Agenda
Minnetonka City Council
Regular Meeting, Monday, March 5, 2018
6:30 p.m.
Council Chambers

1. Call to Order
2. Pledge of Allegiance
3. Roll Call: Bergstedt-Wagner-Ellingson-Acomb-Calvert-Wiersum
4. Approval of Agenda
5. Approval of Minutes: None
6. Special Matters: None
7. Reports from City Manager & Council Members
8. Citizens Wishing to Discuss Matters Not on the Agenda
9. Bids and Purchases:
   A. Bids for the CSAH 101 S. Landscaping project
      Recommendation: Award the contract (majority vote)
10. Consent Agenda - Items Requiring a Majority Vote:
    A. Resolution supporting an application for a grant from Hennepin County’s Transit Oriented Development Program submitted by Dominium for redevelopment at 11001 Bren Road East
    B. Resolution supporting the City of Hopkins’ application for a grant from Hennepin County’s Transit Oriented Development (TOD) Program for the Shady Oak Station Area
    C. Orders for liquor license stipulations
    D. Orders for tobacco license violations
11. Consent Agenda - Items Requiring Five Votes: None
12. Introduction of Ordinances: None
13. Public Hearings: None
14. Other Business:
   A. Ridgedale Area Public Realm guidelines
      Recommendation: Hear the presentation and provide feedback
   B. 2018 Assessment Report
      Recommendation: Receive the report
15. Appointments and Reappointments: None
16. Adjournment
Brief Description: Bids for the CSAH 101 S. Landscaping project

Recommended Action: Award the contract

Background

On Nov. 10, 2014 the city council adopted a resolution approving the final plans and cooperative agreement for the CSAH 101 Street Improvements project from CSAH 62 to Hutchins Drive. The cooperative agreement sets aside 1% of the road project costs for landscaping improvements, which in this case is $150,693. The agreement allows the City of Minnetonka to work with their landscape architect to bid and administer the landscaping construction contract following the county’s road construction project. The plantings proposed will be similar to those installed along CSAH 101, north of Highway 7 to Minnetonka Boulevard, following the completion of that segment.

The project was bid using bid alternates, which are components of the project that may or may not be added at the city’s discretion and can help allow work to align with available funding. Bid alternate 2 includes an additional 2-year maintenance and watering contract for all vegetation planted.

Bid Opening

Bids were opened for the project on Feb. 20, 2018. Four bids were received in response to the call for bids, and the results are as follows:

<table>
<thead>
<tr>
<th>Contractor</th>
<th>Base Bid</th>
<th>Alternate 2</th>
<th>Total Bids</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hoffman &amp; McNamara Co.</td>
<td>$76,052.00</td>
<td>$18,320.00</td>
<td>$94,372.00</td>
</tr>
<tr>
<td>Urban Companies</td>
<td>$77,170.00</td>
<td>$26,000.00</td>
<td>$103,170.00</td>
</tr>
<tr>
<td>Peterson Companies</td>
<td>$80,041.00</td>
<td>$15,541.00</td>
<td>$95,582.00</td>
</tr>
<tr>
<td>Autumn Ridge</td>
<td>$95,807.00</td>
<td>$18,000.00</td>
<td>$113,807.00</td>
</tr>
<tr>
<td>Engineer’s Estimate</td>
<td>$85,820.00</td>
<td>$20,000.00</td>
<td>$105,820.00</td>
</tr>
</tbody>
</table>

The low bidder, Hoffman & McNamara Company, has satisfactorily completed projects in Minnetonka.

Estimated Project Cost and Funding

The total estimated construction cost for the base bid and alternate 2, including engineering, administration, and contingency based on the bid received is $142,000. Hennepin County will reimburse all of these costs, and the expenditures and reimbursements will flow through the city’s Street Improvement Fund.
### Neighborhood Input

A public informational meeting was held for Minnetonka residents on May 2, 2017 to gather feedback from the neighborhood and discuss specific details of the project. Since that time, staff has had many conversations and meetings with area residents.

Staff will again be notifying residents in March of the upcoming plantings and details. Staff will also be contacting particular property owners further to discuss installing plantings on private property where limited available space in the public boulevard exists. As with past projects, the city’s landscape consultant felt it would be beneficial in these areas to reduce exposure to salt, and thereby improve the long-term health and vitality of the plants. This will require the property owner’s permission and only be done if the property owner desires the plants to be installed.

### Schedule

Construction is tentatively planned to begin in mid-April and will be completed this summer.

### Recommendation

Award the contract for the CSAH 101 S. Landscaping Project No. 15502 to Hoffman & McNamara Company in the amount of $94,372.00.

Submitted through:
- Perry Vetter, Assistant City Manager
- Will Manchester, Director of Engineering

Originated by:
- Chris LaBounty, Engineering Project Manager

<table>
<thead>
<tr>
<th>Description</th>
<th>Budget Amount</th>
<th>Proposed Funding</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Bid &amp; Alternate 2</td>
<td></td>
<td>$95,000</td>
<td></td>
</tr>
<tr>
<td>Contingencies - 10%</td>
<td></td>
<td>$10,000</td>
<td></td>
</tr>
<tr>
<td>Engineering, Administration, and Indirect Costs</td>
<td></td>
<td>$37,000</td>
<td></td>
</tr>
<tr>
<td>Hennepin County</td>
<td>$150,693</td>
<td>$142,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total Budget</strong></td>
<td>$150,693</td>
<td>$142,000</td>
<td>$142,000</td>
</tr>
</tbody>
</table>
County Road 101 S. Landscape Project

Landscape Areas

This map is for illustrative purposes only.
City Council Agenda Item #10A  
Meeting of March 5, 2018

**Brief Description**  
Resolution supporting an application for a grant from Hennepin County’s Transit Oriented Development Program submitted by Dominium for redevelopment at 11001 Bren Road East

**Recommendation**  
Adopt the resolution supporting the application

**Background**  
The Hennepin County Housing and Redevelopment Authority (HCHRA) has made approximately $2.2 million available to support public and private multi-jurisdictional transit-oriented development (TOD) projects located along Hennepin County transit corridors where transit service is frequent and high capacity. TOD Program funds are intended to supplement existing private and public resources in support of transit-oriented development. Eligible uses of funds must demonstrate a public purpose, and may include installation of public infrastructure improvements, including pedestrian and bicycle facilities that improve pedestrian, bicyclist, and transit rider safety and ease of use.

On Feb. 8, Dominium submitted an application for a TOD grant from Hennepin County’s Transit Oriented Development Program for the redevelopment of the Digi International site locate at 11001 Bren Road East. The developer is seeking $1,500,000 from the program funds to assist with acquisition costs and redevelopment of the site. Hennepin County requires a resolution of support from the city as part of the application process.

The attached resolution supports Dominium’s application for grant funds through the Hennepin County TOD program. The developer is the formal applicant for the grant and would be considered the grant administrator.

**Recommendation**  
Staff recommends the council adopt a resolution supporting the Dominium’s application for grant funds through the Hennepin County TOD program.

Submitted through:  
Perry Vetter, Assistant City Manager  
Julie Wischnack, AICP, Community Development Director

Originated by:  
Alisha Gray, EDFP, Economic Development and Housing Manager  
Rob Hanson, Economic Development Coordinator

**Supplemental Information**

*City Council Meeting – Dec. 4, 2017*
Dominium
Address: 11001 Bren Rd E

This map is for illustrative purposes only.
EXISTING UTILITIES

PROPOSED UTILITIES

OPENING DAY RECOMMENDATION

LONG-TERM RECOMMENDATION

- SERVICE SANITARY
- LOCAL SANITARY
- TRUNK SANITARY
- MCES SANITARY INTERCEPTOR
- SANITARY SEWER FORCEMAIN
- LIFT STATION

- SERVICE WATER MAIN
- LOCAL WATER MAIN
- TRUNK WATER MAIN
- WATER TOWER
Resolution No. 2018
Resolution supporting an application for a grant from Hennepin County’s Transit Oriented Development Program submitted by Dominium for redevelopment at 11001 Bren Road East

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

Section 1. Background.

1.01 The City of Minnetonka acknowledges that Hennepin County authorized approximately $2.2 million in the 2018 budget for transit oriented development projects.

1.02 Dominium Apartments is submitting an application requesting grant funds from Hennepin County Transit Oriented Development Program.

1.03 The grant funds will be used for eligible costs with the proposed redevelopment project at 11001 Bren Road East in the City of Minnetonka.

1.04 The Hennepin County Transit Oriented Development Program Guidelines require support by the governing body of the City of Minnetonka for submission of a grant application to Hennepin County Transit Oriented Development Program.

1.05 The city supports Dominium’s application to the Hennepin County TOD program.

Section 2. Council Action.

2.01 After appropriate examination and due consideration, the Minnetonka City Council hereby supports Dominium Apartment’s submission of a Transit Oriented Development Program grant application, in accordance with Minnesota Statute 383B.77, subd. 3., to the Hennepin County Housing and Redevelopment Authority for the redevelopment of 11001 Bren Road East.
Adopted by the City Council of the City of Minnetonka, Minnesota, on March 5, 2018.

Brad Wiersum, 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 March 5, 2018.

David E. Maeda, City Clerk
City Council Agenda Item #10B
Meeting of March 5, 2018

**Brief Description**

Resolution supporting the City of Hopkins’ application for a grant from Hennepin County’s Transit Oriented Development (TOD) Program for the Shady Oak Station Area

**Recommendation**

Adopt the resolution supporting the application

**Background**

The Hennepin County Housing and Redevelopment Authority (HCHRA) has made approximately $2.2 million available to support public and private multi-jurisdictional transit-oriented development (TOD) projects located along Hennepin County transit corridors where transit service is frequent and high capacity. TOD program funds are intended to supplement existing private and public resources in support of transit-oriented development. Eligible uses of funds must demonstrate a public purpose, and may include installation of public infrastructure improvements, including pedestrian and bicycle facilities that improve pedestrian, bicyclist, and transit rider safety and ease of use.

On Feb. 5, 2018, the City of Hopkins approved a resolution authorizing an application for a TOD grant from Hennepin County’s Transit Oriented Development Program for the Shady Oak Station Area. The City of Hopkins is seeking $100,000 from the program funds for the purpose of constructing a proposed stormwater pipe under the light rail tracks to allow for future relocation of a pond within the Shady Oak Station Area to a site that would not inhibit development opportunity.

On Feb. 27, 2017 and Sept. 25, 2017 the council approved similar resolutions supporting Hopkins application to the same program to assist with funding to construct and relocate the pond. Hopkins did not receive funding through the Hennepin County TOD program for that project during those grant cycles.

The cities of Minnetonka and Hopkins approved a joint Master Development Strategy for the Shady Oak Station Area in August 2016 that describes significant transit oriented development around the future Shady Oak Station. While the cities collaborated with the Southwest Project Office (SPO) throughout that planning process, the SPO plans continue to include a large open area stormwater facility, referred to as the “base project” that would hinder future development opportunities around the station area. The proposed stormwater “pond relocation area” straddles the city boundaries. In order to relocate the pond to a more desirable location the local jurisdictions would be required to fund the difference in cost between the planned location and the preferred location of the pond. This cost to relocate the pond is estimated to be approximately $1.5 million. Both cities determined that this was not feasible, but may be in the future when redevelopment occurs. The pipe would allow for the stormwater pond to be relocated in the future. The total cost to construct the pipe is estimated to be approximately $125,000.

The attached resolution supports the City of Hopkins’ new application for grant funds through the Hennepin County TOD program. Hopkins is the formal applicant for the grant and would be considered the grant administrator. However, if funds are awarded, it would be mutually beneficial
to both communities because the grant will benefit the Shady Oak Station Area and the infrastructure improvements identified in the joint Master Development Strategy.

**Recommendation**

Staff recommends the council adopt a resolution supporting the City of Hopkins’ application for grant funds through the Hennepin County TOD program.

Submitted through:

- Perry Vetter, Assistant City Manager
- Julie Wischnack, AICP, Community Development Director

Originated by:

- Alisha Gray, EDFP, Economic Development and Housing Manager
- Rob Hanson, Economic Development Coordinator

**Supplemental Information**

[September 25, 2017 City Council Report](#)

[Shady Oak Redevelopment Strategy](#)
Base Project
• Stormwater Pond for parking lot
Base Project
Pond Relocation Area

- Sized to take additional future runoff
- Would be add to the SWLRT project as a change order
Resolution No. 2018__

Resolution supporting the City of Hopkins’ application for a grant from Hennepin County’s Transit Oriented Development Program for the Shady Oak Station Area

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

Section 1. Background.

1.01 The City of Minnetonka has been working in cooperation with the City of Hopkins on a Shady Oak Station Master Development Strategy.

1.02 The Minnetonka City Council adopted the Shady Oak Station Area Development Strategy on April 8, 2016.

1.03 The Shady Oak Station Area Development Strategy calls for a number of infrastructure improvements to facilitate transit oriented development around the station area.

1.04 The city wishes to work cooperatively with the City of Hopkins to submit an application requesting grant funds from the Hennepin County Transit Oriented Development Program.

1.05 The grant funds will be used for certain infrastructure improvements within the Shady Oak Station Area.

1.06 The city supports the implementation of the Shady Oak Station Area Development Strategy.

Section 2. Council Action.

2.01 After appropriate examination and due consideration, the Minnetonka City Council hereby supports the submission of a Transit Oriented Development Program grant application to the Hennepin County Housing and Redevelopment Authority for the proposed Shady Oak Station Area by the City of Hopkins.
Adopted by the City Council of the City of Minnetonka, Minnesota, on March 5, 2018.

Brad Wiersum, 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 March 5, 2018.

David E. Maeda, City Clerk
City Council Agenda Item #10C
Meeting of March 5, 2018

Brief Description: Orders for liquor license stipulations

Recommendation: Approve the orders

Background

The city council has an adopted schedule of presumptive penalties to be applied when certain liquor violations occur. Under the presumptive penalties schedule, liquor licensees are subject to a fine, or a fine plus a license suspension, only after the conclusion of criminal proceedings brought by the legal department. A form stipulating the penalty is sent to the licensee, who may agree to the penalty or request an administrative hearing before the city council. When the licensee agrees to the penalty, it must be brought back and acknowledged through issuance of an order by the city council.

The following establishments are in violation of selling intoxicating liquor to a person who was under 21 years of age and have agreed to the penalty:

- Davanni’s
- Lone Spur
- Noodles & Co (101/7)
- Nordstrom

Noodles & Company did not renew the liquor license for 2018, however, the violation occurred in 2017. The fine was imposed due to administrative processing of the violation. Presumptive penalties are defined in city council policy 6.2 and are based on the type of liquor license, number of violations over a three year period, and participation in the Best Practices Program. As the council is aware, the city offers the Best Practice Program. The program’s purpose is to encourage liquor license holders to voluntarily undertake practices and provide additional training that will help avoid sales to underage buyers. Stipulation forms were sent to the licensees. The licensees have returned the stipulations forms agreeing to the penalties listed below:

<table>
<thead>
<tr>
<th>Establishment &amp; Type of License</th>
<th>Licensee</th>
<th>Date of Violation</th>
<th>Offense</th>
<th>Fine</th>
<th>Participant in Best Practices Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Davanni’s 15200 Hwy 7 (On-Sale Wine &amp; 3.2% Malt Beverage)</td>
<td>Davanni’s Inc.</td>
<td>July 17, 2017</td>
<td>1st Violation</td>
<td>$350 &amp; 1 day suspension</td>
<td>No</td>
</tr>
<tr>
<td>Lone Spur Grill &amp; Bar 11032 Cedar Lake Rd. (On-Sale Intoxicating)</td>
<td>Cedar Hills Ribs, Inc.</td>
<td>July 25, 2017</td>
<td>1st Violation</td>
<td>$500 &amp; 1 day suspension</td>
<td>No</td>
</tr>
<tr>
<td>Nordstrom Ruscello 12441 Wayzata Blvd. (On-Sale Intoxicating)</td>
<td>Nordstrom, Inc.</td>
<td>July 24, 2017</td>
<td>1st Violation</td>
<td>$500 &amp; no suspension</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Recommendation

Staff recommends the city council adopt a motion issuing the enclosed Findings of Fact, Conclusion, and Orders for Davanni’s, Lone Spur, Noodles & Company, and Nordstrom Ruscello.

Submitted through:
  Perry Vetter, Assistant City Manager
  Julie Wischnack, AICP, Community Development Director

Originated by:
  Kathy Leervig, Community Development Coordinator
Exhibit A

Presumptive Penalties

The following are the presumptive penalties for the offenses listed.

Revocation on the first violation for the following types of offenses:

- Commission of a felony related to the licensed activity
- Sale of alcoholic beverages while license is under suspension

The following chart applies to these violations, to be counted over a three-year period:

- Sale to underage person
- Sale after/before hours
- Consumption after hours
- Illegal gambling, prostitution, adult entertainment on premises
- Sale to obviously intoxicated person
- Sale of liquor that is not permitted by the license

<table>
<thead>
<tr>
<th>License Type</th>
<th>1st Violation</th>
<th>2nd Violation</th>
<th>3rd Violation</th>
<th>4th Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-sale, full</td>
<td>$500 + 1 day suspension</td>
<td>$1000 + 3 days suspension</td>
<td>$2000 + 10 days suspension</td>
<td>Revocation</td>
</tr>
<tr>
<td>Off-sale, full</td>
<td>$750</td>
<td>$1500 + 1 day suspension</td>
<td>$2000 + 6 days suspension</td>
<td>Revocation</td>
</tr>
<tr>
<td>On-sale, 3.2 &amp; beer/wine</td>
<td>$350 + 1 day suspension</td>
<td>$700 + 3 days suspension</td>
<td>$1500 + 10 days suspension</td>
<td>Revocation</td>
</tr>
<tr>
<td>Off-sale, 3.2</td>
<td>$250 + 1 day suspension</td>
<td>$500 + 3 days suspension</td>
<td>$1000 + 10 days suspension</td>
<td>Revocation</td>
</tr>
<tr>
<td>On-sale, taproom or Off-sale, brewery (growlers)</td>
<td>$350 + 1 day suspension</td>
<td>$700 + 3 days suspension</td>
<td>$1500 + 10 days suspension</td>
<td>Revocation</td>
</tr>
</tbody>
</table>
For establishments in the Best Practices Program:

<table>
<thead>
<tr>
<th>License Type</th>
<th>1st Violation</th>
<th>2nd Violation</th>
<th>3rd Violation</th>
<th>4th Violation</th>
<th>5th Violation</th>
</tr>
</thead>
<tbody>
<tr>
<td>On-sale, full</td>
<td>$500</td>
<td>$500 + 1 day suspension</td>
<td>$1000 + 3 days suspension</td>
<td>$2000 + 10 days suspension</td>
<td>Revocation</td>
</tr>
<tr>
<td>Off-sale, full</td>
<td>$350</td>
<td>$750</td>
<td>$1500 + 1 day suspension</td>
<td>$2000 + 6 days suspension</td>
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</tr>
<tr>
<td>On-sale, taproom or Off-sale, brewery (growlers)</td>
<td>$350</td>
<td>$350 + 1 day suspension</td>
<td>$700 + 3 days suspension</td>
<td>$1500 + 10 days suspension</td>
<td>Revocation</td>
</tr>
</tbody>
</table>
BEFORE THE CITY COUNCIL
CITY OF MINNETONKA, MINNESOTA

In the Matter of:
The Liquor License of Davanni’s Inc.
(Davanni’s Pizza & Hot Hoagies)

FINDINGS OF FACT, CONCLUSION, AND ORDER

Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the city of Minnetonka, and Davanni’s Inc., the city council makes the following:

FINDINGS OF FACT

1. The licensee captioned above holds an On-sale Wine and On-Sale 3.2% Malt Beverage liquor license issued by the city council on December 4, 2017, and conducts its licensed activity at 15200 Hwy 7 within the city.

2. Pursuant to Minn. Stat. § 340A.503, Subd. 2(1) and Minnetonka City Code §600.75(1), no person may sell liquor to a minor, who is under the age of 21.

3. On July 17, 2017, Eve Miller, a person employed by the above-captioned licensee, sold intoxicating liquor to a person who was under 21 years old.
CONCLUSION

1. The liquor licensee sold an alcoholic beverage to an underage person on July 17, 2017, in violation of Minn. Stat. § 340A.503, Subd. 2(1) and Minnetonka City Code §600.75(1).

ORDER

IT IS HEREBY ORDERED, pursuant to Minn. Stat. §340A.415 and Minnetonka City Code §600.080 and Council Policy 6.2, that the licensee captioned above is subject to the following sanctions:

(1) a $350 civil penalty, and

(2) suspension of the license for one day, on a date to be selected by city staff.

By order of the city council of the City of Minnetonka, Minnesota, March 5, 2018.

________________________________
Brad Wiersum, Mayor

ATTEST:

____________________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent: Wagner
Abstained:
Order issued.
I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

__________________________________________
David E. Maeda, City Clerk
Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the city of Minnetonka, and Cedar Hills Ribs, Inc., owner of Lone Spur Grill & Bar, the city council makes the following:

**FINDINGS OF FACT**

1. The licensee captioned above holds an On-sale and Sunday On-Sale Intoxicating liquor license issued by the city council on December 4, 2017, and conducts its licensed activity at 11032 Cedar Lake Rd. within the city.

2. Pursuant to Minn. Stat. § 340A.503, Subd. 2(1) and Minnetonka City Code §600.75(1), no person may sell liquor to a minor, who is under the age of 21.

3. On July 25, 2017, Julie Law, a person employed by the above-captioned licensee, sold intoxicating liquor to a person who was under 21 years old.
CONCLUSION

1. The liquor licensee sold an alcoholic beverage to an underage person on July 25, 2017, in violation of Minn. Stat. § 340A.503, Subd. 2(1) and Minnetonka City Code §600.75(1).

ORDER

IT IS HEREBY ORDERED, pursuant to Minn. Stat. §340A.415 and Minnetonka City Code §600.080 and Council Policy 6.2, that the licensee captioned above is subject to the following sanctions:

(1) a $500 civil penalty, and

(2) suspension of the license for one day, on a date to be selected by city staff.

By order of the city council of the City of Minnetonka, Minnesota, March 5, 2018.

________________________________
Brad Wiersum, Mayor

ATTEST:

____________________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent: Wagner
Abstained:
Order issued.
I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

____________________________________
David E. Maeda, City Clerk
BEFORE THE CITY COUNCIL
CITY OF MINNETONKA, MINNESOTA

In the Matter of:

The Liquor License of
The Noodles Shop, Co. - Minnesota, Inc.
(Noodles & Company)

FINDINGS OF FACT, CONCLUSION, AND ORDER

Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the city of Minnetonka, and The Noodles Shop, Co. - Minnesota, Inc., the city council makes the following:

FINDINGS OF FACT

1. The licensee captioned held an On-sale Wine and On-Sale 3.2% Malt Beverage liquor license from Jan. 1, 2017-Dec. 31, 2017 at 4937 Co Rd 101 within the city.

2. Pursuant to Minn. Stat. § 340A.503, Subd. 2(1) and Minnetonka City Code § 600.75(1), no person may sell liquor to a minor, who is under the age of 21.

3. On July 17, 2017, Jessica Jordan, a person employed by the above-captioned licensee, sold intoxicating liquor to a person who was under 21 years old.
CONCLUSION

1. The liquor licensee sold an alcoholic beverage to an underage person on July 17, 2017, in violation of Minn. Stat. § 340A.503, Subd. 2(1) and Minnetonka City Code §600.75(1).

ORDER

IT IS HEREBY ORDERED, pursuant to Minn. Stat. §340A.415 and Minnetonka City Code §600.080 and Council Policy 6.2, that the licensee captioned above is subject to the following sanctions:

(1) a $350 civil penalty

By order of the city council of the City of Minnetonka, Minnesota, March 5, 2018.

________________________________
Brad Wiersum, Mayor

ATTEST:

____________________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent: Wagner
Abstained:
Order issued.
I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

______________________________
David E. Maeda, City Clerk
In the Matter of:

The Liquor License of
Nordstrom, Inc.
(Nordstrom Ruscello)

Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the city of Minnetonka, and Nordstrom, Inc., the city council makes the following:

FINDINGS OF FACT

1. The licensee captioned above holds an On-sale and Sunday On-Sale intoxicating liquor license issued by the city council on December 4, 2017, and conducts its licensed activity at 12441 Wayzata Blvd. within the city.

2. Pursuant to Minn. Stat. § 340A.503, Subd. 2(1) and Minnetonka City Code §600.75(1), no person may sell liquor to a minor, who is under the age of 21.

3. On July 24, 2017, Jody Bergerud, a person employed by the above-captioned licensee, sold intoxicating liquor to a person who was under 21 years old.
CONCLUSION

1. The liquor licensee sold an alcoholic beverage to an underage person on July 24, 2017, in violation of Minn. Stat. § 340A.503, Subd. 2(1) and Minnetonka City Code § 600.75(1).

ORDER

IT IS HEREBY ORDERED, pursuant to Minn. Stat. § 340A.415 and Minnetonka City Code § 600.080 and Council Policy 6.2, that the licensee captioned above is subject to the following sanctions:

(1) a $500 civil penalty, and

(2) no suspension of the license, due to participation in the Best Practices Program.

By order of the city council of the City of Minnetonka, Minnesota, March 5, 2018.

Brad Wiersum, Mayor

ATTEST:

David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent: Wagner
Abstained:
Order issued.
I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

____________________________
David E. Maeda, City Clerk
City Council Agenda Item #10D  
Meeting of March 5, 2018

**Brief Description**  Orders for tobacco license violations  

**Recommendation**  Issue the orders  

**Background**

The city council has adopted a system of presumptive penalties to be applied when certain tobacco violations occur. Under the presumptive penalties schedule, tobacco licensees are subject to a fine, or a fine plus a license suspension, after the conclusion of criminal proceedings brought by the legal department. A form stipulating the penalty is sent to the licensee, who may agree to the penalty or request an administrative hearing before the city council. When the licensee agrees to the penalty, it must be brought back and acknowledged through issuance of an order by the city council.

Licensees are initially subject to a fine of at least $250, the second violation is at least a $500 fine, and the third and any subsequent offenses within a two-year period have penalties of a $600 fine and a minimum seven-day suspension. The violations described below are a first offense for the licensees.

As a reminder, the civil penalty phase cannot begin until the criminal proceedings have been completed. The employees were criminally charged and found guilty.

Stipulation forms were sent to the licensees. The licensees have returned the stipulation forms agreeing to the penalties listed below:

<table>
<thead>
<tr>
<th>Establishment</th>
<th>Licensee</th>
<th>Date of Violation</th>
<th>Offense</th>
<th>Fine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigar Jones 17643 Minnetonka Blvd.</td>
<td>Cigar Jones, Inc.</td>
<td>Aug. 16, 2017</td>
<td>1st Violation</td>
<td>$250</td>
</tr>
<tr>
<td>E-Cig Pod USA LLC 14645 Excelsior Blvd.</td>
<td>E Cig Pod USA LLC</td>
<td>Aug. 16, 2017</td>
<td>1st Violation</td>
<td>$250</td>
</tr>
<tr>
<td>Glen Lake Mobile (Circle K) 14525 Excelsior Blvd.</td>
<td>Croix Oil Company</td>
<td>Aug. 16, 2017</td>
<td>1st Violation</td>
<td>$250</td>
</tr>
<tr>
<td>Koehnen's Amoco 17415 Minnetonka Blvd.</td>
<td>Koehnen's Amoco</td>
<td>Aug. 16, 2017</td>
<td>1st Violation</td>
<td>$250</td>
</tr>
</tbody>
</table>

**Recommendation**

Per council policy on tobacco violations, presumptive penalties are required. Staff recommends the city council approve issuing the enclosed Findings of Fact, Conclusion, and Orders for the establishments listed above.
Meeting of March 5, 2018

Subject: Tobacco License Stipulations

Submitted through:
    Perry Vetter, Assistant City Manager
    Julie Wischnack, AICP, Community Development Director

Originated by:
    Kathy Leervig, Community Development Coordinator
Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the City of Minnetonka, and Bauer's Minnetonka Minnoco, the City Council makes the following:

**FINDINGS OF FACT**

1. The licensee captioned above has been licensed for the sale of tobacco products from the City of Minnetonka for the year 2018, and conducts its licensed activity at 13118 Excelsior Blvd., within the City.

2. Pursuant to Minn. Stat. §609.685 and Minnetonka City Code §625.040, a licensee must not sell tobacco products to a person under 18 years old.

3. On Aug. 16, 2017, Jennifer Millions, a person employed by the above-captioned licensee, sold a tobacco product to a person who was under 18 years old.

**CONCLUSION**

1. The tobacco licensee captioned above violated Minn. Stat. 609.685 and Minnetonka City Code 625.040 by selling a tobacco product to a juvenile on Aug. 16, 2017.
ORDER

IT IS HEREBY ORDERED, pursuant to Minnetonka City Code §625.055, that the licensee captioned above is subject to the following sanctions:

(1) a $250.00 civil penalty

The penalty must be paid within 30 days of the date of this order.

Failure to comply with this order will subject the licensee to further sanctions.

By order of the City Council of the City of Minnetonka, Minnesota, March 5, 2018.

__________________________________________
Brad Wiersum, Mayor

ATTEST:

__________________________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent:
Abstained:
Order issued.

I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

David E. Maeda, City Clerk
BEFORE THE CITY COUNCIL
CITY OF MINNETONKA, MINNESOTA

In the Matter of:

The Tobacco License of
Cigar Jones, Inc.

Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the City of Minnetonka, and Cigar Jones, Inc., the City Council makes the following:

FINDINGS OF FACT

1. The licensee captioned above has been licensed for the sale of tobacco products from the City of Minnetonka for the year 2018, and conducts its licensed activity at 17643 Minnetonka Blvd., within the City.

2. Pursuant to Minn. Stat. §609.685 and Minnetonka City Code §625.040, a licensee must not sell tobacco products to a person under 18 years old.

3. On Aug. 16, 2017, Michael Meldahl, a person employed by the above-captioned licensee, sold a tobacco product to a person who was under 18 years old.

CONCLUSION

1. The tobacco licensee captioned above violated Minn. Stat. 609.685 and Minnetonka City Code 625.040 by selling a tobacco product to a juvenile on Aug. 16, 2017.
ORDER

IT IS HEREBY ORDERED, pursuant to Minnetonka City Code §625.055, that the licensee captioned above is subject to the following sanctions:

(1) a $250.00 civil penalty

The penalty must be paid within 30 days of the date of this order.

Failure to comply with this order will subject the licensee to further sanctions.

By order of the City Council of the City of Minnetonka, Minnesota, March 5, 2018.

________________________________
Brad Wiersum, Mayor

ATTEST:

____________________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent:
Abstained:
Order issued.

I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

David E. Maeda, City Clerk
BEFORE THE CITY COUNCIL
CITY OF MINNETONKA, MINNESOTA

In the Matter of:
The Tobacco License of E-Cig Pod USA LLC

FINDINGS OF FACT,
CONCLUSION,
AND ORDER

Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the City of Minnetonka, and E-Cig Pod USA LLC, the City Council makes the following:

FINDINGS OF FACT

1. The licensee captioned above has been licensed for the sale of tobacco products from the City of Minnetonka for the year 2018, and conducts its licensed activity at 14645 Excelsior Blvd., within the City.

2. Pursuant to Minn. Stat. §609.685 and Minnetonka City Code §625.040, a licensee must not sell tobacco products to a person under 18 years old.

3. On Aug. 16, 2017, Khanh Hoang Lehuu, a person employed by the above-captioned licensee, sold a tobacco product to a person who was under 18 years old.

CONCLUSION

1. The tobacco licensee captioned above violated Minn. Stat. 609.685 and Minnetonka City Code 625.040 by selling a tobacco product to a juvenile on Aug. 16, 2017.
ORDER

IT IS HEREBY ORDERED, pursuant to Minnetonka City Code §625.055, that the licensee captioned above is subject to the following sanctions:

(1) a $250.00 civil penalty

The penalty must be paid within 30 days of the date of this order.

Failure to comply with this order will subject the licensee to further sanctions.

By order of the City Council of the City of Minnetonka, Minnesota, March 5, 2018.

______________________________
Brad Wiersum, Mayor

ATTEST:

______________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent:
Abstained:
Order issued.

I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

______________________________
David E. Maeda, City Clerk
BEFORE THE CITY COUNCIL
CITY OF MINNETONKA, MINNESOTA

In the Matter of:
The Tobacco License of
Croix Oil Company
(dba Glen Lake Mobil/Circle K)

Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the City of Minnetonka, and Croix Oil Company, the City Council makes the following:

FINDINGS OF FACT

1. The licensee captioned above has been licensed for the sale of tobacco products from the City of Minnetonka for the year 2018, and conducts its licensed activity at 14525 Excelsior Blvd., within the City.

2. Pursuant to Minn. Stat. §609.685 and Minnetonka City Code §625.040, a licensee must not sell tobacco products to a person under 18 years old.

3. On Aug. 16, 2017, Michelle Motzko, a person employed by the above-captioned licensee, sold a tobacco product to a person who was under 18 years old.

CONCLUSION

1. The tobacco licensee captioned above violated Minn. Stat. 609.685 and Minnetonka City Code 625.040 by selling a tobacco product to a juvenile on Aug. 16, 2017.
ORDER

IT IS HEREBY ORDERED, pursuant to Minnetonka City Code §625.055, that the licensee captioned above is subject to the following sanctions:

(1) a $250.00 civil penalty

The penalty must be paid within 30 days of the date of this order.

Failure to comply with this order will subject the licensee to further sanctions.

By order of the City Council of the City of Minnetonka, Minnesota, March 5, 2018.

________________________________
Brad Wiersum, Mayor

ATTEST:

____________________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent:
Abstained:
Order issued.

I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

________________________________
David E. Maeda, City Clerk
BEFORE THE CITY COUNCIL
CITY OF MINNETONKA, MINNESOTA

In the Matter of:

The Tobacco License of
Koehnen’s Amoco

FINDINGS OF FACT, CONCLUSION, AND ORDER

Pursuant to a Stipulation executed by Julie Wischnack, Community Development Director for the City of Minnetonka, and Koehnen’s Amoco, the City Council makes the following:

FINDINGS OF FACT

1. The licensee captioned above has been licensed for the sale of tobacco products from the City of Minnetonka for the year 2018, and conducts its licensed activity at 17415 Minnetonka Blvd., within the City.

2. Pursuant to Minn. Stat. §609.685 and Minnetonka City Code §625.040, a licensee must not sell tobacco products to a person under 18 years old.

3. On Aug. 16, 2017, Robert Brookes, a person employed by the above-captioned licensee, sold a tobacco product to a person who was under 18 years old.

CONCLUSION

1. The tobacco licensee captioned above violated Minn. Stat. 609.685 and Minnetonka City Code 625.040 by selling a tobacco product to a juvenile on Aug. 16, 2017.
ORDER

IT IS HEREBY ORDERED, pursuant to Minnetonka City Code §625.055, that the licensee captioned above is subject to the following sanctions:

(1) a $250.00 civil penalty

The penalty must be paid within 30 days of the date of this order.

Failure to comply with this order will subject the licensee to further sanctions.

By order of the City Council of the City of Minnetonka, Minnesota, March 5, 2018.

________________________________
Brad Wiersum, Mayor

ATTEST:

____________________________________
David E. Maeda, City Clerk

ACTION ON THIS ORDER:

Motion for issuance:
Seconded by:
Voted in favor of:
Voted against:
Absent:
Abstained:
Order issued.

I certify that the above is an accurate copy of the Findings of Fact, Conclusion, and Order issued by the City Council of the City of Minnetonka, Minnesota, at an authorized meeting held on March 5, 2018.

________________________________
David E. Maeda, City Clerk
City Council Agenda Item 14A
Meeting of March 5, 2018

Brief Description
Ridgedale area public realm guidelines

Recommendation
Hear the presentation and provide feedback

Background

Vision
When the visioning process for the Ridgedale area was developed in 2012, one of the recommended strategies identified was to develop design standards for wayfinding, pedestrian, biking and other general urban design improvements. The link to the original visioning report highlighting these strategies start on page 55. In order to further the vision for the Ridgedale area, staff has completed several studies to refine those additional strategies.

2012 Ridgedale Area Vision

Recent Development
In the past few years, numerous developments have been constructed in the Ridgedale area. When the Ridgedale Mall underwent expansion (Macy’s Nordstrom, restaurants and general retail), many design guidelines were incorporated for improved sidewalk connections, landscaping and storm water management. With the 1700 Plymouth Road (Highland Bank) project, the establishment of gateway design, street lighting, landscaping, and public realm improvements were further refined. These same design details were then required of the TCF project, the library remodeling project, and now the proposed outbuildings at the mall and other development in and around the mall itself.

Infrastructure Planning
In 2013, after the vision process and prior to the mall expansion, the city conducted a Transportation and Mobility Analysis for the Ridgedale area. This analysis identified various roadway and network improvements for full buildout and intensification of the area. One of the improvements identified was the on-ramp at Ridgedale Drive for I-394 west.

This effort then led to further detailed analysis with the Ridgedale Pedestrian Connectivity and Accessibility study (starting on page 33). This study was presented to the council in August and October of 2015. This study provided more detailed guidance and expectations around the area for redevelopment and road reconstruction. This effort also aligned with the planning for the Ridgehaven Lane reconstruction. The design for that roadway and pedestrian improvements implemented many of the design details identified in the various documents. The most recent work in the area for the Ridgedale Drive/Parkway reconstruction planning has taken the design vision and encapsulated them into a guideline workbook that can be utilized for all future projects in the area.

Ridgedale Area Public Realm Guidelines
The guidelines were created to summarize all of the work to date in a cohesive and instructive workbook for different aspects of the public realm for the Ridgedale area. The guidelines are intended for use by the city, developers, engineers and designers to understand the overall vision for streets, sidewalks, landscaping, wayfinding and public facing amenities. Also included
in the plan are guidelines for surface parking lots, vegetation, site furnishing specifications, as well as sustainability for the area. Damon Farber, the city’s consulting landscape architects, created the document and will conduct a presentation about the work at the city council meeting.

2018 Ridgedale area public realm guidelines

Staff Recommendation

Hear the presentation and provide feedback.

Submitted through:
   Perry Vetter, Assistant City Manager

Originated by:
   Julie Wischnack, AICP, Community Development Director
City Council Agenda Item #14B
Meeting of March 5, 2018

Brief Description: 2018 Assessment Report

Recommended Action: Receive the report

Background

The assessing division has completed its work on the 2018 property assessment, and a report on the assessment results is enclosed for council review. Staff will present a brief summary of this report and 2018 property tax information at the March 5, 2018 council meeting, to afford the council the opportunity to ask questions.

Hennepin County will start mailing property tax statements for 2018 the second week of March. City staff will begin mailing market value notices to property owners on March 9th, with the 2018 market value information for property taxes payable in 2019.

Recommendation

Staff recommends the council receive the 2018 report. No formal action is required of the council.

Submitted through:
   Perry Vetter, Assistant City Manager/Administrative Services Director
   Merrill King, Finance Director

Originated by:
   Colin Schmidt, SAMA, City Assessor
The Assessing Division: 952-939-8220 or assessor@eminnetonka.com
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Cover photo courtesy of:
Chris Murphy as submitted for the City of Minnetonka 2017 Photo Contest
Summary

- The total estimated market value for Minnetonka in assessment year (AY) 2018 is $9.71 billion, just over a 7.1% increase from $9.06 billion in AY 2017. Approximately 70 percent of the total market value comes from residential property, while 30 percent comes from commercial, industrial, and apartment properties. The table below outlines the growth, (including new improvements), in the market by major property classifications:

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Average Growth Change</th>
<th>Total Change (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family Homes</td>
<td>7.7%</td>
<td>$373.9</td>
</tr>
<tr>
<td>Lakeshore</td>
<td>6.4%</td>
<td>$20.4</td>
</tr>
<tr>
<td>Townhouses</td>
<td>9.7%</td>
<td>$49.1</td>
</tr>
<tr>
<td>Condominiums</td>
<td>10.2%</td>
<td>$46.5</td>
</tr>
<tr>
<td>Commercial</td>
<td>2.9%</td>
<td>$44.4</td>
</tr>
<tr>
<td>Industrial</td>
<td>3.0%</td>
<td>$9.0</td>
</tr>
<tr>
<td>Apartments</td>
<td>9.3%</td>
<td>$71.9</td>
</tr>
<tr>
<td>Other Property Types</td>
<td>11.0%</td>
<td>$32.5</td>
</tr>
<tr>
<td><strong>Total Change</strong></td>
<td><strong>7.1%</strong></td>
<td><strong>$647.6</strong></td>
</tr>
</tbody>
</table>

- Comparisons with other cities for AY 2018 indicate that most of the western suburban cities are adjusting residential properties a net +3.5% to +9.0%, with an average net growth of +5.2%. Minnetonka’s residential net growth of +7.1% is slightly above the average of neighboring communities, but with AY 2017 being slightly below average, we are right on track with the area’s two-year growth total. The overall residential value change (including new construction) was +7.8%.

- Single-family home sales volume was up about 2% in 2017. This follows an 8% increase from 2016 and 26% increase from 2015. This reflects the highest number of sales in the past 15 years.

- Apartment values continued to grow this year. Values on existing apartments increased over 4.5%, while the total value change (including new construction) was 9.3%. Strong apartment growth has continued metro wide.

- Overall commercial growth was about 2.9% over the past year, and overall industrial growth was about 3.0%. Both commercial and industrial showed consistent growth.

- Assessment staff closed 111 tax court cases in 2017 compared with 149 in 2016. Staff continues to reduce the number of open appeals while also managing the ratio of stipulated value to original value.

- There was $132.2 million in new construction throughout 2017, a 13.7% increase over the $116.3 million in 2016. New residential, apartments, commercial and cooperative projects
evenly contributed to this large increase. There are a number of projects still under construction or planned for 2018, so new construction is not slowing down any time soon.

- The 11% growth of “Other Property Types” was due to land, seasonal, and other miscellaneous properties.

2018 Assessment from a Historical Perspective

The 2018 property assessment for Minnetonka is complete. Property owners will receive a Notice of Estimated Market Value in March. The 2018 property assessment applies to property taxes payable in 2019 and reflects market conditions between October 2016 and September 2017. With values finalized, we have a clear picture of the overall movement in the city’s real estate market.

Minnetonka has typically experienced steady growth in market value of real property since the early 1990’s. The City of Minnetonka was not immune to the economic downturn that impacted real estate values throughout the entire Twin Cities metro area and most of the nation. The peak of market values previously occurred during the 2007 and 2008 assessment years. As depicted in the chart below, the 2009 assessment showed a decline in value, which continued through the 2013 assessment. With a 7.1% increase in the 2018 assessment, the total estimated market value of real estate in Minnetonka is at $9.71 billion, establishing a new high, above the peak of $9.06 billion in assessment year 2017.

*The Minnetonka data and statistics used in this report are based on the 2018 assessment approved by Hennepin County on February 12, 2018. The data and statistics may not specifically match the 2018 Hennepin County Assessment Report due to the time of year they are calculated or the methodology used in calculating the statistics.
The decline in the overall market value of the city between assessment years 2009 and 2013 came from both the residential and commercial sectors. In the residential sector, the median home value reached its low in AY 2013, with a median value of $273,200. As the chart below shows, the median home values have increased for five consecutive years to the 2018 median home value of $359,800.
The commercial market began to stabilize in AY 2011. After some strong growth in AY 2014 and AY 2015, it again stabilized in AY 2016 with values increasing by one percent. AY 2017 saw continued growth at four percent, followed by an increase of 2.9% for the current assessment. Apartment values have experienced significant growth since AY 2011. Following an increase of 19.8% in AY 2016 and 17.8% in AY 2017, growth continued, but not as strong as the previous two years. Apartments increased a total of 9.3% for AY 2018.
The property tax capacity of a city is structured by state law and is used to distribute property taxes each year. The total tax capacity is divided among property classes to determine the allocation of the property taxes paid by class. Tax capacity is a function of market value. When the proportions of value by property class within a jurisdiction change, the tax capacity changes. Single-family residential properties represent the majority of the total tax capacity in Minnetonka, followed by commercial/industrial, and apartments. Because the residential value growth has outpaced the growth of apartments and commercial values in assessment year 2018, its proportion of the total tax capacity has increased relative to other classes when compared to last year.
The Residential Market

In Minnetonka, roughly 96% of the 19,852 taxable parcels are residential. The assessing staff uses city-wide comparisons of similar styles, quality, and classes of homes in making the annual property assessment. As described below, this comparison results in the same market value adjustments being made to like properties throughout the city. For example, an average-sized, three-bedroom rambler in the northeastern part of the city is valued based on the actual sale prices of similar ramblers throughout the city. Adjustments are also made to the land for location, positive or negative, to reflect the market value of the property. This provides more accuracy to account for the differences in the localized geographic area.

This system can be applied to all styles of homes (rambler, two-story, etc.) and allows the appraiser a range of judgment in setting the quality class for a particular home. When the quality class has been determined based on the physical characteristics of the home, the appraiser applies a prescribed dollar rate to the square footage of the home. The appraiser also adds or subtracts other dollar adjustments depending upon the specific features and characteristics of the home. This technique is similar to appraisal techniques used in the private appraisal industry.

Single family properties are grouped into geographic districts for the purpose of conducting the periodic physical appraisal of properties. Quality features are re-examined at that time, along with other characteristics of the home. During the revaluation process, staff continually looks for markets within the geographic districts that could be studied individually to improve accuracy. The current revaluation process is completed on a five-year cycle to ensure each property is physically looked at every five years at a minimum.

Staff uses the LOGIS property data system (PDS) computer-aided mass appraisal (CAMA) to determine the market value for each residential property. This PDS system allows the appraisal staff to revalue each residential property individually on an annual basis. By revaluing both land and improvements on an annual basis, it adds to the accuracy and equity of the assessment process.

Recent Changes

The LOGIS (Local Government Information Systems) consortium continues to make updates as needed. Searching capabilities and data analysis continue to be improved allowing the appraisers to do their work in a more timely fashion. LOGIS is currently in the process of improving an application for electronic notebooks and other mobile devices to increase productivity in the field.
Residential Sale Data

While a larger sample set generally provides greater precision in calculating the market value, staff carefully considers all factors that could affect current market conditions and makes adjustments accordingly. While on average, all residential sub-markets increased in value, not every parcel changed the same amount. Because of all of the factors that affect market value, some parcels increased in value above the average, while some increased at a much lower rate. A small percentage of parcels declined in value, typically due to changes in a particular submarket or parcel specific characteristic changes during quintile and/or permit reviews.

As illustrated below, despite the decline in AY 2015, the increased number of single family home sales in AY 2016, AY 2017, and AY 2018 represent higher total sales volumes than in pre-recession years.

![Single Family Home Sales](image)

When the sales are compared by different ranges of sale prices, it becomes clear that the increase in sales since the economic recovery has been driven in large part by higher valued homes. As the graphs below show, the largest segment of home sales for AY 2018 is represented by homes selling for $350,001 - $600,000 (36%), followed by homes selling for $250,001 - $350,000 (35%), then by homes selling for $600,000 and higher (14%), and finally by homes that sold for less than $250,000 (15%). The two higher priced strata of sales combine to account for 57% of sales over the study period. This is up from 50% from AY 2017, indicating that the increase in the number of home sales continues to be in the higher valued homes.
The graphs below compare the distribution of single family home sales from AY 2017 to the distribution of single family home sales in AY 2018. Sales of homes from $250,001 to $600,000 currently make up 75% of all sales.

In the residential market highlighted by the chart below, single-family homes showed modest gains while the condo and townhome markets showed significant increases in value. Staff believes this is due to the aging of the Minnetonka community and that demographics show an increasing desire to live in a maintenance free property.

2018 Percentage Change in Values by Property Type

- Greater than 10% Increase
- 5.01 to 10.0% increase
- 0.01 to 5.0% Increase
- No Change
- Minimal Decrease
Residential market data throughout neighboring jurisdictions are shown below. Throughout the west metro, residential real estate increased in the range of 3.5% to 9.0%. Minnetonka’s increase of 7.1% is above the 5.7% average increase of neighboring jurisdictions, but seems to be in line with a two year increase.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Louis Park</td>
<td>4.4%</td>
<td>5.0%</td>
<td>9.0%</td>
</tr>
<tr>
<td>Minnetonka</td>
<td>1.4%</td>
<td>2.3%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Plymouth</td>
<td>N/A</td>
<td>1.3%</td>
<td>6.6%</td>
</tr>
<tr>
<td>Maple Grove</td>
<td>1.9%</td>
<td>5.6%</td>
<td>5.7%</td>
</tr>
<tr>
<td>Edina</td>
<td>1.1%</td>
<td>3.9%</td>
<td>4.0%</td>
</tr>
<tr>
<td>Eden Prairie</td>
<td>0.1%</td>
<td>3.8%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Bloomington</td>
<td>2.7%</td>
<td>6.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td>1.9%</td>
<td>4.1%</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

*Values based on “R” - single family homes market adjustment*

The number of foreclosures appears to be back to a historically typical level. As shown in the graph below, the number of foreclosed sales in Minnetonka peaked in 2008. Starting in 2012, the number of foreclosure sales began to approach pre-recession levels and in 2016 the number of foreclosures was lower than the total in 2006. With the increases in value over the past few years, fewer homes have negative equity, so the rate of foreclosures should remain stable in the near future.
Following two consecutive years of over 15% overall growth, the apartment market continued to increase, but at a lesser rate of just over 9%. The apartments make up just over 12% of the property value of all housing in Minnetonka, which is consistent with last year.

The fundamental indicators for apartment properties showed a solid multi-family market in 2017. Vacancy rates remained low, market rents continued to increase, and interest rates remained historically low.

Two new multi-family projects completed construction in 2017. The first was The Residences at 1700, a 115-unit apartment over retail located at 1700 Plymouth Rd (formerly Highland Bank). The second was Cherrywood Pointe, a 100-unit senior rental located at 2004 Plymouth Road.

Several new multi-family projects have begun construction in 2017. One such project is a 322-unit apartment building called the Rize at Opus, located at 10101 Bren Road East in Opus Park, another is Crest Ridge Senior Housing, a 147-unit senior housing building located at 10955 Wayzata Blvd, and yet another is Havenwood of Minnetonka, a 100-unit senior housing building located at 17710 Old Excelsior Blvd.
The multi-family market in Minnetonka is categorized by three quality classes. The percentage of apartments in each quality class is shown in the chart below.

The class A apartments are those of the highest quality and consist of newer construction and a number of amenities. The current average value per unit is $221,400. The net growth in value (not including new improvements) was just over 3%.

The class B apartments are those of good quality, originally built in the 80’s and 90’s, and usually have fewer amenities than the class A apartments. The current average value per unit is $153,500. The net growth in value for the class B apartment segment was just over 4%.

The class C apartments are those of average quality, originally built in the 60’s and 70’s, and usually have very few amenities if any at all. The current average value per unit is $100,900. The net growth in value for the class C apartment segment was just over 7%. This is typical in the metro area as investors are looking to buy class C apartments and update them as an alternative to building new, as the costs of new construction are only going up.
The Commercial Market

While only four percent of the assessed parcels in Minnetonka are commercial or industrial, these property types have historically comprised a significant share of the tax base. For AY 2018 (taxes payable in 2019), their share is just over 32%. This is down from 34% for the 2017 assessment. The primary commercial sectors in Minnetonka are office, retail, industrial, and hotel. The chart below shows the makeup of the commercial market.

Changes in gross market values for these real estate sectors vary due to a number of factors. The different sectors within commercial real estate can move at different rates depending on demand within the sector. Also, the quality and location of the buildings can play an important role in changes in value. Commercial real estate can be more sensitive to socio-economic trends as the general outlook of real estate investors is based on the anticipation of relatively shorter-term gains. Both AY 2014 and AY 2015 saw strong growth in the office sector, with the industrial market seeing more aggressive gains in AY 2017. AY 2018 saw modest gains for both commercial and industrial. The retail market has experienced only slight changes from year to year over the past seven years.

<table>
<thead>
<tr>
<th>COMMERCIAL MARKET VALUE CHANGE BY SUBMARKET AND ASSESSMENT YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Office</td>
</tr>
<tr>
<td>Industrial</td>
</tr>
<tr>
<td>Retail</td>
</tr>
</tbody>
</table>
Office Market

Continuing the trend from last year, companies are decreasing their overall physical footprints. This reduction is not always reflective of decreasing employee counts, but rather it involves the effort to reduce their real estate occupancy levels and costs, create more collaborative spaces, and respond to changing work styles. Instead of considering the cost per square foot of real estate, businesses are often looking at the cost per employee, as the change in office space design is proving to have more efficient floor plans than the traditional spaces. This space efficiency bias has contributed to continued demand for multi-tenant Class A (the highest quality) office space while reducing the demand for the Class A single tenant space.

In 2018, the City saw Class A values rise slightly. The increase shown on the chart below is due to some movement in the multi tenant buildings and the completion of the Cargill Headquarters. Some of the growth in the office sector was also driven by the Class B and Class C offices that are well located and renovating to compete with nicer properties.

![Change in Value by Quality Class - Office](chart)

There were three office market transactions in Minnetonka that were included in the analysis for the 2018 valuation. These included the sales of:

- 1013 Ford Road
- 17833 Hutchins Drive
- 12501 Whitewater Drive (4 bldgs)

The new construction in the office sector for AY 2018 was mostly limited to tenant improvements and the remodeling of existing buildings. The Cargill office was completed in 2017. Many Class B and C properties were also renovated to become more competitive in the future. As we look into 2018, we expect a similar trend with new construction. There are no new significant office projects in process at this time. The overall office market is strong and looks to continue into 2018.
Industrial Market

The Minnetonka industrial market continues with solid upward growth. The strongest part of the market is the flex-industrial product. These are the buildings constructed to be office and warehouse, “flexible” so the office component can be increased or decreased at a reasonable cost.

The City is experiencing a strong and stable industrial market with an increasing absorption rate and slightly decreasing vacancy rate. Property owners with less functional space, lower ceiling heights and inferior locations, continue to see strong rents and lower vacancy. As the properties age and the community evolves, the City will likely continue to see redevelopment and creative changes in use of its industrial properties. Functional and well-located industrial properties are still in demand by investors.

Retail Market

With online retail popularity, brick-and-mortar retailers are seeking new customer attraction options in order to increase foot traffic. The shopping experience is changing and food and entertainment concepts are playing a significant role in creating a destination. Malls are creating outlots in areas of under-utilized parking, and adding restaurants with exterior access to further create a sense of destination. Ridgedale Center has made great strides with the addition of Redstone, Kona Grill, and The Cheesecake Factory. Construction has also begun on the restaurant pad sites in the northwest corner of the Ridgedale Mall parking lot. Minnetonka’s retail market values increased about .5% overall in 2017.

The hotel sector experienced a much higher increase of about 10.7%, due mostly to the completion of Home 2 Hotel at 6030 Clearwater Dr, and updating to the Marriott Southwest located at 5801 Opus Pkwy.
Commercial Net Growth

The average net growth of seven adjacent cities surveyed for the 2018 assessment was 3.6%. Minnetonka’s net commercial growth was 1.7%, which is at the lower end of the other communities.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edina</td>
<td>5.5%</td>
<td>6.5%</td>
<td>7.8%</td>
</tr>
<tr>
<td>St. Louis Park</td>
<td>6.7%</td>
<td>3.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Maple Grove</td>
<td>-0.8%</td>
<td>4.7%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Plymouth</td>
<td>N/A</td>
<td>7.1%</td>
<td>2.7%</td>
</tr>
<tr>
<td><strong>Minnetonka</strong></td>
<td><strong>0.1%</strong></td>
<td><strong>1.6%</strong></td>
<td><strong>1.7%</strong></td>
</tr>
<tr>
<td>Bloomington</td>
<td>2.3%</td>
<td>1.9%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Eden Prairie</td>
<td>0.9%</td>
<td>2.3%</td>
<td>0.8%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>2.5%</strong></td>
<td><strong>4.0%</strong></td>
<td><strong>3.6%</strong></td>
</tr>
</tbody>
</table>

Serving the Public

The purpose of the assessment process is to accurately estimate the market value of each parcel of property on an annual basis. As assessors, we uphold the Uniform Standards of Professional Appraisal Practice, which state, “An appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics”. The assessing office takes pride in serving the City of Minnetonka not only as public employees, but as appraisers striving to provide impartial, objective, and independent values.

In order to serve the public, there are many quality control processes in place. These quality checks include verifying data during property visits, using statistics to check the accuracy and equitability of our assessment, and working with taxpayers during a review or an appeal.
Property Data

The Minnetonka assessing division maintains a record of every real estate parcel in the city, including its size, location, physical characteristics, and condition. This record is verified and updated every five years during re-inspection, permit inspections, and when a physical review is requested by the property owner. This information is electronic, allowing statistical comparisons of properties by type and location.

It is important to know that assessors use a mass appraisal process for valuing residential property. Mass appraisal uses different techniques than the appraisals used by banks, mortgage companies and others. The mass appraisal system used in Minnetonka involves the comparison of thousands of properties with the residential sales of homes throughout the city.

While differences exist between individual fee appraisals and mass appraisals, they are based on the same fundamental theories of value. Furthermore, any appraisal is only as good as the data the appraiser has available. One primary difference between individual appraisals and mass appraisal is that the individual appraiser typically views the interior of the home. This provides the appraiser with a better sense of the quality and condition of the home, and makes it easier to compare multiple homes. We encourage citizens to work with the assessment staff to view the interior of homes whenever possible, providing a fair assessment for all.

Sales Data

Having the local assessment system operate effectively requires as much information about the local real estate market as possible. The assessing division makes a record of all property sales, using the Certificate of Real Estate Value (CRV) filed with the State of Minnesota for each property sale. When necessary, appraisers call the buyers or sellers in a transaction to gain more information about the circumstances of the sales.

In all cases, the sales information collected by the assessing division is closely scrutinized. Evidence that suggests a forced sale, foreclosure, a sale to a relative, or anything other than an arms-length transaction requires the sales to be excluded from the sales study. This is important, because the real estate sales information constitutes the database for the statistical comparisons necessary to make the property assessment.

Sales Ratio Standard

The accuracy of the assessing division’s estimated market values is measured by the sales ratio, which is simply the assessor’s estimated market value divided by the actual selling price. For example, a house having its estimated market value assessed at $285,000 and an actual selling price of $300,000 results in a sales ratio of 95 percent ($285,000 / $300,000 = 0.95). For all jurisdictions in the state, the accepted range for the median sales ratio measurement is 90 to 105 percent. In other words, the median (or midpoint) of the sales ratios for all properties sold should fall within 90 to 105 percent. Minnetonka’s 2018 assessment results in a sales ratio of 95.4 percent.

With some changes to the sales ratio methodology set by the Department of Revenue, the median target ratio has a range to allow for slight variations if necessary. A sales ratio of slightly less than 100 percent is desirable in order to avoid having many properties valued at more than their actual market value. If the median sales ratio were at 100 percent, it would mean that half the properties are assessed at less than market value and half are higher. On the other hand, a sales ratio of 95
percent means half the properties are below 95 percent of actual market value, while the other half remain above that 95 percent threshold. Therefore, the acceptable range is 90 to 105 percent, with a target of approximately 95 percent.

A measure of the equity of the property assessment is the coefficient of dispersion (COD). The COD measures the average deviation from the median or midpoint. The more closely the assessor’s values are grouped around the midpoint, the more equitable the assessment. This is because relatively few properties have been valued too high, or too low, compared to actual selling prices. For older or heterogeneous areas like Minnetonka, a COD under ten percent is deemed acceptable. Minnetonka’s 2018 assessment reflects a COD of 6.3 percent.

**Review Process**

The review process is a key aspect of the mass appraisal system. Because some properties receive statistic-based adjustments to market value, the review allows the assessing staff the opportunity to individually examine certain properties. Where there is evidence a property has valued inequitably, its market value can be readjusted to an appropriate amount.

**The Appeals Process**

The property appraisal system depends upon an effective opportunity for appeals by individual property owners. Minnetonka’s assessment procedures provide this opportunity through inquiries to and reviews by the assessing staff, and formal appeals to the Local Board of Appeal and Equalization, County Board of Appeal and Equalization, and Minnesota State Tax Court.

Key steps in the market value appeals process are:

1. **Staff Review** – It is important for anyone having questions about their market value or the assessment process to contact the assessing staff. A large majority of property owners’ concerns can be resolved through this administrative review. The last day in which the assessing staff can make changes without having Local Board approval is April 6, 2018.

2. **Local Board of Appeal and Equalization (LBAE)** – The Local Board of Appeal and Equalization will meet on April 16 and April 30, 2018. Staff will attempt to provide complete information regarding each property that is the subject of appeal. We request that property owners contact the assessing division in advance of the meeting if they intend to make an appeal. The Minnetonka City Council appoints local real estate professionals as advisors to the LBAE. A property owner who is not satisfied with the assessing staff’s review may make an appeal to the board. Property owners can reach the assessing division by phone at 952-939-8220 or by email at assessor@eminnetonka.com. Property owners who wish to be on the agenda are requested to contact the assessing division by April 6, 2018, in order to notify staff of their intent to appeal.

3. **County Board of Appeal and Equalization (CBAE)** – Property owners may appeal the decision of the LBAE to the CBAE, which meets on June 11, 2018. The property owner must first appeal to the Local Board in order to appeal to the County Board. Owners must call in advance to get on the agenda. The deadline for making an appointment with the CBAE is May 16, 2018, and the number to call is 612-348-7050.
4. **State Tax Court** – Property owners may appeal the decision of the CBAE to the State Tax Court. Petitions regarding the 2018 value for taxes payable 2019 *must be filed by April 30, 2019*. Petitioners may choose to appeal directly to the Minnesota Tax Court. It is common practice for commercial/industrial property owners to take this approach due to the complexity of the issues. For more information, contact the Minnesota Tax Court at 651-296-2806.

In order to provide a more complete understanding about the appeals process, the assessing staff has posted information on the City of Minnetonka website to assist property owners. Staff may be reached at 952-939-8220.

### Appeal History

In AY 2013, there were changes instituted by the Minnesota Department of Revenue with regards to the way changes to the assessment were handled. All changes to property values of parcels that sold during the sales study period are required to go before the LBAE. Previously, these values could be changed without going to the Local Board, provided that they were made prior to ten days before the Local Board convened. The new requirements increase transparency and discourage misuse of the appeals process.

Below is a recap of recent results of market value inquiries and appeals. As shown, the number of properties involved has been a relatively small number of the total parcels in the city. Approximately one-half of a percent of the total number of parcels had changes to the values after the assessment. The overall number of appeals to the Local Board increased due to the previously mentioned administrative changes made by the Department of Revenue beginning in 2013.

<table>
<thead>
<tr>
<th>LOCAL BOARD APPEAL HISTORY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Total Parcels</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Total Parcels</td>
</tr>
<tr>
<td>20,545 20,555 20,570 20,633 20,639 20,650 20,774</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Staff Inquiries</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>625 600 500 454 378 257 289</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Staff Reviews</strong></td>
</tr>
<tr>
<td>Change/No Change</td>
</tr>
<tr>
<td>145/157 146/170 87/237* 83/288 75/152 42/124 57/98</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Change/No Change</strong></td>
</tr>
<tr>
<td>4/1 1/1 22/2 61/4 34/4 54/5 39/4</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Appeals to LBAE</strong></td>
</tr>
<tr>
<td>Change/No Change**</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Appeals to CBAE</strong></td>
</tr>
<tr>
<td>Change/No Change**</td>
</tr>
<tr>
<td>2/0 1/0 N/A 2/0 N/A 1/0 N/A</td>
</tr>
</tbody>
</table>

*Administrative change instituted by Minnesota Department of Revenue

**Includes both increases and decreases in assessed value
Tax Court

In the past seven years, nearly $8.5 billion of cumulative property value in tax petitions on Minnetonka properties have been filed with the Minnesota Tax Court. These petitions require a substantial amount of time and resources to resolve. Although the time frame has been shortened in recent times, many of these cases may remain on the tax court calendar for multiple years. During the interim, the property owners must continue to pay taxes. If a reduction in value is stipulated, typically more than one year after the initial petition is filed, they receive a refund plus interest (at a rate determined by Hennepin County).

![City of Minnetonka Value Under Petition](chart.png)

Commercial Petition Activity

As the commercial market continues to strengthen, staff expects the number of petitions filed to stabilize. Property owners tend to file less petitions when the market is increasing. As the chart above shows, this has been the trend over the past five years.
Residential Petition Activity

While there have always been fewer residential than commercial petitions filed, the number of residential petitions continues to decrease. Often homeowners file on their property because they have missed the LBAE and CBAE process. Many of Minnetonka’s cases are stipulated to an agreed value with the staff appraisers.

The charts below show the distribution of tax court petitions based on the number of petitions, as well as the value of those petitions. Although the vast majority of cases are commercial, apartment petitions do make up a substantial amount of value under appeal.

Despite the large amount of value under petition, the assessing division continues to seek ways to increase productivity in handling the tax court process. The number of closed cases for the 2016 calendar year is down 26% much of which is due to the declining number of cases filed over the last two years. The goal is to resolve cases sooner to ease the scheduling burden and ultimately reduce any refunds given back to the petitioners.

As the graph below shows, the staff’s aggressive posture of closing cases has not sacrificed quality or led to greater reductions in property values. The line in the graph below represents the percent of value retained on an appeal. If staff stipulates a $1,000,000 property to $900,000, the City retained 90% of the value, giving back 10%. The goal of the assessing division is to minimize the amount of
value given back, which in turn improves the stability of the tax base for the city. As the line graph shows, staff continues to limit the amount of value given back which translates into fewer refunds and greater stability.

Public Information and Citizen Relations

The city provides public information in a number of ways to keep Minnetonka residents informed about the market value process, methods for appeal, and current property tax rates. Staff regularly updates the city’s web page with current information and annually posts the assessment report on the City of Minnetonka website. Information regarding the Property Tax Refund, the Senior Citizens Property Tax Deferral, as well as information on foreclosure prevention counseling can be found on the City’s website.

The assessing division staff uses several methods to ensure that all who contact the city about market values or property taxes receive a prompt, courteous response. A record-keeping system tracks inquiries about market values to see that those inquiries are appropriately guided through the review process. Every property owner that requests a staff review of their market value receives a response from the city assessing staff.

The assessing staff has worked diligently to provide clear information to property owners about a property tax system that is complex and often difficult to understand. Each spring, assessing staff sends introductory letters to residents in reappraisal neighborhoods. These have been well received by property owners and help increase the number of reappraisals the assessing division is able to conduct in these neighborhoods.
Assessing Staff

The assessing staff consists of the City Assessor, one Commercial Appraiser, one Principal Appraiser, two Residential Appraisers and one Assessment Specialist.

Colin Schmidt- City Assessor  Colin has been with the City of Minnetonka for three and a half years and has 30 years of experience in the assessment field. As the City Assessor, he is responsible for finalizing and approving the assessments every year along with overseeing and directing the assessing staff. He also works to resolve tax court cases as they are scheduled. Colin currently holds the Senior Accredited Minnesota Assessor (SAMA) designation as awarded by the Minnesota State Board of Assessors, the highest designation awarded to assessors by the Minnesota State Board of Assessors.

Michele Gelo- Commercial Appraiser  Michele has been with the City of Minnetonka for the past 15 years. As the Commercial Appraiser, she works primarily with apartments, retail and cooperative properties. Michele currently holds the Senior Accredited Minnesota Assessor (SAMA) designation as awarded from the State Board of Assessors, the highest designation awarded to assessors by the Minnesota State Board of Assessors.

Amy Weber- Principal Appraiser  Amy has been with the City of Minnetonka for the past 18 years. Her primary role is the valuation of residential properties, which includes single family homes, condos and townhomes throughout the city. Amy currently holds the Accredited Minnesota Assessor (AMA) designation as awarded by the Minnesota State Board of Assessors.

Melanie Putz- Residential Appraiser  Melanie has been with the City of Minnetonka for just over one year, but prior to joining the staff at Minnetonka, she was working in Swift County in Minnesota as an Appraiser. Her primary role is the valuation of residential properties, which includes single family homes, condos and townhomes throughout the city. Melanie currently holds the designation of Certified Minnesota Assessor (CMA) by the Minnesota State Board of Assessors. Melanie is currently taking continuing education classes towards the goal of obtaining her Accredited Minnesota Assessor Designation.

Denise Ostlund- Assessing Specialist  Denise has been with the City of Minnetonka for the past 20 years and has worked in the assessing division for the last 11 years. Her role in the assessment office is the handling and coordinating of all the special assessments, homesteading and other administrative functions regarding special property tax classifications. Although she does not value properties for the City of Minnetonka, she currently has a Certified Minnesota Assessor (CMA) designation as awarded by the Minnesota State Board of Assessors.

Along with each designation, the Minnesota State Board of Assessors requires continuing education hours based on our designations. Certified Minnesota Assessors are currently required to complete 40 hours of continuing education while Accredited Minnesota Assessors and Senior Accredited Minnesota Assessors are required to complete 50 hours of continuing education. This ensures that each appraiser is continually learning more about the profession and staying current with market trends and valuation expectations.
<table>
<thead>
<tr>
<th>DATE</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 19</td>
<td>Informational articles mailed as part of the March Minnetonka Memo</td>
</tr>
<tr>
<td>February 26</td>
<td>City Council appoints advisors to the Local Board of Appeal and Equalization</td>
</tr>
<tr>
<td>March 1</td>
<td>County Auditor's target date for mailing 2018 property tax bills</td>
</tr>
<tr>
<td>March 5</td>
<td>City Council receives the 2018 Assessment Report</td>
</tr>
<tr>
<td>March 9</td>
<td>City Assessor's target date for mailing the 2018 value notices for taxes payable 2019</td>
</tr>
<tr>
<td>April 6</td>
<td>Property owners are requested to file a formal appeal to appear at the Local Board of Appeal and Equalization</td>
</tr>
<tr>
<td>April 16 + April 30</td>
<td>Local Board of Appeal and Equalization</td>
</tr>
<tr>
<td>April 30</td>
<td>Last day for property owners to file State Tax Court petitions for the 2017 assessment (payable 2018)</td>
</tr>
<tr>
<td>June 11</td>
<td>Hennepin County Board of Appeal and Equalization</td>
</tr>
</tbody>
</table>
Appendix: Statutory Requirements

General

Minnesota law establishes specific requirements for the property tax system, including the assessment of property (M.S. Chapter 273). Starting with the 2011 pay 2012 assessment, the homestead credit was eliminated and replaced with the homestead market value exclusion. The homestead market value exclusion reduces the taxable market value for each eligible property instead of providing a direct credit against the taxes owed. Because the exclusion is a reduction in the value subject to tax, it also affects tax rates of all properties. Since this change, there is no state paid credit and the entire local property tax levy is funded by property taxpayers in the jurisdiction.

The law now requires the following:

1. All real property is to be valued at market value, which is defined as the usual or most likely selling price during the study period. Special qualified exclusions such as the homestead market value exclusion and the veteran’s exclusion are subtracted from the market value to arrive at the taxable value.

2. Property is classified according to state law, and the tax capacity is calculated based on the following tax capacity rates.

   **Tax Capacity Rates for Property Taxes Payable in 2018**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Tax Capacity Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Homestead:</td>
<td></td>
</tr>
<tr>
<td>First $500,000 of value</td>
<td>1.00%</td>
</tr>
<tr>
<td>Amount over $500,000</td>
<td>1.25%</td>
</tr>
<tr>
<td>Rental Housing:</td>
<td></td>
</tr>
<tr>
<td>First $500,000 of value</td>
<td>1.00%</td>
</tr>
<tr>
<td>Amount over $500,000</td>
<td>1.25%</td>
</tr>
<tr>
<td>4 or more units</td>
<td>1.25%</td>
</tr>
<tr>
<td>Commercial/Industrial Preferred:</td>
<td></td>
</tr>
<tr>
<td>First $150,000 of value</td>
<td>1.50%</td>
</tr>
<tr>
<td>Amount over $150,000</td>
<td>2.00%</td>
</tr>
<tr>
<td>Seasonal Residential:</td>
<td></td>
</tr>
<tr>
<td>First $500,000 of value</td>
<td>1.00%</td>
</tr>
<tr>
<td>Amount over $500,000</td>
<td>1.25%</td>
</tr>
</tbody>
</table>

3. The tax capacity is multiplied by the tax rate (the total of county, school, city and miscellaneous levies) to determine the amount of property tax.
4. Finally, any credits, such as those for agricultural preserve, are then subtracted to yield net taxes due.

The annual property assessment focuses on the very first step of this process – establishing an estimated market value for each parcel of property. Market values are assessed locally by the city or township assessor, if there is one, or by the county assessor. The work of the local assessor is monitored by the county assessor, whose work in turn is monitored by the Minnesota Department of Revenue. The Minnesota Department of Revenue is authorized by law to adjust the property assessment to help ensure county-wide and state-wide equalization of property assessments.

As a result, Minnetonka and other Hennepin County cities must regularly report to the county assessor, who has established the standard that local property assessments reach at least 95 percent target ratio of actual market values to sale prices. At times, local assessments have been adjusted by the county assessor or the State of Minnesota to meet this standard.

State law also requires that each individual property be inspected by the assessor at least once every five years. As a result, Minnetonka and other cities set up rotating appraisal schedules to ensure that this requirement is met.

**Veterans Exclusion**

In 2008, the State legislature amended the homestead law that provides a market value exclusion for all or a portion of property owned and occupied as a homestead by a military veteran who has a service-connected disability of 70 percent or more (M.S. 273.13 subd. 34). To qualify, a veteran must have been honorably discharged from the United States armed forces and must be certified by the United States Veterans Administration as having a service-connected disability. A veteran who has a disability rating of 70 percent or more qualifies for a $150,000 market value exclusion.

A veteran who has a disability rating of 100% total and permanent qualifies for a $300,000 market value exclusion. To receive this valuation exclusion, a property owner must apply to the assessor by July 1 of the assessment year. The exclusion is a one-time application, and the property continues to qualify until there is a change in ownership. If a disabled veteran qualifying for a valuation exclusion predeceases the veteran’s spouse, and if upon death of the veteran, the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion carries over to benefit the veteran’s spouse for eight additional assessment years, or until such time as the spouse remarries, sells, transfers, or otherwise disposes of the property, whichever comes first.

For the 2018 assessment year, there are 72 properties in Minnetonka that will be receiving the exclusion, totaling $15,217,100 in value being excluded for taxes payable in 2019.

**This Old House**

Since 1993, state law has provided for a deferral of a portion of the market value added to older homes through new improvements (M.S.273.11 subd. 16). Since its inception, the “This Old House” law underwent many revisions. The law was phased-out beginning with the 2003 assessment, and no additional properties could be enrolled in “This Old House.” All excluded values have been phased in for the 2017 assessment and there will be no more parcels receiving this exclusion going forward.
14A *Ridgedale Area Public Realm guidelines*

The city planner’s change memo requests that the item be pulled from tonight’s agenda.
ITEMS 14A Ridgedale Area Public Realm Guidelines

This item has been pulled from the agenda.