1. Call to Order

Acting Mayor Patty Acomb 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 Brad Wiersum, Tim Bergstedt, Bob Ellingson, Dick Allendorf, and Patty Acomb were present.

4. Approval of Agenda

Wiersum moved, Allendorf seconded a motion to accept the agenda with an addendum to item 13C. 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 city events and council meetings.

8. Citizens Wishing to Discuss Matters not on the Agenda

Robert Ashmun, 3529 Orchard Lane, said he had a meeting scheduled with staff about the interest owed from a hookup fee.

9. Bids and Purchases: None

10. Consent Agenda – Items Requiring a Majority Vote: None

A. Resolution requesting Hennepin County to assume the responsibility for PSAP services for the city of Minnetonka

Wiersum asked that the item be pulled from the consent agenda. He noted the proposed transfer of services to the county was a pretty big deal for the city and asked staff to provide more information for residents. Barone
said there had been numerous discussions about transferring the 911 dispatch center to Hennepin County. Police Chief Scott Boerboom provided a staff report. Wiersum said he thought the consultant’s report was extremely well done. He was impressed with what Hennepin County could do for the city in providing dispatch services. This was a tough change however because the city had very capable dispatch group who had done an excellent job. From a cost perspective the change made a lot of sense. He hoped the dispatch staff would end up with Hennepin County. He said from a tax perspective the current system meant residents were paying for 911 services twice.

Allendorf said changing dispatch services had been looked at a number of years ago but not as extensively as this time. He thanked Boerboom and the staff that had worked on the proposed change.

Wiersum moved, Bergstedt seconded a motion to adopt resolution 2017-087 requesting Hennepin County to assume the responsibility for PSAP services for the city of Minnetonka and authorize the mayor and city manager to submit a formal letter of request to the Hennepin County Board of Commissioners. All voted “yes.” Motion carried.

B. Cooperative agreement regarding public safety related to 2018 National Football League Super Bowl security

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

C. Professional services agreement with Mohagen Hansen Architecture/Interiors

Allendorf moved, Bergstedt seconded a motion to approve the agreement, subject to final review and approval of terms by the city attorney. All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes:

A. Resolution approving final site and building plans, with expansion permit, and conditional use permit, with variance, for Midwest MasterCraft at 17717 State Highway 7

Allendorf moved, Bergstedt seconded a motion to adopt resolution 2017-088 approving final site and buildings, with expansion permit, and conditional use permit, with variance, for Midwest MasterCraft at 17717 State Highway 7. All voted “yes.” Motion carried.
12. Introduction of Ordinances:

A. Ordinance to remove area from floodplain overlay district at 11806 Cedar Lake Road

City Planner Loren Gordon gave the staff report.

Greg Wilson said he was representing the property owner. The project began in 2013. There was a communication issue between the seller and buyer. The issue was now resolved.

Allendorf moved, Wiersum seconded a motion to conduct the first introduction of the ordinance to remove area from floodplain overlay district at 11806 Cedar Lake Road. All voted “yes.” Motion carried.

B. Ordinance to remove area from floodplain overlay district at 3136 County Road 101

Gordon gave the staff report.

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

C. Ordinance amending section 910.020 of the Minnetonka City Code, relating to recreational fire permits

City Attorney Corrine Heine gave the staff report.

Bergstedt said the changes were much needed and the permit process would be easier for residents.

Wiersum said the city had a long tradition of allowing recreational fires. He said the change was a good one and the issue was really about being a good neighbor.

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

13. Public Hearings:

A. Temporary on-sale liquor license for Bet Shalom Congregation, 13613 Orchard Road

Barone gave the staff report.
Acomb opened the public hearing at 7:04 p.m. No one spoke. She closed the public hearing at 7:04 p.m.

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

B. Resolution authorizing and affirming the issuance, sale, and delivery of multifamily housing revenue obligations for the benefit of CHC Minnetonka Affordable Housing LLC and authorizing the execution and delivery of related documents

Community Development Director Julie Wischnack gave the staff report.

Jay Jensen with Shelter Corporation thanked the council for its support over the years.

Acomb opened the public hearing at 7:07 p.m. No one spoke. She closed the public hearing at 7:07 p.m.

Wiersum moved, Bergstedt seconded a motion to adopt resolution 2017-089 authorizing and affirming the issuance, sale, and delivery of multifamily housing revenue obligations for the benefit of CHC Minnetonka Affordable Housing LLC; authorizing the execution and delivery of documents; and authorizing City officials to approve non-substantive changes to the related documents. All voted “yes.” Motion carried.

C. Items related to the Cloud 9 Condominium’s Housing Improvement Area

Wischnack gave the staff report.

Allendorf asked what happens in a situation where one of the owners of the units leaves and decides not to pay. He also asked what happens when an owner decides to sell his/her property. Wischnack said the important thing was the fees are secured through a tax payment. If a person doesn’t pay the property tax due, the city would eventually get paid when the property taxes are eventually paid. If there is a change in ownership, the fee stays with the unit.

Wiersum said it was his understanding that the housing improvement area was not something being imposed by the city on Cloud 9. He asked for more background information on how the whole thing came about. Wischnack said the association approached the city and the city was
serving as the agent or financier of the project. It was the association who decided to do the project.

Acomb opened the public hearing at 7:19 p.m.

Ryan Stark, 5601 Smetana Drive, said there never was a chance for the owners to petition the association to incur any of the costs. It seemed like all the costs were being passed on despite the association having millions in reserves. He said this was a detractor from people currently living in the buildings as well as being able to sell in the future. Basically it added on a large monthly fee. He said the proposed terms were too high. He asked the housing association to scale back on the list of things and come back with a more reasonable amount.

Allendorf asked what happens with the contingency if it was not needed. Wischnack said the money would not be included in the final fee. She said the estimated number in the staff report was the highest possible amount and she hoped it would decrease. She said the city’s building official visited the site and agreed the identified things needed to be done.

Acomb asked how the reserves came into play. Wischnack said long term part of what was being attempted with housing improvement areas was to right size the associations and their dues structure. Part of the EDAC review was to look at the financial information and the 30-year plan to see if the reserve study looked appropriate to ensure there was a proper amount to be able to pay for necessary repairs. If the reserves were used now to lower the fees, it would offset future needs.

Greg Freeman, 5601 Smetana Drive, said he was the secretary of the board. During the seven years he’s lived there, he has seen engineering reports come in without a solid plan on how to address the issues. There was not a good option to come up with the necessary funds. When he first moved in, the reserves were around $300,000. The building is 30 years old and was a converted office building. The problem was it was very expensive to repair and maintain. Without this project he said the association would be in trouble.

Nancy Blume, 5601 Smetana Drive, said she was an original resident of the condos. She said the improvements were definitely needed and had been needed for a number of years. The residents had struggled to figure out how to pay for the repairs. She has a window she hasn’t been able to see out of for a number of years. The elevators are often out of service. She trusted the board to try to cut costs wherever possible.

Acomb closed the public hearing at 7:31 p.m.
Wiersum said when the city does housing improvement areas, they do not involve happy good news opportunities. They involve situations where there is a big problem with a building and the association does not know what to do in order to fix it. The fact the law allows the city to be a resource to spread the costs over a number of years and to make things as affordable as possible, makes the best out of a bad situation. He felt for the residents who would see an increase to their monthly payment but lacking that the situation would be much more dire.

Wiersum moved, Bergstedt seconded a motion to adopt ordinance 2017-09 establishing the Cloud 9 Sky Flats Housing Improvement Area; resolution 2017-090 approving a housing improvement fee for the Cloud 9 Sky Flats Housing Improvement Area; and resolution 2017-091 approving a development agreement with respect to the Cloud 9 Sky Flats Housing Improvement Area, including future city financing options. All voted “yes.” Motion carried.

14. Other Business:

A. Items concerning Mesaba Capital at 17710 and 17724 Old Excelsior Boulevard

Gordon gave the staff report.

Della Kolpin, Mesaba Capital Development, said this was the second project her company has partnered with Walker Methodist on. The first one recently broke ground in Richfield. She provided an overview of the 97-unit senior housing rental project. She said the site brought many great attributes to a senior housing community. It is centered at a major intersection. The commercial node has many amenities for the senior residents. She showed drawings what the property would look like from the neighbor’s homes.

Annaliese Peterson, Walker Methodist, said her company’s belief is when a person moves into a senior living community, life doesn’t stop but rather it was a new segment in life. She said Walker Methodist currently owns, operates, and manages 12 communities. Peterson provided information on the proposed Minnetonka facility.

Wiersum asked how the process worked for those visiting the residents living in the independent units. Was there a sign in, sign out process? Peterson said for safety reasons it was important to know when a resident left the building so there was a sign in, sign out process. Residents are
allowed to come and go as they want. The sign in, sign out process was to know the number of people in the building should there be an emergency.

Allendorf asked if the trees shown in the picture of the landscaping were actually going to be included in the landscaping plan. Kolpin said there would be trees included in the landscaping plan.

Bergstedt said the council had seen the proposal numerous times. The applicant started off with a nice project and working with staff, the planning commission, and the council, now had an even nicer project. It is located in a village center and the project was starting the redevelopment of the north side of Old Excelsior Boulevard. The landscaping would provide a nice transition to the single-family homes on the south side of Old Excelsior Boulevard.

Acomb thanked the applicant for the attention to the outdoor space. She said her mother was in a facility and just a little bit of outdoor space meant a lot. She said the proposal would be an asset to the community.

Bergstedt moved, Allendorf seconded a motion to adopt ordinance 2017-10 approving rezoning the properties from B-1 to R-5; and resolution 2017-092 approving preliminary and final plats and final site and building plans, with variances. All voted “yes.” Motion carried.

B. Items concerning Minnetonka Hills Apartments at 2800 and 2828 Jordan Avenue:

1) Major amendment to an existing master development plan;
2) Final site and building plans, with parking variance; and
3) Preliminary and final plats

Gordon gave the staff report.

John Ferrier, CSM Corporation, said he enjoyed working with staff and he thought the project had improved since the beginning of the process.

Acomb noted at the last meeting the item was presented, there was discussion about affordable units. Ferrier said an analysis was done on the site with an affordable housing component included. He said the site was a very expensive site to develop especially with the increase in the underground parking and the number of retaining walls. CSM was still willing to do affordable housing but could not commit at this point. Further study will be done.
Susan Goll, board member with the Cedar Cove Homeowners Association, said Jordan Avenue was the only access to the neighborhood. She thanked the council for all the work that has been done on the proposal and she thought a lot of progress had been made. She said the neighbors continue to have concerns however. The neighbors understand the need for additional high-density housing in the city but do not think this is the proper location. One of the things people love about the city are the wooded neighborhoods. This site is heavily wooded and although there was a reduction in the footprint, the developer’s inventory still showed 150 trees would be removed. Not only would this create a huge change in the character and appearance in the area, it would also have a huge impact on the wildlife.

Goll said another concern was safety because of the inadequate sightlines for drivers. While improvements had been made to the proposal, the neighbors still felt they were not enough. She showed photographs of the existing sightlines in the area. She thought it was foolhardy to add 78 residences to the existing 98 residences in an area with a dangerous intersection. She said the neighbors continue to urge further study of the traffic and safety but particularly the pedestrian use of Jordan Avenue and Cove Drive. She suggested adding a play area in the south buildings, sidewalks or some place for people to go for recreation so they were not out on the street. Another concern was parking while the parking lots are plowed.

Wiersum asked if there were opportunities to further mitigate the traffic concerns. Gordon the curve was similar to other areas in the city where there was significant vegetation and topography. There was discussion at the planning commission about the concerns. In 10 years there have been four accidents in the area. These were mostly related to weather. This isn’t to say improvements cannot be made.

Allendorf asked for more information about the height of the retaining wall around the corner and how much vegetation would be removed. As he reviewed the staff report he thought the changes would be a significant improvement. Gordon said about 15-20 feet would be cut back north and south and the bottom and top would also be reduced by a couple of feet. Allendorf said he thought this was quite a significant improvement to the sight line. He thought overall the proposal had been significantly improved since the last time the council saw it. At that time the staff rightly raised concerns about steep slopes and how they were being affected. This had been addressed with the shrinking of the project and moving it a little. The other concern was raised by the neighbors about the traffic, not just because of this project, but generally in the area. He thought the concerns had been addressed. He said he could support the project.
Bergstedt agreed the changes were significant. Because the project had moved up a little higher on the ridge, more of the building might be seen from Highway 169 but this did not bother him. This was an incredibly difficult property because of the steep slopes. He thought the developer had done everything possible to address the council, the planning commission and staff concerns. Either this project should be approved or the lot should be declared unbuildable which he did not think was the right way to go. He said the traffic issues already exist. The improvements were significant.

Wiersum said it was a challenging site and improvements had been made to the sight lines. He said he agreed with Gordon’s comments that this area wasn’t unique but was like many other areas in the city. It requires people to pay attention while they are driving or while they are pedestrians. There were many areas in the city that do not have sidewalks and require people to walk on the street. This was one of those areas. He thought it was important to get some of the foliage trimmed and making sure it remains trimmed. He would like the developer to continue to look for opportunities to add affordability.

Ellingson said he was concerned about the steep slopes and thought a good job was done to improve the design. He was sympathetic to the traffic concerns but there were similar issues throughout the city. He thought there were substantial improvements made to the project and if this wasn’t approved, he didn’t think anything could be approved.

Acomb said she appreciated that the applicant worked with staff to significantly improve the plan. She also appreciated the improvements to the natural resources and stewardship plan. She encouraged further investigation into affordable housing. She said speeding is an issue in her neighborhood and there were a couple of things proven to work. One was monitoring and ticketing and the other was the signs that alert drivers to how fast they are going. This might be an option for this neighborhood.

Allendorf moved, Wiersum seconded a motion to adopt Ordinance 2017-11 approving a major amendment to the existing master development plan; resolution 2017-093 approving final site and building plan, with a parking variance; and resolution 2017-094 approving preliminary and final plats. All voted “yes.” Motion carried.

C. Concept plan review for Villa West at 16913 and 17101 State Highway 7

Gordon gave the staff report.
David Carlson, 2249 Portico Green, gave the history of the project and the changes that had been made since the last time it was presented to the council.

Allendorf said the other Carlson had a purchase agreement for the Anderson property contingent on the project working out financially. He asked for more information about this. David Carlson said as a developer often he maintains an option for a purchase with a contingency upon a due diligence period. During the due diligence period meetings are held with city staff to come up with a development that can be approved by the council at a cost level where the sales price minus the cost improvements leaves a profit. Allendorf asked if actual numbers had been worked out. Was the contingency that it would work out financially at a 20 percent profit, 40 percent profit? He asked how firm the purchase agreement was. He said it would be a lot better project if everybody thought it was going to go through. Carlson said it had cost a lot of money just to get to this point so it wasn’t being done for practice but rather for business.

Wiersum asked if there were opportunities to acquire other properties. Carlson said there had been some negotiation with the broker representing the property owner to the east. There could be a phase two to the project if the financial benefits exist. Acomb asked if phase two would use the same entrance/exit. Carlson said it would make sense if it was economically feasible and physically possible. There was a wetland in between and the tunnel that goes underneath Highway 7 would make it difficult to do that.

Wiersum said he liked the product as shown in the rendering and developments like this are in demand in the city.

Bergstedt said he liked the changes and there was a huge demand for the housing type. One concern the neighbors raised about keeping the existing berm was addressed by the changes in the plan.

David Devins, 17100 Sandy Lane, said he supported the project but had some concerns. One concern was about the trees and keeping the vegetation. The other concern was combining the entrance/exit.

Allendorf said from a concept standpoint he thought the project was a good one for the community.

Acomb said it was a desirable housing type. She appreciated the developer’s willingness to work with the neighbors. She also appreciated the interest to make a turnaround at the end and limit it to one access.
She suggested pulling the units back from Highway 7 as much as possible for the livability factor.

15. **Appointments and Reappointments: None**

16. **Adjournment**

Bergstedt moved, Wiersum seconded a motion to adjourn the meeting at 9:04 p.m. All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk