, this neighborhood has the feel of a typical single-family neighborhood. Allowing a Conditional Use of a 12-person Residential Care Facility would be incompatible with adjacent development since the quantity of people, cars, traffic, and trash/waste would be uncharacteristic of this R-1 zoning district.

Major 2 – The Conditional Use Application does not meet 300.16 General Standard "c" since it will “have an undue adverse impact on the governmental facilities, utilities, and services”. The quantity of traffic to the site, increased utilities beyond the typical family size, and support of Minnetonka public services will be at minimum increase of 611%, which is:

\[
\text{(Minimum occupancy for the proposed use of 16 people for 12 residents plus 4 staff) / divided by Average household size 2.25 (per https://eminnetonka.com/community/statistics) minus 1} = 611\% 
\]

Minor 1 – It is contested whether the Conditional Use Application meets 300.16 Specific Standard “g”, “2” regarding the requirement for “300 square feet of building area for each resident”. With 12 persons, the facility needs 3,600 square feet, but there were inconsistencies in the application and subsequent reviews by community members. This is unresolved in my opinion.
Minor 2 – The Conditional Use Application does not meet 300.16 Specific Standard “g”, “6” for off-street parking. First, parking must be screened from view of other R-1 residential properties, which it is not. Second, private driveways in this application must be equipped with a vehicle turnaround to prevent backing maneuvers on to public streets, which it is not.

Minor 3 – The Conditional Use Application does not meet 300.16 Specific Standard “g”, “8” for landscape buffering since the 140-foot physical separation to the property on the south does not sufficiently create a visual buffering per the intent of the code, in my opinion.

My intent of writing this letter to you is twofold. First, I would like to recommend denying the application for Conditional Use Permit for the property at 5022 Baker Road based on the major and minor items I’ve noted above. Second, I’d like to advocate to the City Council, Planning and Zoning Commission, and residents of Minnetonka that we need to be very thoughtful about bringing 7-12 person residential care facilities into our R-1 and R-2 zoning districts.

These single-family home neighborhoods are the backbone of Minnetonka and our 2030 Comprehensive Plan emphasizes the need to keep the character while allowing for growth. As always, the specifics of every situation need to be considered before coming to a conclusion. I think it’s clear that 5022 Baker Road’s Conditional Use Permit for a 12 person licensed residential care facility should be denied based on: (1) the facts and opinions I’ve state above; (2) the resounding concerns from the community; (3) the words of Planning Commission Member, John Powers, “the site is inadequate for twelve”; and (4) the clear comments of Planning Commission Chair, Brian Kirk, “six people living in a house is normal” and “with twelve a whole different level of service is provided”.

I appreciate your time and consideration with this matter.

Sincerely,

Matthew Wilkus, Architect
4837 Hamilton Lane
Minnetonka, MN 55345
**Major 1 – 300.16, 2. General Standard**

*b) the use is consistent with the goals, policies and objectives of the comprehensive plan;*

Reference: **2030 Comprehensive Plan Guide** (page iii)

**A. Stability in Established Areas**

- The city will seek to preserve the unique character of Minnetonka’s existing neighborhoods; however, opportunities to broaden housing choice will be reviewed on appropriate vacant or underdeveloped properties, compatible with adjacent development.

Opinion: This Conditional Use Permit would be detrimental to the unique character of this specific neighborhood and incompatible with the adjacent properties. This neighborhood feels just like any other single-family neighborhood in Minnetonka despite the high traffic of Baker Road. A Conditional Use Permit for a 12-person Residential Care Facility would be incompatible with adjacent development since the quantity of people, cars, traffic, and trash/waste would be uncharacteristic of this neighborhood and R-1 zoning district.

**B. Diversity in Household and Housing Types**

- The city will continue to support reinvestment in and revitalization of the City’s neighborhoods (low-density residential, higher density residential and mixed-use activity areas) to help retain existing and attract new families with children, young professionals, empty nesters and seniors.

Opinion: This Conditional Use Permit would be detrimental to the adjacent properties in retaining existing homeowners and attracting new families with children, young professionals, empty nesters and seniors given it’s increase capacity to 12-persons, which really 16+ with staff. That level of service is indicative of a commercial use with 16+ people required on site during all daytime hours with significantly more coming and going daily. It would most significantly impact the adjacent properties. It’s also worth noting that this area of the city has a high concentration of residential care facilities, which brings into question whether we’re effectively distributing residential care facilities throughout our community.

**Major 2 – 300.16, 2. General Standard**

*c) the use does not have an undue adverse impact on governmental facilities, utilities, services, or existing or proposed improvements;*

Opinion: The Conditional Use Application does not meet 300.16 General Standard “c” since it will have an undue adverse impact on the governmental facilities, utilities, and services. This neighborhood is comprised of single-family homes just like many other R-1 districts. They typically consist of 2-6 residents and we all know the feeling of a quaint neighborhood setting. Minnetonka’s average household is 2.25 people according to the city website. The quantity of traffic to this site for the applicant’s stated onsite visits, offsite visits, medical visits, gym membership visits, attorney’s visits, probation officer’s visits, and trash/waste removal is well above and beyond the character of a single-family home in an R-1 district. The Specific Standard “g”, “5” for licensed residential care facilities is designed to avoid unreasonable traffic impacts to a residential neighborhood. This neighborhood already has a traffic problem and increasing the capacity at this site could have an undue adverse impact on Baker Road. The proposed facility will also increase utilities for water and sewer well above the traditional usage of other residences in the neighborhood with 16+ at all times.
Minor 1 – 300.16, 3. Specific Standards, g) licensed residential care facilities or community based residential care facilities

2) 300 square feet of residential building area for each overnight resident, based on proposed capacity;

Opinion: There were several concerns raised by the community that the 300 square feet of building area per each resident (12 x 300 = 3,600 square feet) is met by the building. This should be reviewed and confirmed again to determine whether the building area meets the minimum requirement established in the ordinance.

Minor 2 – 300.16, 3. Specific Standards, g) licensed residential care facilities or community based residential care facilities

6) ...Adequate off-street parking will be required by the city based on the staff and resident needs of each specific facility. In R-1 and R-2 districts, the parking area must be screened from the view from other R-1 and R-2 residential properties. Private driveways must be of adequate width to accommodate effective vehicle circulation and be equipped with a turnaround area to prevent backing maneuvers onto public streets.

Opinion: The applicant has not demonstrated that the parking area will be screened from view of the adjacent R-1 residential properties. The applicant also has not shown how the private driveway will be equipped with a turnaround area to prevent backing maneuvers onto public streets. The intent of this code appears to be screening and management of onsite traffic to minimize the impact to the adjacent properties and street, but the applicant has not demonstrated compliance with the current application.

Minor 3 – 300.16, 3. Specific Standards, g) licensed residential care facilities or community based residential care facilities

8) landscape buffering from surrounding residential uses to be provided consistent with the requirements contained in 300.27 of this ordinance.

Opinion: The applicant has not demonstrated that the property will be adequately screened based on their current plans and I believe the planning and zoning staff report incorrectly indicates that this requirement was met. For example, they indicated that the physical separation between the neighbors to the south is sufficient via distance, but photos from the staff report confirm very limited visual buffering.

Lastly, they have not indicated how the trash will be adequately screened per the requirements of 300.27.20, 5) Trash storage facilities shall be screened from all lot lines and public roads.
I have been following the discussion about Center Point Recovery on several sites, and am intrigued. I missed the open meeting, but have to share my thoughts. I feel, from the comments I've heard, that here in the suburbs, many citizens equate "treatment" with evil, sick individuals. I would even go so far as to say that "treatment" evokes visions of sex offenders and armed, sociopathic murderers.

This treatment center is for people who have addiction problems. These are not predators. They are ordinary people who got caught up with abuse of alcohol, prescription or other types of drugs. They want to get clean and get home to their families. Just because they may be East African immigrants does not make them any less human than your own son or daughter who battles addiction.

The issue of the number of police calls that has been discussed is a red herring. Police calls to mandate program compliance are simply a part of the program in this type of facility. I wish it wasn't, but it seems to be the norm in this industry.

I live near Baker Road. It is not a neighborhood in the traditional sense - it is a high-traffic county road, not a quaint neighborhood with a cul-de-sac. I think characterizing it as a close-knit family neighborhood is misleading. I understand that those who live there want to maintain a suburban feel, but the fact is, this street is not typical. I would be interested to know what percentage of housing between Excelsior and 62 is non-owner-occupied or commercial.

Regardless of the neighborhood makeup, I must share my personal experience. Five years ago, my siblings and I sold our parents' home to a company that provided group homes for the disabled. I was concerned about what kind of neighbor a group home would be (I came back and live on the same street). Well, after five years, I can say that the group home is a FAR better neighbor than the three rental homes on my street that each house 5-6 young men as renters. I live next door to a rental that has housed, in the past five years, two different "groups" of young men who host parties on a regular basis and have from 4-8 cars parked in our cul de sac on any given weekend night. At least I know group homes are being regulated by a state agency. Rather than focus our energy on regulated group homes, perhaps we could create some standards for rental properties!

The uproar over a home for treatment of addiction is simply an example of fear in action. We are afraid of that which we do not know or understand - these are not people of western European descent; they're different, and apparently by extension, bad or frightening.

Please use some reason in making this decision. Don't let Minnetonka make decisions based on fear. Let's show the metro that we are a community that welcomes all.
Megan Adam
4652 Caribou Drive

Sent from my iPhone
INTERAGENCY REQUEST FOR BUILDING INSPECTIONS

To:
Building Inspector
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN 55345

RETURN TO:
Division of Licensing
MN Department of Human Services
PO Box 64242
St. Paul, MN 55164-0242
FAX: (651) 431-7673

Prior to issuing a license, verification is required that a facility is in compliance with appropriate state or local building codes. An inspection is required for all proposed facilities located in a code area which involves new construction, major renovating, or change in occupancy (i.e. any facility not currently used for the proposed usage.) Please complete the information requested and return to the Licensing Division with any orders attached. A copy of orders should also be provided to the program.

******************************************************************************

PROGRAM INFORMATION

Date: 10/23/2017

Name/ address of facility: Counter Point Recovery LLC, 5022 Baker Rd, Minnetonka, MN 55343

Proposed use: To provide residential chemical dependency treatment services.

Name/phone number of contact person: Fartun Ahmed at 612-735-3991 or info@counterpointrecovery.org

Area of facility to be used: Unknown at this time

Numbers and age ranges of participants: Serving 12 males, ages 18 – 100 years old.

Does the facility plan to serve handicapped individuals? Unknown at this time

******************************************************************************

BUILDING CODE REQUEST:

[ ] Not applicable: facility located in a non-coded area of state.

Signature of Local Official: ________________________________ Date: ________________

Title: _______________________________________________________

The facility is located in a code area and has new construction, major renovating, or change in occupancy i.e. any facility not currently used for the proposed usage.

[χ] Facility meets applicable requirements

[ ] Facility does not meet requirements and cannot be occupied until orders are met.

[ ] Facility does not meet requirements, but may temporarily be occupied until (date) _______ pending completion of orders.

Signature of Building Code Inspector: __________________________

DATE: November 1, 2017

Certificate Number: R0 002196

Comments: man
TO THE LICENSE APPLICANT: Because the State Fire Marshal may charge a fee to recover the cost of the inspection, it is the applicant’s responsibility to request the fire inspection and ensure that this form is completed and returned to DHS Licensing when the inspection is completed.

[Please Note: The State Fire Marshal’s website: https://dps.mn.gov/divisions/sfm/programs-services/Documents/Daycare-Fostercare%20Inspection%20Program/Child-AdultCentersChemicalTreatmentOtherDHS.pdf has a posted list of approved Local Fire Code Inspectors that are authorized to conduct the inspections for DHS licensed programs within their jurisdiction.]

INTERAGENCY REQUEST FOR FIRE INSPECTIONS

TO: State Fire Marshal
    444 Cedar, Suite 145
    St. Paul, MN 55101-5145
    Fax: (651) 215-0525

RETURN TO: Division of Licensing
            MN Department of Human Services
            Licensing Division
            PO Box 64242
            St. Paul, MN 55164-0242
            FAX: (651) 431-7673

Prior to issuing a license, verification is required that a facility is in compliance with appropriate state or local codes for health, building and fire. Please complete the following information and return to the Licensing Division with any orders attached. A copy of orders should also be provided to the program.

******************************************************************************

PROGRAM INFORMATION

Date: 10/23/2017

Name/address of facility: Counter Point Recovery LLC, 5022 Baker Rd, Minnetonka, MN 55343

Proposed use: To provide residential chemical dependency treatment services.

Name/phone number of contact person: Fartun Ahmed at 612-735-3991 or info@counterpointrecovery.org

Area of facility to be used: Unknown at this time.

Numbers and age ranges of participants: Serving 12 males, ages 18 – 100 years old.

Does the facility plan to serve handicapped individuals? Unknown at this time

******************************************************************************

FIRE CODE REQUEST: A fire inspection is required for all proposed facilities.

[ ] The facility meets the requirements of the fire code.

[ ] The facility does not meet requirements of the fire code and cannot be occupied until orders are met.

[ ] The facility does not meet requirements, but may temporarily be occupied pending completion of orders until May 1, 2018 (date)

Signature of Fire Inspector: Chris Watson Date: 1/8/17

Comments: Dep. State Fire Marshal 763-754-0343

6/2005
From: Julie Wischnack
To: Kathy Leervig
Subject: FW: 5022 Baker Road conditional use permit- request to deny
Date: Monday, December 04, 2017 1:32:02 PM

From: Geralyn Barone
Sent: Monday, December 04, 2017 1:07 PM
To: Julie Wischnack <jwischnack@eminnetonka.com>; Loren Gordon <lgordon@eminnetonka.com>; Drew Ingvalson
Subject: FW: 5022 Baker Road conditional use permit- request to deny

Please add to tonight's change memo. Thanks!

From: Tony Wagner
Sent: Monday, December 04, 2017 11:59 AM
To: Geralyn Barone <gbarone@eminnetonka.com>
Subject: Fwd: 5022 Baker Road conditional use permit- request to deny

Drew wasn’t copied on this one

Tony Wagner
Minnetonka City Council, Ward 2
612-382-5212

Sent from my iPad

Begin forwarded message:

From: Luke Hansen
Date: December 4, 2017 at 11:02:26 AM CST
To: bellingson@eminnetonka.com, twagner@eminnetonka.com, bwiersum@eminnetonka.com, tbergstedt@eminnetonka.com, dallendorf@eminnetonka.com, pacomb@eminnetonka.com, tschneider@eminnetonka.com
Subject: 5022 Baker Road conditional use permit- request to deny

Mayor Schneider and City Council Members,

I am writing today regarding the conditional use permit for 5022 Baker Road that will be voted on at today’s city council meeting. I want to ask you to move forward with the planning committee’s recommendation to deny the conditional use permit to expand a 6 bed facility to a 7-12 bed facility. I think that it is clear that a facility this size will certainly violate the general conditions in the Minnetonka City Code 300.16 as it would absolutely have an undue adverse impact on the community and governmental utilities/services. Examples of these undue adverse impact include:
Increased traffic on an already busy road and biking/walking lane.

Increase of vehicles at the residence from staff and visitors

Increase in the amount of garbage/recycling that is produced compared to an average residence.

Increase in noise and interactions from outside activities with 12 individuals (plus staff)

Increase in public services from Minnetonka Police as it relates to the current facility (CPR) based on evidence of the number of police calls the company has had with a 6 bed facility at their current location.

Increased risk of public health issues (especially for the residence) as this home has limited private space for the individuals, and requires constant close proximity among those staying in the home. Anytime you double the capacity, it also doubles the risk.

Changes the community dynamic, especially with a program that rotates new individuals every 90-120 days. As was seen by the large attendance from the neighborhood and community at the City Planning Committee meeting, this is a tightknit neighborhood of families with children and multi-generational interactions. There are many community outings and participation in group activities. Many people know each other by name and invest in each other’s lives.

Your decision today impacts not only the current applicant, Counter Point Recovery (CPR), but also any other care facility in the future. If CPR decided to sell the residence, any other buyer could come in and immediately utilize the conditional use permit for a 12 bed facility without any further city approvals.

I want to commend CPR for their desire to help provide treatment for individuals in a critical recovery point from addiction as this is vitally important and needed, especially in what appears to be an underserved target population. However, the proposed residence is not conducive for a 12 bed facility and will violate the general conditions in the Minnetonka City Code. CPR or any other care facility still can provide needed services in a 6 bed facility to help care for individuals.

As I have stated, due to the undue adverse impact a 7-12 bed facility would propose to the community and the governmental services, I ask that you deny this conditional use permit for 5022 Baker Road.

Thanks,

Luke Hansen
Resident at 5207 Baker Road.

Sent from my iPhone
Ridgedale Executive Apartments letters received
November 30, 2017

The Honorable Mayor Terry Schneider  
and City Council Members  
City of Minnetonka  
14600 Minnetonka Blvd.  
Minnetonka, MN 55345

Planning Commission Members  
City of Minnetonka  
14600 Minnetonka Blvd.  
Minnetonka, MN 55345

Re: Proposed Ridgedale Executive Apartments, 12501 Ridgedale Drive

Dear Mayor Schneider, Council and Planning Commission Members:

This firm represents a coalition of neighbors affected by and opposed to the Ridgedale Executive Apartments project ("Project") that is proposed by Rotenberg Companies ("Applicant") at 12501 Ridgedale Drive ("Property") in the City of Minnetonka. The project is in concept plan review stage, with a Planning Commission meeting scheduled for this evening, November 30. We respectfully request that this letter be made part of the administrative record for the Project.

We have considerable concerns and objections about the size, scale, and intensity of the proposed six-story Project, which is located immediately to the north of the existing low-density single-family neighborhood.

Based on the preliminary concept drawings, the Project is inconsistent with the City’s Comprehensive Plan and zoning code and inconsistent with the surrounding community. The building exceeds the allowed size and scale and is more appropriate in the core of the Ridgedale area or along Interstate 394, as opposed to the Project’s location on the periphery of the area which abuts a longstanding residential neighborhood. The following letter summarizes several of our clients’ objections.

Conflicting Comprehensive Plan Provisions

State law and the City Code require all zoning regulations to be consistent with the City’s adopted 2030 Comprehensive Guide Plan (the “Comp Plan”). Minn. Stat. § 473.858, subd. 1. The Comp Plan includes a Future Land Use map that designates the Property for Mixed Use. In addition, the Property is designated as the southernmost edge of the I-394 Corridor/Ridgedale Area. Comp Plan IV-32.

The Project is inconsistent with several guiding Comp Plan principles for the I-394 Corridor/Ridgedale Area and conflicts with the intent of the designation. The guiding strategies of the I-394 Corridor/Ridgedale area include “Inclusion of transitions to surrounding residential uses to provide buffers (as maintained in the past) between the more intense uses to the north.
(i.e., Ridgedale Mall) and the low density residential uses to the south.” Comp Plan IV-31 (emphasis added). This guiding principle demonstrates the City’s intent for the district, which is to concentrate the density along I-394 and in the Ridgedale core. The Project would grossly conflict with this intent and result in the development of some of the highest-density residential development on one of the southernmost properties in the designated area, immediately adjacent to a single-family neighborhood.

The Project further conflicts with several of the development criteria established by the Comp Plan for the I-394 Corridor/Ridgedale Area, including the following policies:

1. **Policy 4.A.1. Adherence to the development criteria including the policies of the I-394 Plan and the I-394 zoning district standards.** (Comp Plan IV-46.)

The Project conflicts with this policy as it does not comply with the Planned I-394 (PID I-394) District standards and therefore requires a Comp Plan amendment and a zoning code amendment. The Project is proposed as mixed use. The Comp Plan designates the Property as both Mixed Use and within the I-394 Corridor/Ridgedale Area, which pursuant to this Comp Plan policy must be consistent with the PID I-394 District.

The PID I-394 District does not permit mixed use development. Accordingly, the Project is not permitted unless it is rezoned to the PUD District. The Property cannot, however, be rezoned pursuant to City Code Section 300.31, subd. 11.b, which prohibits rezoning to any other zoning classification. “A contrary rezoning will be permitted only if it is demonstrated that the planned I-394 district incorrectly applies to a specific property.” City Code § 300.31, subd. 11.b (emphasis added). Accordingly, the Project cannot be rezoned to another zoning district without violating this provision. If the City determines that the I-394 District “incorrectly” applies to the Property under this exception, it would mean that a conflict exists between the Comp Plan’s designation of the Property within the I-394 Corridor/Ridgedale Area and the PID I-394 District. Minnesota law further requires that if the Comp Plan “is in conflict with the zoning ordinance, the zoning ordinance shall be brought into conformance with the plan . . . and, if necessary, amendment of its comprehensive plan.” Minn. Stat. § 473.858. Thus, in order to approve the Project the Property must be rezoned, and to rezone the Property, the City must first amend the Comp Plan designation of the Property or amend this conflicting policy.

2. **Policy 4.A.2. Definition of appropriate building heights and massing relative to the existing ridgelines and topography as part of project review to manage impacts on nearby low density residential neighborhoods.** (Comp Plan IV-46.)

The Project conflicts with this policy as the height and massing are grossly out of scale and character from existing structures, and will directly and adversely impact the low-density residential neighborhoods. This provision was explicitly written to protect the neighborhood immediately to the south of the Property from development that is too tall and out of scale with the single family residences to the south. This policy further demonstrates that the intent of the I-394 Corridor/Ridgedale Area was to concentrate density away from the neighborhoods to the south.
3. **Policy 4.A.33. Provision of adequate buffering between differing land uses, as appropriate. (Comp Plan IV-46.)**

The Project conflicts with this policy as the Property is not adequately buffered from the residences to the south. The Project will substantially increase the noise, traffic, and intensity of the use of the Property that will detrimentally impact the neighboring residences. As proposed, the Project includes balconies for the units facing the neighborhood and a large outdoor recreation area oriented towards the neighborhood to the south. These features will result in increased noise and disturbance to the adjacent residential neighborhood. Very-high density residential and single-family homes are not compatible and such very-high density uses should be located away from the single-family residential neighborhood and towards the Ridgedale core.

**Excessive Floor Area Ratio**

The Project grossly exceeds the allowed scale and massing of the surrounding community and the City’s zoning code and Comp Plan. The proposed Project will retain a small office building, along with the six-story residential building. The effective Floor Area Ratio (FAR) of the Project purports to be a combined Floor Area Ratio (FAR) of 1.06. Under the PID I-394 District, office and high-density uses are both limited to a maximum FAR of 0.75. City Code § 300.31, subd. 5.d. This increase of massing could be appropriate in the Ridgedale core or along the interstate, but is not appropriate immediately adjacent to the single-family neighborhood to the south.

Even if the Comp Plan was amended to rezone the Property to the PUD District (a necessary prerequisite for allowing a mixed use Project), it would exceed the allowed FAR. In the PUD District, high-density residential is governed by the R-5 High Density District. City Code § 300.22, subd. 6. The R-5 District permits a maximum FAR of 1.0, which the Project exceeds. Accordingly, the Project is too large under any zoning designation.

**Adverse Traffic Impacts**

The Project will dramatically increase the noise, pollution, and traffic as a result of the proposed 111 dwellings and 250 parking spaces. The proposed 111 additional dwelling units is the equivalent of a large neighborhood located on approximately 2 acres. The resulting increases in trip generation will be excessive, causing substantial impacts on traffic in the surrounding community.

**Proposed Trail**

We further object to the proposed placement of a public trail in the woods immediately adjacent to the neighborhood to the south. Such a path would require the removal of a number of trees that would destabilize the bluff and reduce the screening of the Project. This would conflict with the Comp Plan provisions that call for appropriate screening and buffering, and result in the Project having an even greater impact on the adjacent neighborhood. Furthermore, attracting
members of the public to an unlit wooded area with no security or supervision would inevitably attract crime, illicit activity, or other transient visitors.

For these reasons and others that will be stated at the Planning Commission meeting, we strongly object to the Project as currently proposed and urge the Planning Commission and City Council to direct the Applicant to work with staff to develop a project that is consistent with the City’s policies and the law, and will not adversely impact the immediately adjacent single-family neighborhood to the south.

Very truly yours,

[Signature]

Gary A. Van Cleve, for
Larkin Hoffman Daly & Lindgren Ltd.

Direct Dial: 952-896-3277
Direct Fax: 952-842-1720
Email: gvanclave@larkinhoffman.com

cc: Corrine Heine, City Attorney
Dr. Mark and Heather Stesin
Felix and Donna Ricco
Andy and Zhanna Schectman
To Minnetonka City Council Members:

We’d like to comment on one land use aspect of this proposal, and that is the park trail. This trail would indeed be a park trail – paid for through park and trail improvement funds and maintained through the park and trail budget. As you provide comments on the Ridgedale Executive Apartments concept, we ask that you please carefully consider whether adding a new park trail at this location makes sense.

For nearly four years my neighbors and I have faithfully come to every meeting about the Ridgedale Village area, including Park Board hearings about the Park and Trail Improvement Plan in the Capital Improvements Program. Never once have we heard any mention of a trail around this pond.

Five people from our neighborhood attended the Ridgedale Drive Reconstruction Project Open House in October. No trail around the pond was discussed. And just 10 days ago, the City Council discussed the Ridgedale Drive Reconstruction Project at a Study Session, and there was no mention in the agenda packet of any trail around the pond.

This park trail would be very intrusive to single-family neighborhoods (bringing strangers just 20 feet away from Sherwood Forest properties), and it would require removing trees that currently provide a buffer around the pond – two things that are inconsistent with our city’s Comprehensive Guide Plan regarding land use in the Planned I-394 District and around bodies of water.

Minnetonka has no need for this loop trail, which would encircle a pond and connect to Ridgedale Drive on both ends. It’s a path to nowhere in a village center where the city has identified need for greater connectivity in all directions, including to the homes and schools north of the mall.

Besides, residents and visitors will soon be able to take advantage of enhanced pedestrian trails along Ridgedale Drive as well as south on Plymouth Road all the way to Minnetonka Blvd. They will also have easy access to three parks – enhanced park amenities planned for Crane Lake Preserve across from Nordstrom, an urban park/commons planned for the mall property across the street from the proposed apartments, and the existing Meadow Park trail system just a short walk away.

The last thing we ask you to consider is the money involved. The proposed Ridgedale Executive Apartments project would generate $555,000 in park dedication fees. If the city uses that money to create this new park trail, then park dollars will be diverted away from the priorities that our city has set in its Park and Trails Improvement Plan for 2018-2022 and beyond – including the parks and trails already planned for the Ridgedale Village. (It’s also possible that additional park funds would be diverted in order to gain access to the land on western side of the pond/loop, which is not owned by this developer.)

In summary, the proposed park trail intrudes on the neighborhood, disturbs natural resources,
and delays other park and trail projects that the Minnetonka Park Board has approved and Minnetonka residents have been looking forward to. Please direct the developer to remove the trail from their concept. Thank you.

Annette and Robert Bertelsen
13513 Larkin Drive, Minnetonka