Agenda
Minnetonka City Council
Regular Meeting, Monday, Feb. 25, 2019
6:30 p.m.
Council Chambers

1. Call to Order
2. Pledge of Allegiance
3. Roll Call: Ellingson-Happe-Schack-Calvert-Bergsted-Wiersum
4. Approval of Agenda
5. Approval of Minutes: None
6. Special Matters:
   A. 2019 Empty Bowls Proclamation
7. Reports from City Manager & Council Members
8. Citizens Wishing to Discuss Matters Not on the Agenda
9. Bids and Purchases: None
10. Consent Agenda - Items Requiring a Majority Vote:
    A. Resolution approving a conditional use permit for an accessory apartment at 13615 Spring Lake Rd.
       Recommendation: Adopt the resolution approving the request (4 votes)
11. Consent Agenda - Items Requiring Five Votes:
12. Introduction of Ordinances:
    A. Highcroft Meadows 14410 Orchard Rd
       Recommendation: Introduce the ordinance and refer them to the planning commission (4 votes)
13. Public Hearings:
    A. Off-sale intoxicating liquor license for Tonka Bottle Shop LLC (DBA Tonka Bottle Shop), at 17616 Minnetonka Blvd.
Recommendation: Open the public hearing and continue hearing to Apr. 1, 2019 (4 votes)

B. Resolutions supporting applications to the Department of Employment and Economic Development (DEED) and Hennepin County for funds from the Minnetonka Investment Fund, Job Creation Fund, and Economic Development Investment Fund

Recommendation: Hold the public hearing and adopt the resolutions (4 votes)

C. Public hearing related to tax increment financing for Marsh Run and update on development

Recommendation:
Open and continue the public hearing for the proposed adoption of a Modification to the Development Program for Development District No. 1, the establishment of the Marsh Run Tax Increment Financing District, and the adoption of a Tax Increment Financing Plan to March 18, 2019.

Direct staff to continue negotiations with the Developer to determine if a mutually acceptable agreement can be negotiated.

14. Other Business:

A. 2019 Assessment Report

Recommendation: Receive the report

B. Concept Plan for redevelopment of property at 14525 State Hwy. 7

Recommendation: Provide comments and feedback. No formal action is required.

C. Service and capital improvement agreement with Bennett Family Park, 3717 County Road 101

Recommendation: Approve the agreement (4 votes)

15. Appointments and Reappointments:

A. Appoint Susan Carter as At Large Seat B City Council Member and call for a special election

Recommended: Adopt the resolution making the appointment and call for a special election (4 votes)

B. Appointment of Advisors for the 2019 Board of Appeal and Equalization

Recommendation: Approve Appointments of the Advisors (4 votes)

16. Adjournment
City of Minnetonka
Proclamation
2019 Empty Bowls Event
Tuesday, March 12, 2019

WHEREAS In 2018, Minnetonka’s local ICA Food Shelf distributed food for more than 1 million meals; and ResourceWest assisted more than 4,200 people; and

WHEREAS Empty Bowls is an international grassroots project to raise money for local food shelves, and in the 20 years of Empty Bowls events in our community, more than $1 million has been raised for local food shelves; and

WHEREAS the 21st annual Empty Bowls event is Tuesday, March 12, at the Hopkins Center for the Arts, with the goal of raising $80,000 for local social service organizations ICA and ResourceWest. Participants may choose a handmade bowl, enjoy soup and bread donated by local businesses, make a donation, then keep their bowl as a reminder of all the empty bowls in the community and the world.

NOW, THEREFORE, BE IT RESOLVED, that the Minnetonka City Council declares March 12, 2019, to be Empty Bowls Day in the city of Minnetonka, and urges residents to participate in the Empty Bowls event by making a donation, making a bowl, or volunteering.

Brad Wiersum, Mayor
Feb. 25, 2019
Brief Description  Resolution approving a conditional use permit for an accessory apartment at 13615 Spring Lake Rd

Recommendation  Adopt the resolution approving the request

Proposal

The property owners submitted a permit for a new home at 13615 Spring Lake Rd. in Sept. 2018. The plans included an accessory apartment, which requires a conditional use permit. Staff generally reviewed the apartment concurrent with its review of the new home permit but noted that the appliances in the secondary kitchen could not be installed until a conditional use permit was approved. The building permit for the home was issued in November.

The property owners are now requesting a conditional use permit for the accessory apartment. The apartment would be roughly 575 square feet in size and would include a kitchen/dining area, living room, bathroom and a bedroom. The apartment would be accessed from the main house via a mudroom from the garage and the rear deck and staircase. Other interior connections to the main level and basement would also exist.

Planning Commission Hearing

The planning commission considered the request on Feb. 7, 2019. The staff report and various plans and documents describing the proposed project from that meeting are attached. At that meeting, a public hearing was opened to take comment but no one appeared to speak. The planning commissioners did not have any questions or concerns regarding the proposal.

Planning Commission Recommendation

On a 6-0 vote, the commission recommended that the city council approve the proposal. Meeting minutes are attached.

Since Planning Commission Hearing

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

Staff Recommendation

Staff recommends the city council adopt the resolution approving a conditional use permit for an accessory apartment at 13615 Spring Lake Rd.

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

Originator:  Ashley Cauley, Senior Planner
MINNETONKA PLANNING COMMISSION
Feb. 7, 2019

**Brief Description**
Conditional use permit for an accessory apartment at 13615 Spring Lake Rd

**Recommendation**
Recommend the city council approve the request

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**Proposal**
The property owners submitted a permit for a new home at 13615 Spring Lake Rd. in Sept. 2018. The plans included an accessory apartment which requires a conditional use permit. Staff generally reviewed the apartment concurrent with its review of the new home permit but noted that the appliances in the secondary kitchen could not be installed until a conditional use permit was approved. The permit was issued in November.

The property owners are now requesting a conditional use permit for the accessory apartment. The apartment would be roughly 575 square feet in size and would include a kitchen/dining area, living room, bathroom and a bedroom. The apartment would be accessed from the main house via a mudroom from the garage and the rear deck and staircase. Other interior connections to the main level and basement also exist.

**Staff Analysis**
Staff finds that the proposed accessory apartment is reasonable as:

1. The proposed apartment would comply with the intent of the accessory apartment ordinance. It would provide a housing type which affords privacy and independence, while maintaining the character of existing single-family neighborhoods.

2. The apartment has been well designed and would be integrated into the home. As such, the apartment would not alter the single-family character of the area or substantially impact the surrounding neighborhood.

3. The proposed apartment would meet all conditional use permit standards. These standards are outlined in the “Supporting Information” section of this report.

**Staff Recommendation**
Recommend that the city council adopt the resolution approving a conditional use permit for an accessory apartment at 13615 Spring Lake Rd.

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

<table>
<thead>
<tr>
<th><strong>Project No.</strong></th>
<th>18046.18a</th>
</tr>
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<tbody>
<tr>
<td><strong>Property</strong></td>
<td>13615 Spring Lake Rd</td>
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<tr>
<td><strong>Applicant</strong></td>
<td>Jill Joyce, property owner</td>
</tr>
<tr>
<td><strong>Surrounding Land Uses</strong></td>
<td>Properties to the north, south and west are single family residential homes zoned R-1. Oak Haven Park is to the east.</td>
</tr>
</tbody>
</table>
| **Planning**   | Guide Plan designation: Low density residential  
Zoning: R-1 |
| **CUP Standards** | The proposal would meet the general conditional use permit standards as outlined in City Code §300.16 Subd.2: |
| | 1. The use is consistent with the intent of this ordinance; |
| | 2. The use is consistent with the goals, policies and objectives of the comprehensive plan; |
| | 3. The use does not have an undue adverse impact on governmental facilities, utilities, services or existing or proposed improvements; and |
| | 4. The use does not have an undue adverse impact on the public health, safety or welfare. |

The proposal would meet the general conditional use permit standards as outlined in City Code §300.16 Subd.3(d):

| | 1. to be created only on property zoned for single family detached dwellings and no more than one apartment to be created in any dwelling; |
| | **Finding**: The property is zoned R-1, low density residential. Only one apartment is proposed for the home/property. |
| | 2. structures in which an accessory apartment is created to be owner-occupied, with the owner residing in either unit on a continuous basis except for temporary absences throughout the period during which the permit is valid; |
| | **Finding**: The property owners intend to reside in the new home once it is completed. However, this has been included as a condition of approval. |
| | 3. adequate off-street parking to be provided for both units of |
housing with such parking to be in a garage, carport or on a paved area specifically intended for that purpose but not within a required turnaround;

**Finding:** The approved building permit indicates a three-stall garage with an associated driveway. This will allow for adequate parking for both the principal dwelling unit and the accessory apartment.

4. may be created by the conversion of living space within the house but not by conversion of garage space unless space is available for a two car garage on the lot without the need for a variance;

**Finding:** The recently approved home was designed to incorporate the accessory apartment. The proposed apartment was not created by the conversion of garage space.

5. an accessory apartment must be no more than 35 percent of the gross living area of the house or 950 square feet, whichever is smaller. The gross living area includes the accessory apartment. The city council may approve a larger area where the additional size would not substantially impact the surrounding neighborhood.

**Finding:** The maximum allowable apartment by ordinance for the property would be 950 square feet. The proposed apartment is 565 square feet. This meets the requirement.

6. exterior changes to the house must not substantially alter the single family character of the structure.

**Finding:** There would not be any exterior evidence of the apartment.

7. no apartment to be created except in compliance with all applicable building, housing, electrical, plumbing, heating and related codes of the city;

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

8. to be permitted only where it is demonstrated that the accessory unit will not have an undue adverse impact on adjacent properties and where there will not be a substantial alteration of the character of the neighborhood.

**Finding:** The apartment would not have an undue adverse impact on adjacent properties.
9. all other provisions of this ordinance relating to single family dwelling units to be met, unless specifically amended by this subdivision.

**Finding:** The apartment would meet the ordinance.

**Pyramid of Discretion**

**Voting Requirement**

The planning commission will make a recommendation to the city council. A recommendation for approval requires an affirmative vote of a simple majority. The city council’s approval requires an affirmative vote of five members, due to the parking variance.

**Motion Options**

The planning commission has three options:

1. Concur with staff recommendation. In this case, a motion should be made recommending the city council adopt the resolution approving the request.

2. Disagree with staff’s recommendation. In this case, a motion should be made recommending the city council deny the request. This motion must include a statement as to why denial is recommended.

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

**Neighborhood Comments**

The city sent notices to 23 area property owners and received no comments.

**Deadline for Decision**

April 17, 2019
Location Map

Project: Joyce Residence
Address: 13615 Spring Lake Rd
Changes, revisions or deviations from approved plans must be submitted to and approved by the City before proposed work occurs. Failure to do so may result in enforcement action.

THIS PERMIT IS VOID IF BUILDING OR WORK AUTHORIZED IS NOT COMMENCED WITHIN 180 DAYS FROM DATE OF ISSUE. Abandonment of work for a period of 180 days is considered termination.

THIS PLAN MUST BE MAINTAINED AND ACCESSIBLE ON THE CONSTRUCTION SITE.

WARNING
Before digging call 651-454-0002
ELCSTRIIC • GAS > TELEPHONE
REQUIRED BY LAW

PLUMBING, HVAC AND ELECTRICAL PERMITS AND INSPECTIONS REQUIRED BEFORE FRAMING INSPECTION

Minimum 4" high, contrasting building address numbers, visible from the street, required on the building.

Minimum 10 feet of all sleeping rooms, including existing sleeping areas, in each sleeping area, including existing sleeping areas.

Minimum 6 feet of all sleeping areas, required on all levels, including existing sleeping areas.

Penalty; Maximum fee $1,000 And/or up to 90 days imprisonment.

Roof & exterior surfaces must be completed within 12 months of permit issuance.

Minimum 4" high, contrasting building address numbers, visible from the street, required on the building.

Minimum 10 feet of all sleeping rooms, including existing sleeping areas.

Minimum 6 feet of all sleeping areas, required on all levels, including existing sleeping areas.

Penalty; Maximum fee $1,000 And/or up to 90 days imprisonment.
Main Floor Plan

Proposed apartment
REFERENCE BENCHMARK
ELEVATION = 1015.13 (NGVD 29) MNDOT DISK "FAHIL"
PROJECT BENCHMARK
ELEVATION = 975.57 (NGVD 29) THN @ SE OF SUBJECT PROPERTY
BUILDING SETBACKS
ZONING: R-1 = LOW DENSITY RESIDENTIAL
HOUSE: FRONT = 35 FT, SIDE = TOTAL OF 30 FT, NO LESS THAN 10FT ON ONE SIDE REAR = 40 FT OR 20% OF LOT DEPTH (WHICHER IS LESS)
LEGAL DESCRIPTION
That part of Lot 7, OAKHAVEN ACRES, lying northerly of a line running from a point on the east line thereof distant 257.4 feet north from the southeast corner thereof; thence westerly to a point on the west line thereof distant 281 feet north from the southwest corner thereof. Except the southerly 100.00 feet thereof, Hennepin County, Minnesota.
EXISTING HARDCOVER
EXISTING BUILDINGS 1,777 SQ. FT.
EXISTING CONCRETE/BITUMINOUS SURFACE 1,421 SQ. FT.
TOTAL LOT AREA 68,394 SQ. FT.
EXISTING HARDCOVER 4.7%
PROPOSED HARDCOVER
PROPOSED HOUSE & GARAGE 3,332 SQ. FT.
PROPOSED CONC. SURFACE 1,114 SQ. FT.
PROPOSED PORCH 237 SQ. FT.
TOTAL IMPERVIOUS AREA 4,583 SQ. FT.
TOTAL LOT AREA 68,394 SQ. FT.
PROPOSED HARDCOVER 6.8%
NOTES
1. THE BASIS OF THE BEARING SYSTEM IS ASSUMED.
2. NO SPECIFIC SOIL INVESTIGATION HAS BEEN COMPLETED.
3. CONTRACTOR SHALL VERIFY PROPOSED ELEVATIONS AND DIMENSIONS.
4. NO TITLE INFORMATION WAS PROVIDED FOR THIS SURVEY. THIS SURVEY DOES NOT PURPORT TO SHOW ALL EASEMENTS OF RECORD.
5. EXISTING UTILITIES AND SERVICES SHOWN HERED ON OWNER LOCATED EITHER PHYSICALLY ON THE GROUND DURING THE SURVEY OR FROM EXISTING RECORDS MADE AVAILABLE TO US OR BY RESIDENT TESTIMONY. OTHER UTILITIES AND SERVICES MAY BE PRESENT. VERIFICATION AND LOCATION OF UTILITIES AND SERVICES SHOULD BE OBTAINED FROM THE OWNERS OF RESPECTIVE UTILITIES BY CONTACTING GOPHER STATE ONE CALL AT (651) 454-6002 PRIOR TO ANY DESIGN, PLANNING OR EXCAVATION.

Call 48 Hours before digging
Gopher State One Call
Twin Cities Area 651-454-0002
MN. Toll Free 1-800-252-1166

I HEREBY CERTIFY THAT THIS SURVEY WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION, AND THAT I AM A DULY LICENSED LAND SURVEYOR UNDER THE LAWS OF THE STATE OF MINNESOTA.

Vladimir Sivriver P.E. NO. 25105
DATED: 09/14/2018

JOB NAME: JOHN MCGARY
LOCATION: 13615 SPRING LAKE RD
___________MINNEAPOLIS, MN 55345
FIELD WORK DATE: 7/1/17
FIELD BOOK NO. 14
DRAWN BY: TS
CHECKED BY: VS
PROJECT NO.: 17-098
SHEET NO. 2 OF 3
7. **Public Hearings: Consent Agenda**

No items were removed from the consent agenda for discussion or separate action.

_Knight moved, second by Sewall, to approve the items listed on the consent agenda as recommended in the respective staff reports as follows:_

A. Resolution approving a conditional use permit for an accessory apartment at 13615 Spring Lake Road.

Recommend that the city council adopt the resolution approving a conditional use permit for an accessory apartment at 13615 Spring Lake Road.

B. Resolution approving that the development program and tax increment financing plan for Marsh Run increment financing district conforms to the general plans for development and redevelopment of the city.

Adopt the resolution approving the development program for the development and a tax increment financing plan for Marsh Run which conforms to the general plans for development and redevelopment of the city.

_Sewall, Hanson, Henry, Knight, Luke, and Kirk voted yes. Powers was absent. Motion carried and the items on the consent agenda were approved as submitted._
Resolution No. 2019-

Resolution approving a conditional use permit for an accessory apartment
at 13615 Spring Lake Rd

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

Section 1. Background.

1.01 The property owner, Jill Joyce, is requesting a conditional use permit for an accessory apartment.

1.02 The property is located at 13615 Spring Lake Rd. It is legally described as:
That part of Lot 7, OAKHAVEN ACRES, lying northerly of a line running from a point on the east line thereof distant 257.4 feet north from the southeast corner thereof; thence westerly to a point on the west line distant 281 feet north from the southwest corner thereof, Except the southerly 100.00 feet thereof, Hennepin County, Minnesota

1.03 On Feb. 7, 2019, the planning commission held a hearing on the proposal. The applicant was provided the opportunity to present information to the commission. The commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council approve the permit.

Section 2. Standards.

2.01 City Code §300.16 Subd. 2 outlines the general standards that must be met for granting a conditional use permit. These standards are incorporated into this resolution by reference.

2.02 City Code §300.16, Subd.3(d) lists the following specific standards that must be met for granting of a conditional use permit for an accessory apartment:

1. To be created only on property zoned for single family detached dwellings and no more than one apartment to be created in any dwelling;

2. Structures in which an accessory apartment is created to be owner-occupied, with the owner residing in either unit on a continuous basis except for temporary absences throughout the period during which the
permit is valid;

3. Adequate off-street parking to be provided for both units of housing with such parking to be in a garage, carport or on a paved area specifically intended for that purpose but not within a required turnaround;

4. May be created by the conversion of living space within the house but not by conversion of garage space unless space is available for a two car garage on the lot without the need for a variance;

5. An accessory apartment must be no more than 35 percent of the gross living area of the house or 950 square feet, whichever is smaller. The gross living area includes the accessory apartment. The city council may approve a larger area where the additional size would not substantially impact the surrounding neighborhood.

6. Exterior changes to the house must not substantially alter the single family character of the structure;

7. No apartment to be created except in compliance with all applicable building, housing, electrical, plumbing, heating and related codes of the city;

8. To be permitted only where it is demonstrated that the accessory unit will not have an undue adverse impact on adjacent properties and where there will not be a substantial alteration of the character of the neighborhood; and

9. All other provisions of this ordinance relating to single family dwelling units to be met, unless specifically amended by this subdivision.

Section 3. Findings.

3.01 The proposal meets the general conditional use permit standards outlined in City Code §300.16 Subd.2.

3.02 The proposal meets all but one of the specific conditional use permit standards outlined in City Code 300.16 Subd.3(d).

1. The property is zoned R-1, low density residential. Only one apartment is proposed for the home/property.

2. The property owners intend to reside in the new home once it is completed. However, this has been included as a condition of approval.

3. The approved building permit indicates a three-stall garage with an associated driveway. This will allow for adequate parking for both the principal dwelling unit and the accessory apartment.
4. The recently approved home was designed to incorporate the accessory apartment. The proposed apartment was not created by the conversion of garage space.

5. The maximum allowable apartment by ordinance for the property would be 950 square feet. The proposed apartment is 565 square feet. This meets the requirement.

6. There would not be any exterior evidence of the apartment.

7. Permits would be required. As such, this has been included as a condition of approval.

8. The apartment would not have an undue adverse impact on adjacent properties.

9. The apartment would meet the ordinance.

Section 4. City Council Action.

4.01 The above-described conditional use permit is approved, subject to the following conditions:

1. A copy of this resolution must be recorded with Hennepin County prior to the issuance of a permit.

2. The accessory apartment must be constructed and maintained in substantial conformance with the floor plans and building elevations attached to the planning commission staff report, dated Feb. 7, 2019.

3. The structure must be owner-occupied. The property owners must reside in either living unit on a continuous basis except for temporary absences throughout the period in which the permit is valid.

4. All other provisions of the ordinance relating to single-family dwelling units must be met, unless specifically amended by this resolution.

5. When the new driveway is installed, bituminous curb must be installed across the previous driveway location.

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

7. Any change to the approved use that results in a significant increase in traffic or a significant change in character would require a revised conditional use permit.
Resolution No. 2019-                                                                                             Page 4

Adopted by the City Council of the City of Minnetonka, Minnesota, on Feb. 25, 2019.

_______________________________________
Brad Wiersum, Mayor

Attest:

_________________________________
Becky Koosman, Acting City Clerk

**Action on this resolution:**

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

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on Feb. 25, 2019.

__________________________________
Becky Koosman, Acting City Clerk
City Council Agenda Item #12A
Meeting of Feb. 25, 2019

Brief Description
Items concerning HIGHCROFT MEADOWS at 14410 Orchard Road:

1) Rezoning from R-1 to R-2; and
2) Preliminary plat, with variances

Action Requested
Introduce the ordinance and refer it the planning commission

Background

The subject property is located on the north side of Orchard Road 1000 feet east of the Orchard Road/Williston Road intersection. City records indicate that a home was constructed on the roughly six-acre property in 1949. Over the following 60 years, the site has remained relatively unchanged as the properties surrounding it have been developed.

The subject property is designated for low-density residential development in both the 2030 Comprehensive Guide Plan and the 2040 draft Comprehensive Guide Plan; low-density is defined as one to four dwelling units per acre. The property is currently zoned R-1, low-density residential.

Concept Plan

Charles Cudd Co. has submitted a concept plan for the property that contemplated removal of the site’s existing single-family home and accessory building and construction of 19 villa-style homes. The city council generally indicated that the housing type was desirable, though the number of units and resulting density was too great.

Formal Application Proposal

Rachel Development, on behalf of Charles Cudd Co., has now submitted formal applications for redevelopment of the site. The submitted plans illustrate construction of 15 village-style homes accessed via a new, public cul-de-sac. The proposal requires:
• **Rezoning.** The applicant is requesting that the properties be rezoned to R-2, low-density residential.

• **Preliminary Plat, with variances.** As proposed, a 1.57-acre sloped and treed area would be preserved. This preservation would result in lot area and width variances.

**Issue Identification**

The purpose of introducing an ordinance is to give the city council the opportunity to review a new application before sending it to the planning commission for a recommendation. Introducing an ordinance does not constitute an approval. The tentative planning commission date is March 21, 2019. Based on a preliminary review of the proposal, staff has identified the following issues for further analysis and discussion:

• **Zoning.** The appropriateness of R-2 versus other low-density residential zoning districts will be reviewed.

• **Site Design.** The configuration of lots and proposed setbacks will be considered.

• **Variances.** The reasonableness of the requested lot area and width variances will be evaluated.

• **Utilities.** The provision of sewer/water utilities and stormwater management facilities – location, type, etc. – will be reviewed.

**Staff Recommendation**

1) Introduce the attached ordinance and refer it to the planning commission.

2) Approve or modify the attached notification area. (This is the same area used for the previous concept plan.)

Submitted through:

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

Originated by:

- Susan Thomas, AICP, Assistant City Planner
Location Map

Project: Highcroft Meadows
Address: 14410 Orchard Rd
Narrative

Rezoning, Preliminary Plat and Variances
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction and Project Overview</td>
<td>2</td>
</tr>
<tr>
<td>Rezoning</td>
<td>3</td>
</tr>
<tr>
<td>Preliminary Plat</td>
<td>3</td>
</tr>
<tr>
<td>Variances</td>
<td>4</td>
</tr>
<tr>
<td>Summary</td>
<td>5</td>
</tr>
<tr>
<td>Contact Information</td>
<td>6</td>
</tr>
</tbody>
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Introduction and Project Overview

On behalf of Rachel Development and Charles Cudd Companies, Landform is pleased to submit this application for rezoning, preliminary plat and variance approval to allow construction of 15 single-family villa homes at 14410 Orchard Road. Our proposal and vision for this beautiful property is to create a luxury villa neighborhood consisting of 15 homes built by the Charles Cudd Company. The proposed development plan has been prepared and refined over the past few months with input from staff, Planning Commission, City Council and residents. An initial concept plan showing 19 lots was presented at a heavily attended neighborhood meeting, Planning Commission meeting and City Council meeting. The comments received in these meetings were largely related to concerns about the density/number of lots, stormwater, tree preservation and traffic. The team took into consideration the various comments received in these meetings to make significant changes to the development plan such as reducing the number of lots to 15.

An additional neighborhood meeting was held in January to get feedback on the plan and discuss the neighborhood stormwater concerns. As a result of this discussion, we redesigned the stormwater plan to direct the water to the northwest instead of going to the southeast.

The community sits high up on a hill off Orchard Road and the neighborhood is proposed to be named “Highcroft Meadows”. The villa home concept works well on this site as a transition between traditional single family and higher density attached townhomes. By proposing villa homes on the site, we can keep more than 2 acres on the back (north) portion of the site natural and save most of the trees and natural topography. We will also be able to minimize the impact to the surrounding neighborhood by keeping the villa homes roof lines lower than building all 2-story homes.

This neighborhood will be designed to attract the “empty nester” buyer which is typically the 50 plus age group. The villa homes will all be designed for main level living by keeping the master bedroom and primary living spaces on the main floor. We intend to offer 7 of the 15 flat lots with a slab on grade foundation which features no steps from the garage and front entry into the home. There will also be an option, if the buyers choose, to finish an upstairs bedroom/recreational room area that would be built into the roof lines as a 1 ½ story, which would keep the lower profile of a ranch look throughout the neighborhood.

All of the homes in Highcroft Meadows will be association maintained which would allow buyers to eliminate the need for storing equipment to do yard work and snow and removal.

The Charles Cudd Company has many years of experience designing and building for this luxury, empty nester villa buyer. There is an excellent market demand for a better designed and detailed and more luxuriously appointed villa home than is currently offered by some of the large regional and national builders. That is the more discerning buyer that we intend to attract to the Highcroft Meadows neighborhood. The buyers here are looking for a well-designed, reasonably priced and more manageable size home that they can enjoy with the maintenance advantage which allows them more leisure and travel opportunities. Our homes will provide desirable new housing options in the community.

This unique Minnetonka property is close to shopping, dining, recreation and easily accessible to the freeway system. Highcroft Meadows also offers one of the last opportunities to build a new
home in the Minnetonka community. We are excited about the improvements proposed for this site.

**Rezoning**

We are requesting City approval of a rezoning from R-1 Low Density Residential District to R-2 Low Density Residential District. Currently, there is no district that allows a detached villa homes, but the proposed R-2 zoning is the best fit for the proposed development and is consistent with the Comprehensive Plan. The property is guided Low Density Residential in the adopted Comprehensive Plan which allows for residential development at 2-4 units/acre. The proposed plan is at the lower end of the allowed density range at 2.33 units/acre. The development also meets the comprehensive plan goal to provide, “Innovative new housing development that meets residential density requirements, complements future regional demographics, and broadens housing choice will be encouraged on appropriate properties in the city.”

The site would continue to serve as a transitional zone between a variety of differing zoning districts – R-1 with an institutional use to the north, R-2 to the west and R-1 to the south/east. We believe it’s important to note, that while the current zoning is R-1, this is not a function of intentional R-1 zoning but is likely a result of the existing single-family home on this 6.4-acre site. Up to this point, zoning it anything other than R-1 would have created a nonconforming use for that home. Given the abutting uses and preservation of sensitive areas within the site, we believe the proposed R-2 zoning is appropriate and consistent with the Comprehensive Plan.

**Preliminary Plat**

The proposed development plan will create 15 single family villa lots from the existing 6.44-acre parcel. The development is requesting some variation from the R-2 standards in order to preserve the 2-acre woodland on the northern portion of the site; however, the density of the development is consistent with the R-2 design standards.

**Traffic**

Traffic along Orchard Road was a concern raised by the residents. Orchard road is classified as a neighborhood collector which has a daily capacity of 8,000 – 10,000 vehicles. The average daily traffic volumes taken in 2016 show an average of 590 vehicles per day using Orchard Road. While we certainly understand concerns about traffic in any neighborhood, the road has additional capacity available.

The Institute of Transportation Engineers (ITE) trip generation guidelines show a single family detached villa home generates fewer trips per day than the average single family home due to the reduced number of people per home and different lifestyles. The few added trips from the development are well within the planned capacity for the roadway.

**Stormwater Management**

A large concern received from the neighbors surrounding the Bensman property is the amount of rainfall water that currently flows onto/through their properties during large rain events. Currently water runs untreated off the Bensman property based on the existing slopes and drainage patterns on the property. The proposed stormwater plan for this project will control all water that falls onto
the property by directing the water into the two rain gardens located on the south side of the property, where the water will be absorbed into the ground. In the event of a large rainfall, the excess water will drain through a pipe that connects into the existing stormwater system to the northwest of the site. The proposed stormwater system will greatly improve the current condition for the surrounding properties by capturing and redirecting this water.

**Tree Preservation and Protection**

The Bensman property is wooded property with several trees designated as high quality. The development team has taken great efforts to preserve the maximum number of trees possible. We have clustered the development to the south where most of the open land is located. This allows us to preserve the northern portion of the site where the vast majority of the high-priority and significant trees. A tree inventory was completed for the property that shows there are 167 significant trees and 36 high-priority trees.

We are proposing to remove 12 high-priority trees to allow for the construction of the infrastructure and homes. This is 33% of the high-priority trees, which is less than the 35% removal allowed by Section 300.28.19(3) of the City Code.

**Landscaping**

We have prepared a landscape plan that includes a variety of planting types distributed throughout the site to create an attractive development.

**Variances**

We are requesting City approval of variances to allow a detached villa home in the R-2 district, a reduced lot width at the right-of-way, a reduced lot size and an increase in the floor area ratio.

The proposed development has been clustered on the south side of the Bensman property to preserve the natural environment on the northern portion of the site and requires variances because of the clustered layout. The site is a total of 6.44 acres, which would allow an average lot size of 18,702 square feet if the layout were not clustered to preserve the natural environment. This average lot size exceeds the 12,500 square foot size required in the R-2 district. Using the average lot size, the allowed floor area ratio (FAR) for a lot would be 4,675 square feet. All of the proposed detached villa homes will have a smaller floor area than this average. Lastly, we are requesting approval of the lot width on Lots 7, 8 and 9, which exceed the minimum lot width requirement at the building setback line, but because of the cul-de-sac do not meet the lot width requirement at the right-of-way.

We have reviewed the requests in accordance with the variance standards in Section 300.07 of the Zoning Ordinance and find that the ordinance standards have been met, specifically;

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

The proposed plan is to develop the property for the use of detached villa homes which are not currently allowed in any zoning district but are anticipated as part of the Comprehensive Plan strategies to broaden housing choice in the city. Therefore, we are using the existing R-2 zoning district which provides the best fit for the proposed home type. While the R-2 district provides the
best fit, it does not account for the proposed villa use and as such there are some minimum requirements that cannot be met. We believe that the proposed variances are in harmony with the purpose and intent of the zoning ordinance which is, “encouraging development in accordance with the city’s comprehensive plan;” and “conserving the natural beauty and environmental assets of the city including areas of steep slopes, mature trees, and wetlands;”

2. **The proposed variance is consistent with the comprehensive plan;**

The proposed development is consistent with the City’s Comprehensive Plan. The land use chapter identifies the following as a goal in their growth strategy, “Innovative new housing development that meets residential density requirements, complements future regional demographics, and broadens housing choice will be encouraged on appropriate properties in the city.” Additionally, the plan identifies a goal while reviewing developments to, “encourage clustering of buildings and uses to preserve woodland preservation areas, high priority and significant trees, and other resource areas on properties.” Our proposed development plan is consistent with these goals and the larger Comprehensive Plan.

3. **The proposed variance establishes that there are practical difficulties in complying with the ordinance standard from which they are requesting a variance. Practical difficulty means:**

   a. **The proposed use is reasonable**

The proposed use of a residential subdivision with detached villa homes is reasonable for the site. The proposed homes will transition from the two-family dwellings on the west to the single-family homes on the east. The detached villa homes provide a housing type that is currently underrepresented in Minnetonka.

   b. **The need for a variance is caused by circumstances unique to the property, not created by the property owner, and not solely based on economic consideration;**

The proposed development plans need for variances is caused by the unique natural environment on the north side of the property. Saving this natural environment requires clustering of the structures to the south and variances from some of the minimum standards.

   c. **The proposed use would not alter the essential character of the surrounding area.**

The proposed use of the property is consistent with character of the surrounding neighborhood. The homes to the west are two family dwellings while the homes to the south and east are single family dwellings. The proposed detached villa home offers increased diversity in the housing products currently offered and provides a middle ground between the existing home types that will preserve the character of the area.

### Summary

We respectfully request approval of the preliminary plat, rezoning and variances to allow construction of 15 single-family villa homes.

We understand that the applications will be introduced to the City Council on February 25th with a public hearing at the Planning Commission meeting on March 7th, followed by the City Council meeting on March 18th.
Contact Information

This document was prepared by:

Kendra Lindahl
Landform
105 South Fifth Avenue, Suite 513
Minneapolis, MN 55401

Any additional questions regarding this application can be directed to Kendra Lindahl at klindahl@landform.net or 612.638.0225.
MAINTAIN 7.5' FEET OF COVER ON WATER.
SAWCUT EXISTING BITUMINOUS FOR SANITARY SEWER AND WATERMAIN CONNECTION. RESTORE TO ORIGINAL
COORDINATE WITH PRIVATE UTILITIES TO PROVIDE ELECTRIC, NATURAL GAS, AND COMMUNICATIONS.
CONTACT PUBLIC WORKS DEPARTMENT, AT 952.988.8400 FOR FLUSHING AND PRESSURE TEST INSPECTIONS.
CONSTRUCTION OF ANY PROPOSED UTILITIES. CONTRACTOR TO NOTIFY ENGINEER IMMEDIATELY IF THERE IS ANY
**PLANT SCHEDULE**

1. **INFILTRATION SEED MIX**
   * MnDOT 34-262 WET PRAIRIE
   * (ALL DISTURBED AREAS EXCEPT INFILTRATION BASINS & DITCHES)

2. **GENERAL TURF SEED MIX**
   * MnDOT 25-151 GENERAL TURF

3. **DECIDUOUS TREES**
   - 5 SYRINGA RETICULATA `SUMMER SNOW` / SUMMER SNOW JAPANESE TREE LILAC 25`HX12`W 2.5"CAL B & B
   - 2 QUERCUS BICOLOR / SWAMP WHITE OAK 60`H X 40`W 2.5"CAL B & B
   - 3 OSTRYA VIRGINIANA / AMERICAN HOPHORNBEAM 40`H X 25`W 2.5"CAL B & B
   - 5 GLEDITSIA TRIACANTHOS INERMIS `HARVE` TM / NORTHERN ACCLAIM THORNLESS HONEY LOCUST 40`H X 30`W 2.5"CAL B & B
   - 7 BETULA NIGRA / RIVER BIRCH 40`H X 25`W 2.5"CAL B & B
   - 4 ACER X FREEMANII `ARMSTRONG` / ARMSTRONG FREEMAN MAPLE 60`H X 25`W 2.5"CAL B & B
   - 5 ACER SACCHARUM `FALL FIESTA` / SUGAR MAPLE 60`H X 40`W 2.5"CAL B & B
   - 3 ACER RUBRUM `ARMSTRONG GOLD` / ARMSTRONG GOLD RED MAPLE 40`H X 15`W 2.5"CAL B & B

4.**INSTALLATION DATE.**
   - INSTALL A FOUR (4') FOOT DIAMETER TRIPLE-SHREDDED HARDWOOD MULCH DISH AROUND ALL TREES IN TURF DISFIGURATION.
   - INFILTRATION BASIN AREAS ARE TO RECEIVE 6" DEPTH OF PLANTING SOIL. PLANTING SOIL IS TO CONSIST OF PREVIOUS GROWING SEASON.
   - DESIGN GRADES FOR INFILTRATION BASINS ARE SPECIFIED ON GRADING PLAN.
   - SPECIFICATION BOOKLET. LANDSCAPE CONTRACTOR SHALL FOLLOW SEEDING METHOD, SEEDING INSTALLATION, AND SITE PREPARATION ORIGIN OF THIS SEED SHALL BE PROVIDED TO THE LANDSCAPE ARCHITECT AT LEAST 30 DAYS PRIOR TO SHARING CONDITIONS. THE LANDSCAPE CONTRACTOR SHALL GOVERN FINAL QUANTITIES OVER QUANTITY LISTED IN PLANT SCHEDULE. QUANTITIES LISTED ON PLANT SCHEDULE ARE TOTAL QUANTITIES FOR DESIGN. CONTRACTOR SHALL PLACE OF NURSERYMEN STANDARDS AND SHALL BE OF HARDY STOCK, FREE FROM DISEASE, DAMAGE AND CONTRACTOR. THE LANDSCAPE CONTRACTOR SHALL HAVE ALL UNDERGROUND UTILITIES LOCATED PRIOR TO LANDSCAPE CONTRACTOR SHALL VISIT THE SITE PRIOR TO SUBMITTING A BID TO BECOME FAMILIAR WITH SITE CONDITIONS.

5.**PROJECT:**
   - HIGHCROFT MEADOWS
   - MINNETONKA, MINNESOTA

6.**ISSUE / REVISION HISTORY**
   - CONTACT ENGINEER FOR ANY PRIOR HISTORY

7.**CONTACT:**
   - RACHEL DEVELOPMENT
   - 612-252-9077
   - R. McKeever, MnDOT
   - 612-252-9070
   - RE: PROJECT CONSULTANT
   - 312-202-8770
   - Web: landform.net
   - Fax: 612-252-9075
   - 7691 Minnetonka Blvd, Ste 513
   - Minneapolis, MN 55401
   - Tel: 612-252-9077
   - St. Michael, MN 55376

8.**REFERENCES & NOTES:**
   - INFILTRATION NOTES
   - READABILITY AND IS NO LONGER A VALID DOCUMENT. PLEASE CONTACT minnetonka and Site to Finish City of St. Michael, MnDOT 34-262 WET PRAIRIE
CONCEPT PLAN
ZONING AND SETBACK SUMMARY

CURRENT ZONING: R1-SINGLE FAMILY
PROPOSED ZONING: PUD (R2 BASE STANDARDS)
CURRENT LAND USE GUIDING: LOW DENSITY RESIDENTIAL
LAND USE DENSITY RANGE: 2-4 UNITS/AC
TOTAL SITE ACREAGE: 6.69 ACRES
PROPOSED NUMBER OF LOTS: 19
PROPOSED DENSITY: 2.84 UNITS/ACRE

SETBACK INFORMATION IS AS FOLLOWS:
FRONT YARD = 25 FT.
REAR = 25' FT.
SIDE (GARAGE) = 5 FT.
SIDE (HOUSE) = 10 FT.
We design and build fine homes for discerning people. They seek a home of artful composition, yet warm and comfortable to really live in. We work closely with them from start to finish to achieve a truly outstanding result.

For decades, the principals of Charles Cudd Co LLC have been responsible for the creation of some of the Twin Cities’ most distinctive and sought after homes.

Our work is our passion and the vast number of enthusiastic client testimonials, show it. Every one of us is deeply committed to the highest standards of principled architecture, craftsmanship and customer service. We want to exceed our customers’ expectations and achieve an outstanding result that we can be proud of. Charles Cudd Co. LLC sets the standard of excellence.
Charlies Cudd Co.

Lifestyle Homes

Model Home Now Showing

The Villas at Bass Creek
10345 56th Ave N, Plymouth, MN
Architecturally Designed Detached Villas
Main Level Living
Association Maintained
$695,800
Others from $600’s

charscudd.com
Builder License #BC635245
SHADYWOOD VILLAS
SHADYWOOD CIRCLE, ORONO, MN
ARCHITECTURALLY DESIGNED DETACHED VILLAS
MAIN LEVEL LIVING
ASSOCIATION MAINTAINED ($175 MONTHLY)
STARTING FROM $800'S

charlescudd.com
BUILDER LICENSE #BC635245
VILLAS AT MEDINA COUNTRY CLUB
4172 FAIRWAY DRIVE, MEDINA, MN
ARCHITECTURALLY DESIGNED DETACHED VILLAS
MAIN LEVEL LIVING - ASSOCIATION MAINTAINED
MODEL AS BUILT $925,800  -  OTHERS FROM $800’S
WATERFORD LANDING
ON SCHUTZ LAKE IN VICTORIA, MN

ARCHITECTURALLY DESIGNED DETACHED VILLAS
MAIN LEVEL LIVING
ASSOCIATION MAINTAINED ($195 MONTHLY)
COMMUNITY PONTOON & PRIVATE BEACH
MODEL AT $968,000   OTHERS FROM THE $800’S

charlescudd.com
BUILDER LICENSE #BC635245
14. Other Business:

A. Ordinance repealing and replacing City Code 325, Sign Regulations

Gordon gave the staff report.

Calvert asked when the ordinance would go into effect. City Attorney Corrine Heine explained that an ordinance was published within ten days and then effective upon publication. This ordinance fell within an exception in the charter because it was related to land use which would become effective immediately. Calvert asked if it would be applied on county roads. Gordon answered that the county enforced its signage rules on county rights-of-way.

Happe moved, Schack seconded a motion to adopt ordinance 2018-17 repealing existing sign ordinance and adopting new sign ordinance. All voted “yes.” Motion carried.

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

Barone gave the staff report.

Wiersum commented that there were more delinquent accounts this year than any year in the previous nine and asked staff if there were any trends or concerns. Finance Director Merrill King shared that the number of accounts and dollar amount was pretty stable in terms of the numbers and partly due to the annual fee increase. She noted that approximately half were repeat offenders.

Calvert moved, Bergstedt seconded a motion to adopt resolution 2018-144 authorizing the certification of delinquent water and sanitary sewer charges to the Hennepin County Auditor. Bergstedt, Schack, Acomb, Happe, Calvert, and Wiersum voted “yes.” Ellingson abstained. Motion carried.

C. Concept Plan for redevelopment of the property at 14410 Orchard Rd.

Gordon gave the staff report.

Acomb asked if the 17-lot proposal met the requirements of R-1A zoning. Gordon said that it probably did not.

Happe noted that the 75 people in attendance at the neighborhood meeting were mostly against the project from a density standpoint and that the planning commission seemed to mainly agree with that. He said that the project had 2.75 units per acre and asked what the average was for the existing neighborhood. Gordon shared some of the ranges in the area, but said that there was a transition and 2.75 units per acre fits with what staff would expect for the area. Happe asked staff to talk about the impact on property taxes and whether that factored into the equation. Gordon answered that financial impact was not factored in at all and was not material to the land use decision. Happe discussed
his main concerns including the character of the neighborhood and additional traffic.

Calvert shared that she lived in this neighborhood and that there was a lot of topography. She talked about the two storm water management ponds and asked how much grading would be needed. Gordon discussed the side to side grading on smaller lot projects like this one.

City Engineer Will Manchester explained that the city examined how each project lined up with the water resources management plan and the watershed rules.

Rick Denman, Charles Cudd Co., said he understood the neighbors’ concerns, but referenced the current price of land versus the cost when the neighboring homes were built. He showed a picture of the street scape and extra parking that had been added. He talked about the green space, grading, and storm water management.

Tricia Gardiner, 14409 Orchard Road, shared about the camaraderie that existed among the current neighbors and how the existing homes were being remodeled instead of torn down. She said that the neighbors were not anti-development, but did not have the infrastructure to support 17 homes.

Marcine Purinton, 3706 Westmark Circle, said that she lived in the last high-density housing that was built in the 1980s. She talked about traffic concerns on Orchard Road.

Heather Sterner, 3635 Sunrise Drive East, talked about safety issues due to more traffic. She was also concerned with storm water management.

Beth Desmond, 14306 Orchard Road, said that the neighbors were asking for a development that felt more congruent with the current neighborhood. She said the planned development was aimed at a demographic that prioritized indoors over outdoors. She was also concerned about tree loss.

Kara Celt, 14116 Orchard Road, talked about Orchard Road and traffic concerns. She said that it was narrow and very hilly.

Dale Thielen, 14309 Orchard Road, asked the council to protect the neighborhood’s interests including the ability to walk down the street.

Janet Larson, 3614 Westmark Drive, shared that she lived in the twin homes and that the twin homes were supposed to be the buffer between the industrial area and the single-family homes. She talked about the current neighborhood and how it was diverse in age and culture.

Jennifer Hutchison, 3611 Westmark Drive, discussed a concern over run off from the second pond and wildlife in the pond.
David Olson, 3817 Williston Road, lived in one of the oldest homes in the area on just over one-acre. He was concerned about the current infrastructure and especially electricity.

Ravindra Chintapalli, 3711 Westmark Drive, was also concerned with electricity. He shared that his yard had been excavated three time in four years because of difficulties with sustaining the current load.

Ron Peterson, 14615 Orchard Road, challenged the applicant’s position that a person could no longer purchase a 22,000 square-foot lot in Minnetonka and provided an example.

Brent Hislop, Synergy Land Company, shared that he worked for the Bensman family who had lived there for 45 years. He said that the family had a lot of interest in the property, but went with Charles Cudd Co. because of its reputation and quality homes. He talked about density, storm water management, and pond placement.

Dennis Scherber, 14605 Orchard Road, discussed traffic concerns. He asked if there would be a traffic study and if it was possible to have access to the property from Cardinal Road.

Wiersum answered that staff would later determine if a traffic study was required after a proposal was made.

Calvert shared that she walked the property over the weekend. She thought the homes were beautiful and the scale of the homes was needed in Minnetonka. She mentioned that if the lot size was increased then the home size would probably increase. She suggested grouping the homes differently to add green space. She talked about traffic and sidewalks on Orchard Road.

Schack noted that this was a big density change and agreed that if the lot size increased the home size would increase. After driving the area, she wasn’t convinced that 17 homes would have a big impact on traffic. She was pleased with the type of development and the size of the home, but suggested scaling down the density a little bit.

Acomb said that development in Minnetonka over the last ten years had been mainly larger homes. The council had pushed for and developed R-1A zoning to encourage modest size homes. She said that 19 homes were too many and encouraged the developer to propose something that would fit R-1A.

Happe noted that the parcel was going to be redeveloped and that Charles Cudd Co. was an excellent builder with a great reputation. But he agreed that density was too high and didn’t fit with the character of the neighborhood.

Bergstedt agreed with his colleagues and was more comfortable with a proposal that would fit R-1A zoning.
Calvert also agreed with R-1A zoning.

Ellingson worried about lack of parking and losing the natural topography.

Wiersum agreed that 17 homes were too dense, but he commented on the many positives including the high-quality builder. He said that the Bensman family had the opportunity as a land owner to find the highest and best use for its property. He thought that the property would be redeveloped and it would be more dense than classic R-1 zoning. He was hopeful that something would work out and thought the potential owners would be great neighbors.

D. Lake Minnetoga pond and lake management petition

Manchester gave the staff report.

Sig Birkeland, 5301 Rogers Drive, shared that he was the president of the Minnetoga Lake and Wetlands Association. This petition was one of many projects that had been completed over the years in an effort to keep the lake clean and healthy. The petition requested that the city fund 15 rain gardens to help maintain or improve the water quality. Lake Minnetoga had a trophic state index average of 52 for the last 15 years. The city’s goal was to be less than 50.

Calvert applauded the association for its wonderful work.

Acomb hoped other associations would follow in step and wished them luck.

Wiersum asked Birkeland to come back and visit the council when the index dropped below 50.

Acomb moved, Bergstedt seconded a motion to adopt resolution 2018-145 approving the petition. All voted “yes.” Motion carried.

15. Appointments and Reappointments: None

16. Adjournment

Calvert moved, Schack seconded a motion to adjourn the meeting at 9:09 p.m. All voted “yes.” Motion carried.

Respectfully submitted,

David E. Maeda
City Clerk
Ordinance No. 2019-

An ordinance rezoning the property at 14410 Orchard Road from R-1, low density residential district, to R-2, low density residential district

The City Of Minnetonka Ordains:

Section 1.

1.01 The subject property at 14410 Orchard Road is hereby rezoned to R-2, low density residential district.

1.02 The property is legally described as:

Section 2.

2.01 This ordinance is based on the following findings:

1. The rezoning would be consistent with the intent of the zoning ordinance and of the comprehensive guide plan.

2. The rezoning would be consistent with the public health, safety, and welfare.

2.02 This ordinance is subject to the following conditions:

1. The site must be developed and maintained in substantial conformance with the following plans:
   - Preliminary Plat, dated Feb. 8, 2019
   - Site Plan, dated Feb. 8, 2019
   - Grading, Drainage, and Erosion Control Plan, dated Feb. 8, 2019
   - Utility Plan, dated Feb. 8, 2019
   - Landscape Plan, dated Feb. 8, 2019
2. The development must further comply with all conditions outlined in City Council Resolution No. 2019-____, adopted by the Minnetonka City Council on ____________, 2019.

Section 3. This ordinance is effective immediately.

Adopted by the city council of the City of Minnetonka, Minnesota, on ______________, 2019.

Brad Wiersum, Mayor

Attest:

Becky Koosman, Acting City Clerk

Action on this ordinance:

Date of introduction: Feb. 25, 2019
Date of adoption:
Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Ordinance adopted.

Date of publication:

I certify that the foregoing is a true and correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota at a regular meeting held on ______________, 2019.

Becky Koosman, Acting City Clerk
Brief Description
Off-sale intoxicating liquor license for Tonka Bottle Shop LLC (DBA Tonka Bottle Shop), at 17616 Minnetonka Blvd.

Recommendation
Open the public hearing and continue to April 1, 2019

Background
The city has received an application from Tonka Bottle Shop LLC (DBA Tonka Bottle Shop) for an off-sale intoxicating liquor license for use at 17616 Minnetonka Boulevard. The change in ownership, which requires a new license, is contingent upon approval of the license by the city council.

Business Ownership
Tonka Bottle Shop LLC is owned by Terri Lynn Bevins, the widow of the previous owner, Timothy Bevins. Tonka Bottle Shop has been a business at this location since 1977.

Business Operations
The single-tenant retail building is 3,244 square feet and is located on 101/Minnetonka Blvd. A lease with the landlord, Tatanka Trust, LLC has been provided as part of the liquor license application. Their hours of operations will be:

- Monday – Saturday: 09:00 a.m. – 10:00 p.m.
- Sunday: 11:00 a.m. – 6:00 p.m.

Applicant Information
Application information has been submitted. The police department’s investigative report on this application is pending and will be forwarded to the council prior to the continued public hearing.

Recommendation
Staff recommends that the city council open the public hearing and continue the hearing to April 1, 2019.

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

Originated by:
Fiona Golden, Community Development Coordinator
Location Map

Project: Tonka Bottle Shop LLC
Address: 17616 Minnetonka Blvd.
Feb. 1, 2019

To: City of Minnetonka

From: Terri-Lynn Bevins

Tonka Bottle Shop has been a business that has been part of the community since 1977 under the ownership of my husband, Timothy Bevins. With his passing, I look forward to continue serving the community as we have all these years.

Currently, I have 1 salaried and 7 hourly part time employees. Tonka Bottle Shop is open Monday through Saturday 9 a.m. to 10 p.m. and Sunday 11 a.m. to 6 p.m. Deliveries are made during business hours.

I take the responsibility of preventing under age drinking very seriously. I have long incorporated both in house ID training and online certification training through the MLBA for checking ID. All, but my most recently hired employee, have been completed the online course. All are required to sign documentation that I have gone through procedures for checking ID and what to do if a customer is intoxicated, at time of hire and consequences are outlined in the employee handbook. Copies of the ID Guide for all the states and territories is kept at the registers at all times.

I take pride in a space that is clean and comfortable to shop. Keeping the store and the grounds tidy is the job of each employee. I have contracted snow removal, mowing, garbage and recycling collection (dumpsters are located on the west side of the building).

As a business, Tonka Bottle Shop has a long history of giving back to the community through charitable gifts. I believe that is part of what makes this a strong and caring place to live and work. That tradition will continue.

Sincerely,

Terri-Lynn Bevins
Brief Description: Resolutions supporting applications to the Department of Employment and Economic Development (DEED) and Hennepin County for funds from the Minnetonka Investment Fund, Job Creation Fund, and Economic Development Investment Fund

Recommendation
Hold the public hearing and adopt the resolutions:

1) Supporting a Job Creation Fund Application to DEED for PeopleNet

2) Supporting the submittal of an application to Hennepin County for Economic Development Infrastructure Funds for PeopleNet

Background
Recently, the city was contacted by DEED and GreaterMSP about a company planning to expand (within existing buildings) at a site in Minnetonka. The company, PeopleNet Communications Corporation is currently located at 4400 Baker Road and plans to consolidate its facilities at 4350 Baker Road and 4400 Baker Road. PeopleNet provides fleet mobility technology for North America’s land transportation industry that enables greater levels of safety, compliance, cost reduction and customer service. PeopleNet is a subsidiary of Trimble, Inc. which is known for GPS technology.

Proposal
PeopleNet is proposing to consolidate and expand its headquarters in Minnetonka. The company currently leases three offices in Minnetonka and a warehouse in Eden Prairie that temporarily functions as an office space. PeopleNet is proposing to enter into a long-term lease for approximately 146,500 square feet in Minnetonka in its existing office at 4400 Baker Road and add new space in an existing building at 4350 Baker Road. The project would allow the company to consolidate the Minnetonka and Eden Prairie offices and allow for significant growth of approximately 250 new full-time jobs while retaining the existing 483 jobs. The project is estimated to cost roughly $12.5 million ($9.5 million for leasehold improvements and $3 million for furniture, fixtures, and equipment). The average compensation for the existing Minnetonka employees is approximately $90,000 with the option of a benefits package. The projected annual wage for the proposed 250 new jobs is approximately $80,000 a year.

Job Creation Fund – DEED
The Job Creation Fund (JCF) through DEED provides financing incentives to new and expanding businesses that meet certain job creation and capital investment targets. Companies that are eligible may receive up to $500,000 for creating or retaining high paying jobs and for constructing and renovating facilities. Target industries for this program are manufacturing, warehousing, distribution, and technology-related industries. Similar to the Minnesota Investment Fund Program, the city submits the application on behalf of the company. The city assists the business with yearly reporting requirements and payment requests that are submitted to DEED.
Economic Development Investment Fund – Hennepin County

The Economic Development Investment Fund provides cities and development authorities funding of up to $500,000 for new or expanding businesses with a demonstrated need for financing assistance due to extraordinary costs, such as demolition, site clearance, soil stabilization, site improvements, utility relocation or upgrades. In order to be eligible, the project must expend a minimum of $500,000 in real property improvements, and the business must create a minimum of ten new permanent, full-time jobs paying at least $12.85 in hourly wages. There are currently no funds available in 2019. However, funds may become available in 2020.

Minnesota Investment Fund

The company also intends to apply for funding through the state’s Minnesota Investment Fund. If they move forward with an application, staff will bring a resolution of support for council to consider on March 18.

Recommendation

Staff recommends the city council adopt the resolutions:

1) Supporting a Job Creation Fund Application to DEED for PeopleNet

2) Supporting the submittal of an application to Hennepin County for Economic Infrastructure Funds for PeopleNet

Submitted through:
   Geralyn Barone, City Manager
   Merrill King, Finance Director

Originated by:
   Julie Wischnack, AICP, Community Development Director
   Alisha Gray, Economic Development and Housing Manager
Resolution No. 2019-

Resolution Regarding the Support of a Job Creation Fund Application
In Connection with PeopleNet Communications Corporation

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

Section 1. Background.

1.01 The City of Minnetonka, Minnesota (the “City”), desires to assist PeopleNet Communications Corporation, a Minnesota Corporation, which is proposing to construct a facility in the City; and,

1.02. The City of Minnetonka understands that PeopleNet Communications Corporation, through and with the support of the City, intends to submit to the Minnesota Department of Employment and Economic Development an application for an award and/or rebate from the Job Creation Fund Program; and,

1.03. The City of Minnetonka held a city council meeting on Feb. 25, 2019, to consider this matter.

Section 2. Findings.

2.01. The project is in the public interest because it will encourage the growth of commerce and industry, prevent the movement of current or future operations to locations outside Minnesota, resulting in increased employment in Minnesota, and preserve or enhance the state and local tax base.

2.02. The proposed project, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.

2.03. The proposed project conforms to the general plan for the development or redevelopment of the City as a whole.

2.04. The proposed project will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the redevelopment or development of the project by private enterprise.

Section 3. Council Action.

3.01. The City hereby finds and adopts the reasons and facts supporting the above findings of fact for the approval of the Job Creation Fund Program application.
Adopted by the City Council of the City of Minnetonka, Minnesota, on Feb. 25, 2019.

__________________________
Brad Wiersum, Mayor

Attest:

__________________________
Becky Koosman, Acting City Clerk

Action on this resolution:

Motion for adoption:  
Seconded by:  
Voted in favor of:  
Voted against:  
Abstained:  
Absent:  Wagner  
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 Feb. 25, 2019.

__________________________
Becky Koosman, Acting City Clerk
Resolution No. 2019-

Resolution Supporting the Submittal of an Application to Hennepin County for Economic Development Infrastructure Funds for PeopleNet Communications Corporation

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

Section 1. Background.

1.01. PeopleNet Communications Corporation (the Company) is located within Hennepin County in the City of Minnetonka (City) at 4400 Baker Road and therefore is eligible to access the Economic Development Infrastructure Fund.

1.02. The Company has proposed a business expansion project which has identified extraordinary development costs (the project).

1.03. The City approves participation in this program as a multi-jurisdictional project.

Section 2. Findings.

2.01. The City would like to assist the Company which is proposing an expansion.

2.02. The City will support the submittal of an application to the Economic Infrastructure Fund administered by Hennepin County in accordance with Minnesota Statues 383B.77, Subd. 3.

Section 3. Council Action.

3.01. The City hereby expresses their support of the project proposed by the Company and its application for an award from Hennepin County.

Adopted by the City Council of the City of Minnetonka, Minnesota, on Feb. 25, 2019.

____________________________
Brad Wiersum, Mayor

Attest:

____________________________
Becky Koosman, Acting 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 Feb. 25, 2019.

______________________________
Becky Koosman, Acting City Clerk
City Council Agenda Item #13C
Meeting of February 25, 2019

**Brief Description:** Public hearing related to tax increment financing for Marsh Run and update on development

**Recommended Action:**

1. Open and continue the public hearing for the proposed adoption of a Modification to the Development Program for Development District No. 1, the establishment of the Marsh Run Tax Increment Financing District, and the adoption of a Tax Increment Financing Plan to March 18, 2019.

2. Direct staff to continue negotiations with the Developer to determine if a mutually acceptable agreement can be negotiated.

**Background**

Marsh Development, LLC (“Developer”) has proposed a development at 11706 and 11650 Wayzata Blvd. and has requested tax increment financing for the development. A public hearing for the tax increment plan was originally scheduled for Feb. 11, 2019 and was continued to Feb. 25, 2019. The city’s development counsel, Julie Eddington of Kennedy & Graven, has provided a memorandum with an update on the status of negotiations with the Developer, which is attached.

Staff proposes to continue negotiations with the Developer to determine whether a mutually acceptable agreement can be negotiated.

**Recommendation**

1. Open and continue the public hearing for the proposed adoption of a Modification to the Development Program for Development District No. 1, the establishment of the Marsh Run Tax Increment Financing District, and the adoption of a Tax Increment Financing Plan to March 18, 2019.

2. Direct staff to continue negotiations with the Developer to determine if a mutually acceptable agreement can be negotiated.

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

Originated by:
Alisha Gray, EDFP, Economic Development and Housing Manager
February 21, 2019

Julie Wischnack
Community Development Director

Alisha Gray
Economic Development and Housing Manager
City of Minnetonka
14600 Minnetonka Boulevard
Minnetonka, MN  55345-1502

Re: Marsh Run Project

Dear Julie and Alisha,

At its meeting on December 17, 2018, the City Council approved a proposed Contract for Private Development between the City, the EDA and Marsh Development, LLC (the “Developer”) pursuant to which the Developer agreed to construct an apartment complex with 175 units. The proposed contract provides for tax increment assistance to be provided to the Developer in the amount of up to $4,800,000 if the Developer maintains 20% of the 175 housing units in the project as affordable housing to families at or below 50% of the area median income and if rents in the affordable units are restricted to 30% or less of the area median income.

The Developer requested that the proposed agreement be presented to the City Council in December so that the Marsh Run project could obtain planning approvals before the end of the year (a) to avoid the moratorium on changes to the comprehensive plan, and (b) because a commitment to affordable housing with the Marsh Run project was required for planning approval. The Developer also indicated that it had to conduct a closing of the property by the end of the year. To accommodate the timing concerns of the Developer, staff informed the Developer that the public hearing and approval for the tax increment assistance would have to be scheduled later and the proposed contract would likely need revisions. The Developer had not reviewed or agreed to the proposed contract at the time it was presented to the City Council.

After the City Council meeting on December 17, 2018, Ehlers completed its work on the tax increment assistance and drafted the tax increment plan and other necessary documents to create a tax increment district. In addition, city staff and the city’s consultants worked with the Developer to discuss and negotiate changes to the proposed contract to, among other things, conform the proposed agreement to the analysis by Ehlers of the tax increment assistance necessary for the project. City staff, the city’s consultants, and the Developer intended to complete negotiations regarding those items and present a revised form of the proposed contract to the City Council for consideration at the same time as the tax...
increment documents. The public hearing for the tax increment plan was originally scheduled for February 11, 2019 and was continued to February 25, 2019 because the revisions to the proposed contract were not finalized before the February 11, 2019 City Council meeting.

During the continued negotiations between staff and the Developer related to the tax increment assistance, the discussion centered on ensuring that the Developer receives only enough subsidy as is required to provide the affordable units. The negotiations between staff and the Developer have stopped and the Developer has requested that the City instead enter into the proposed contract approved in December but without the rent restrictions required by that proposal. This request materially alters the proposal approved in December. If affordable rents are not required, the City and EDA should receive other concessions from the Developer, such as the inclusion of a look back provision to ensure that the Developer is not receiving more tax increment than is necessary to provide the affordable units.

Please contact me with any questions you may have prior to the City Council meeting.

Sincerely,

Julie Eddington
Brief Description: 2019 Assessment Report

Recommended Action: Receive the report

Background

The assessing division has completed its work on the 2019 property assessment, and a report on the assessment results is enclosed for council review. Staff will present a brief summary of this report and 2019 property tax information at the February 25, 2019 council meeting, to afford the council the opportunity to ask questions.

Hennepin County will start mailing property tax statements for 2019 the first week of March. City staff will begin mailing market value notices to property owners on March 6th, with the 2019 market value information for property taxes payable in 2020.

Recommendation

Staff recommends the council receive the 2019 report. No formal action is required of the council.

Submitted through:
   Geralyn Barone, City Manager
   Merrill King, Finance Director/Treasurer

Originated by:
   Colin Schmidt, SAMA, City Assessor
2019 Assessment Report
Table of Contents

Summary ........................................................................................................................................... 2
2019 Assessment from a Historical Perspective ................................................................. 3
Tax Capacity .................................................................................................................................. 5
The Residential Market ........................................................................................................... 5
   Residential Sale Data .............................................................................................................. 6
The Apartment Market ........................................................................................................... 10
The Commercial Market ....................................................................................................... 11
   Office Market ......................................................................................................................... 12
   Industrial Market ................................................................................................................... 13
   Retail and Hotel Market ....................................................................................................... 14
Serving the Public ...................................................................................................................... 14
   Property Data ......................................................................................................................... 16
   Sales Data ............................................................................................................................... 16
   Sales Ratio Standard ............................................................................................................. 17
Review Process ......................................................................................................................... 17
The Appeals Process .............................................................................................................. 17
Appeal History .......................................................................................................................... 18
Tax Court ..................................................................................................................................... 19
   Commercial Petition Activity ............................................................................................... 20
   Residential Petition Activity ............................................................................................... 20
Public Information and Citizen Relations ............................................................................... 22
Assessing Staff .......................................................................................................................... 23
2019 ASSESSMENT CALENDAR ............................................................................................ 24
Appendix: Statutory Requirements ......................................................................................... 25
   General ..................................................................................................................................... 25
   Veterans Exclusion ................................................................................................................. 26

Report Date: February 14, 2019
Summary

- The total estimated market value for Minnetonka in assessment year (AY) 2019 is 10.19 billion dollars, a 4.94% increase from 9.71 billion dollars in AY 2018. Approximately 70 percent of the total market value comes from residential property, while about 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>Average Overall Growth</th>
<th>Total Change (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single-family Residential</td>
<td>4.8%</td>
</tr>
<tr>
<td>Lakeshore</td>
<td>6.7%</td>
</tr>
<tr>
<td>Townhouses</td>
<td>6.6%</td>
</tr>
<tr>
<td>Condominiums</td>
<td>7.7%</td>
</tr>
<tr>
<td>Commercial</td>
<td>2.6%</td>
</tr>
<tr>
<td>Industrial</td>
<td>9.5%</td>
</tr>
<tr>
<td>Apartments</td>
<td>7.0%</td>
</tr>
<tr>
<td>Other Property Types</td>
<td>9.0%</td>
</tr>
<tr>
<td><strong>Total Change</strong></td>
<td><strong>5.1%</strong></td>
</tr>
</tbody>
</table>

- Comparisons with other cities for AY 2019 indicate that most of the western suburban cities are adjusting residential properties a net of +2.2% to +8.3%, with an average net growth of +4.5%. Net growth does not include the value of new improvements. Minnetonka’s net residential growth of +3.9% falls right in the middle of neighboring communities. The overall residential value change of single family homes (including new construction) was +4.8%.

- The single-family home sales volume was down just over 1% for AY 2019. This follows a minimal decrease of less than 1% in AY 2018, and an 8% increase in AY 2017. The number of residential sales has remained historically high the past three years. Our lowest point in sales volume in the past 10 years was in AY 2012, where we had 65% fewer sales than AY 2019.

- Apartment values continued to grow this year. Values on existing apartments increased 3%, while the total value change (including new construction) was 7%. Apartment growth has continued metro wide.

- Overall commercial growth was about 2.6% over the past year, and overall industrial growth was about 9.5%. Both commercial and industrial continue to show consistent growth.

- Assessment staff closed 47 tax court cases in 2018 compared to 111 in 2017 and 149 in 2016. Although the number of closed cases is down due to the declining number of cases filed, staff typically closes 50% of all open cases each year, while also managing the ratio of stipulated value to original value.
There was just over $93 million in new construction throughout 2018, a 26% decrease from the historically high $127 million in 2017. The decrease was due mostly to the fact that the 2017 new construction included value from new cooperatives, and 2018 did not. Even though the overall new construction value was down, residential new construction was up 17%.

The 9% growth of “Other Property Types” was due to land, seasonal, and other miscellaneous property types.

2019 Assessment from a Historical Perspective

The 2019 property assessment for Minnetonka is complete. Property owners will receive a Notice of Estimated Market Value in March. The 2019 property assessment applies to property taxes payable in 2020 and reflects market conditions between October 2017 and September 2018. 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 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. We have had six years of solid growth since 2013. With a 4.9% increase in the 2019 assessment, the total estimated market value of real estate in Minnetonka is at $10.19 billion, establishing a new high, above the peak of $9.71 billion in assessment year 2018.

*The Minnetonka data and statistics used in this report are based on the 2019 assessment approved by Hennepin County on February 13, 2019. The data and statistics may not specifically match the 2019 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 six consecutive years to the 2019 median home value of $378,500.

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 1.3% in AY 2018 and 3.7% 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 9.3% in AY 2018, followed by another 7% in AY 2019.
**Tax Capacity**

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 then apartments. Even though 70% of the value in Minnetonka is generated by the residential market, only 59% of the tax capacity is residential. This is due to the higher class rates for commercial/industrial and apartments.

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential</th>
<th>Commercial/Industrial</th>
<th>Apartments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>58%</td>
<td>36%</td>
<td>6%</td>
</tr>
<tr>
<td>2014</td>
<td>61%</td>
<td>32%</td>
<td>7%</td>
</tr>
<tr>
<td>2015</td>
<td>59%</td>
<td>34%</td>
<td>7%</td>
</tr>
<tr>
<td>2016</td>
<td>57%</td>
<td>34%</td>
<td>7%</td>
</tr>
<tr>
<td>2017</td>
<td>57%</td>
<td>34%</td>
<td>9%</td>
</tr>
<tr>
<td>2018</td>
<td>59%</td>
<td>32%</td>
<td>9%</td>
</tr>
<tr>
<td>2019</td>
<td>59%</td>
<td>31%</td>
<td>10%</td>
</tr>
</tbody>
</table>

**The Residential Market**

In Minnetonka, roughly 96% of the 20,839 taxable parcels are residential. The assessing staff uses city-wide comparisons of similar styles, qualities, 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 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 may be studied individually to improve accuracy. The current revaluation process is completed on a five-year quintile cycle to ensure each property is physically looked at every five years at a minimum.

Staff uses the Local Government Information Systems (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.

The LOGIS 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.

**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 number of qualified single family home sales in the following four years has consistently remained above 500.
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 2019 is represented by homes selling for $350,000 - $599,999 (44%), followed by homes selling for $250,000 - $349,999 (34%), then by homes selling for $600,000 and higher (16%), and finally by homes that sold for less than $250,000 (6%). The two higher priced strata of sales combine to account for 60% of sales over the study period, indicating that the majority of sales continues to be in the higher valued homes.

The graphs below compare the distribution of single family home sales from AY 2018 to the distribution of single family home sales in AY 2019. Sales of homes from $250,000 to $599,999 currently make up 78% of all sales.
In the residential market highlighted by the following charts, 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.

### 2019 Percentage Change in Value

**Condos**
- Minimal Decrease: 3.0%
- No Change: 12.2%
- 0.01 to 5.0% Increase: 30.4%
- 5.01 to 10.0% Increase: 10.4%
- Greater than 10% Increase: 44.0%

**Townhomes**
- Minimal Decrease: 4.6%
- No Change: 8.3%
- 0.01 to 5.0% Increase: 34.7%
- 5.01 to 10.0% Increase: 29.6%
- Greater than 10% Increase: 22.7%

**Single Family**
- Minimal Decrease: 2.8%
- No Change: 4.6%
- 0.01 to 5.0% Increase: 8.2%
- 5.01 to 10.0% Increase: 22.1%
- Greater than 10% Increase: 62.4%
Residential market data throughout neighboring jurisdictions are shown below. Throughout the west metro, residential real estate net increases were in the range of 2.2% to 8.3%. Minnetonka's increase of 3.9% falls right in the middle.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bloomington</td>
<td>6.6%</td>
<td>3.5%</td>
<td>8.3%</td>
</tr>
<tr>
<td>St. Louis Park</td>
<td>5.0%</td>
<td>9.0%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Maple Grove</td>
<td>5.6%</td>
<td>5.7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Minnetonka</td>
<td>2.3%</td>
<td>7.1%</td>
<td>3.9%</td>
</tr>
<tr>
<td>Eden Prairie</td>
<td>3.8%</td>
<td>3.7%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Plymouth</td>
<td>1.3%</td>
<td>6.6%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Edina</td>
<td>3.9%</td>
<td>4.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>4.1%</strong></td>
<td><strong>5.7%</strong></td>
<td><strong>4.5%</strong></td>
</tr>
</tbody>
</table>

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.
The Apartment Market

The overall value of apartments in Minnetonka increased 7% for AY 2019, with a net increase of 3% (excludes new improvements). There has been a flurry of new apartments slated to add considerable new construction in 2019. This list includes Avidor (168 units), The Luxe (77 units), Marsh Run (175 units), The Mariner (249 units), Dominium (482 units), The Rize at Opus (322 units), Minnetonka Hills (78 units), Havenwood Senior Living (100 units), and The Orchards of Minnetonka Senior Living (148 units). As shown below, the apartments make up over 12% of the property value of all housing in Minnetonka.

The fundamental indicators for apartment properties showed a solid multi-family market in 2018. Minnetonka’s vacancy rates were just over 3%, which is below the metro average of 4.5%. Market rents continued to increase at a rate of just over 4% annually.

There were two Minnetonka apartment sales included in the apartment analysis for AY 2019:

- Elmbrooke - 5400 Smetana Dr.
- Minnetonka Heights - 5809 Co Rd No 101

The multi-family market in Minnetonka is categorized by three quality classes. The percentage of value in each quality class is shown in the chart below. The A and B quality classes currently comprise 87% of the total apartment market value. This is an increase of 17.6% from AY 2018.
The class A apartments are those of the highest quality and consist of newer construction and offer a multitude of amenities. The current average value per unit on the finished product is $225,000. The net growth in value (not including new improvements) was 2.92%.

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 $154,000. The net growth in value for the class B apartment segment was 3.41%.

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 $110,000. The net growth in value for the class C apartment segment was 2.77%.

The Commercial and Industrial Market

While only three percent of the assessed parcels in Minnetonka are commercial or industrial, these property types have historically comprised a significant share of the tax base (tax capacity). For AY 2019 (taxes payable in 2020), the commercial and industrial share is 31%. Commercial properties can be separated into the office, retail, and hotel sectors. The chart below shows the makeup of the commercial and industrial market for AY 2019. The only change from AY 2018 is a one percent shift from office to industrial.
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. In addition, 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. The office market has seen steady growth around three to four percent per year for the last three years while the industrial has seen modest growth with considerable spikes in AY 2017 and this year, AY 2019. The retail market has experienced slight positive changes from year to year over the past seven years.

### COMMERCIAL MARKET VALUE CHANGE BY SUBMARKET AND ASSESSMENT YEAR

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Office</td>
<td>0.30%</td>
<td>4.90%</td>
<td>9.60%</td>
<td>-2.20%</td>
<td>4.40%</td>
<td>3.20%</td>
<td>2.90%</td>
</tr>
<tr>
<td>Industrial</td>
<td>1.10%</td>
<td>3.40%</td>
<td>0.40%</td>
<td>1.50%</td>
<td>9.60%</td>
<td>3.00%</td>
<td>9.50%</td>
</tr>
<tr>
<td>Retail</td>
<td>0.00%</td>
<td>3.00%</td>
<td>1.70%</td>
<td>2.10%</td>
<td>1.50%</td>
<td>0.50%</td>
<td>2.00%</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. A prime example of this is the UHG space at 12700 Whitewater where they added additional parking to the existing ramp to accommodate the increased numbers of employees in their building.

For the 2019 valuation, the increase shown on the chart below is due to some continued growth in the multitenant buildings. Most of the growth in the office sector was driven by the Class B and Class C offices that are well located and continue to renovate to compete with nicer properties. In 2018, the city saw Class A values rise only slightly.

There were six office market transactions in Minnetonka that were included in the analysis for the 2019 valuation. These included the sales of:

- 5995 Opus Parkway
- 15612 State Highway 7
- 9999 Wayzata Boulevard
- 12700 Whitewater Drive
- 5435 Feltl Road
- 6110 Blue Circle Drive

The new construction in the office sector for AY 2019 was mostly limited to tenant improvements and the remodeling of existing buildings. Many Class B and C properties were also renovated to become more competitive in the future. As we look into 2019, we expect a similar trend with new construction, in part because there are no new significant office projects in process at this time. Nonetheless, the overall office market is strong and looks to continue into this year.
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. Although the flex-industrial led the way, all different types of industrial properties contributed to the AY 2019 industrial growth.

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 and Hotel 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 developing under-utilized parking lots, and adding restaurants with exterior access to further create a sense of destination. Some of the new retail construction in 2018 included 7,800 square feet of strip retail attached to the TCF bank by Ridgedale, about 12,000 square feet of strip retail in the northwest parking lot of Macy’s, and a new 11,200 square foot retail building at 17717 State Hwy No 7.

Minnetonka’s hotel sector is comprised of six hotels. LaQuinta Inn & Suites sold in June of 2018. Our hotel values remained flat in AY 2019, with the exception of Home 2 Hotel on Clearwater Drive, which increased in value coming off of its first full year of occupancy.

Commercial Net Growth

The following chart shows the average net growth of seven adjacent cities surveyed for the 2019 assessment. The overall average was 3.9%. Minnetonka’s net commercial growth was 2.0%, which is at the lower end of the other communities.
<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>St. Louis Park</td>
<td>3.7%</td>
<td>6.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Maple Grove</td>
<td>4.7%</td>
<td>5.2%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Plymouth</td>
<td>7.1%</td>
<td>2.7%</td>
<td>4.7%</td>
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<tr>
<td>Edina</td>
<td>6.5%</td>
<td>7.8%</td>
<td>2.9%</td>
</tr>
<tr>
<td>Bloomington</td>
<td>1.9%</td>
<td>1.3%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Minnetonka</td>
<td>1.6%</td>
<td>1.7%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Eden Prairie</td>
<td>2.3%</td>
<td>0.8%</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>4.0%</strong></td>
<td><strong>3.6%</strong></td>
<td><strong>3.9%</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, the Minnetonka assessing division upholds 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 also 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 the quintile 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 assessing division closely scrutinizes the sales information collected. 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 2019 assessment results in a sales ratio of 96 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 2019 assessment reflects a COD of 6.4 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 been valued inequitably, its market value can be readjusted to an appropriate amount.

**The Appeals Process**

The property appraisal system provides individual property owners the right to appeal. Minnetonka’s assessment procedures provide this opportunity through inquiries from the property owners to the staff, appeals to the Local Board of Appeal and Equalization (LBAE), appeals to the County Board of Appeal and Equalization (CBAE), and appeals to the 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 **March 22, 2019**.

2. **Local Board of Appeal and Equalization (LBAE)** – The Local Board of Appeal and Equalization will meet on **April 1** and **April 15, 2019**. 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 **March 22, 2019**, 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 17, 2019**. The property owner must first appeal to the Local Board in order to appeal to the County Board. Owners are requested to call to make an appointment with the CBAE by **May 22, 2019** to be placed on the agenda. 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 2019 value for taxes payable 2020 **must be filed by April 30, 2020**. 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 administrative changes instituted by the Minnesota Department of Revenue to the process of changing assessed values. All changes to property values of parcels that sold during the sales study period are now 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 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.
In the past seven years, about $7.1 billion in Minnetonka property value has been appealed by filing petitions with the Minnesota Tax Court. These petitions require a substantial amount of time and resources to resolve. Although the timeframe has been shortened with scheduling orders, 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 more than one year after the initial petition is filed, they receive a refund plus interest (at a rate determined by Hennepin County). The deadline to file an appeal with the Minnesota Tax Court is April 30th of the year the taxes are due, thus the most recent category in the chart below is the 2017 appealed values for taxes payable 2018.

### LOCAL BOARD APPEAL HISTORY

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Total Parcels</td>
<td>20,555</td>
<td>20,570</td>
<td>20,633</td>
<td>20,639</td>
<td>20,650</td>
<td>20,774</td>
<td>20,839</td>
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<tr>
<td>Staff Inquiries</td>
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<td>500</td>
<td>454</td>
<td>378</td>
<td>257</td>
<td>289</td>
<td>474</td>
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<td>371</td>
<td>227</td>
<td>166</td>
<td>155</td>
<td>271</td>
</tr>
<tr>
<td>Change/No Change</td>
<td>146/170</td>
<td>87/237*</td>
<td>83/288</td>
<td>75/152</td>
<td>42/124</td>
<td>57/98</td>
<td>73/198</td>
</tr>
<tr>
<td>Appeals to LBAE</td>
<td>2</td>
<td>24*</td>
<td>65</td>
<td>39</td>
<td>59</td>
<td>43</td>
<td>72</td>
</tr>
<tr>
<td>Change/No Change</td>
<td>1/1</td>
<td>22/2</td>
<td>61/4</td>
<td>34/4</td>
<td>54/5</td>
<td>39/4</td>
<td>52/20</td>
</tr>
<tr>
<td>Appeals to CBAE</td>
<td>1</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>11</td>
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<tr>
<td>Change/No Change</td>
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<td>N/A</td>
<td>1/0</td>
<td>N/A</td>
<td>5/6</td>
</tr>
</tbody>
</table>

*Administrative change instituted by Minnesota Department of Revenue
(Includes both increases and decreases in assessed value)
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

There have always been fewer residential petitions than commercial petitions filed, and 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 a value agreed upon between the homeowner and the staff appraiser.

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/industrial, 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 2017 calendar year was down over 50%, much of which was 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 following graph 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.
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, annually posts the assessment report on the City of Minnetonka website, and provides information in the Minnetonka Memo. Information regarding the Property Tax Refund, the Senior Citizens Property Tax Deferral, and 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 inspections the assessing division is able to conduct in these neighborhoods.
Assessing Staff

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

Colin Schmidt - City Assessor  Colin has been with the City of Minnetonka for four 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 20 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 - Principal Appraiser  Melanie has been with the City of Minnetonka for two years. Prior to joining the staff at Minnetonka, she was working for 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 recently attained her Accredited Minnesota Assessor (AMA) designation as awarded by the Minnesota State Board of Assessors.

Erin Kastner - Residential Appraiser  Erin has been with the City of Minnetonka for one year. Prior to the City of Minnetonka, she was working at Rice County in Minnesota as a residential appraiser. Her primary role is the valuation of residential properties including single family homes, condos, and townhomes. Erin currently holds the Certified Minnesota Assessor (CMA) designation as awarded by the Minnesota State Board of Assessors, and she is currently working towards obtaining her Accredited Minnesota Assessor (AMA) designation.

Denise Oslund - Assessment Specialist  Denise has been with the City of Minnetonka for the past 21 years and has worked in the assessing division for the last 12 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 50 hours of continuing education while Accredited Minnesota Assessors and Senior Accredited Minnesota Assessors are required to complete 60 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.
## 2019 ASSESSMENT CALENDAR

<table>
<thead>
<tr>
<th>DATE</th>
<th>ACTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 25</td>
<td>Informational articles mailed as part of the March <em>Minnetonka Memo</em></td>
</tr>
<tr>
<td>February 25</td>
<td>City Council appoints advisors to the Local Board of Appeal and Equalization</td>
</tr>
<tr>
<td>February 25</td>
<td>City Council receives the 2019 Assessment Report</td>
</tr>
<tr>
<td>March 1</td>
<td>County Auditor’s target date for mailing 2019 property tax bills</td>
</tr>
<tr>
<td>March 6</td>
<td>City Assessor’s target date for mailing the 2019 value notices for taxes payable 2020</td>
</tr>
<tr>
<td>March 22</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 1 + April 15</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 2018 assessment (payable 2019)</td>
</tr>
<tr>
<td>June 17</td>
<td>Hennepin County Board of Appeal and Equalization</td>
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</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). Properties that qualify for the homestead market value exclusion receive a reduction in taxable market value. The exclusion is a maximum of $30,400 at $76,000, and then decreases by nine percent for every dollar over $76,000 as the property value increases. The exclusion phases out for properties valued at $413,800 or greater.

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 2019

<table>
<thead>
<tr>
<th>Type</th>
<th>First $500,000 of value</th>
<th>Amount over $500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Homestead</td>
<td>1.00%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Rental Housing</td>
<td>1.00%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Commercial/Industrial Preferred</td>
<td>1.50%</td>
<td></td>
</tr>
<tr>
<td>Seasonal Residential</td>
<td>1.00%</td>
<td>1.25%</td>
</tr>
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</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 2019 assessment year, there are 76 properties in Minnetonka that will be receiving the exclusion, totaling $16,075,000 in value being excluded for taxes payable in 2019.
City Council Agenda Item #14B
Meeting of Feb. 25, 2019

**Brief Description**
Concept Plan for redevelopment of the property at 14525 State Hwy. 7

**Action Requested**
Provide comments and feedback. No formal action is required.

**Background**

The property at 14525 State Hwy 7 is 3.56 acres in size and is improved with a 59,581 square-foot, three-story retail/office building and associated parking lot. The property is zoned B-3, general business district, and holds a commercial designation in the 2030 (currently in effect) and 2040 (proposed) Comprehensive Guide Plan.

The immediate neighboring properties along Hwy 7 are all commercially zoned and used with retail, restaurant and office use. Tower Hill Park is located directly south of these commercial properties. The single-family residential neighborhoods surrounding the area are zoned R-1.
Concept Plan

Lake West Development has submitted a concept plan for the property to introduce a multi-story apartment building in the parking lot behind the existing commercial building. The plan contemplates a four-story design, 103-units, with 146 under building parking spaces. As indicated on the floor plans, apartment units would be a mix of studio, two, and three bedroom units. There are no specific common or resident amenities noted at this time. Also, it is not known if the project would provide affordable units.

If a formal proposal based on the concept plan were submitted for review, the potential applications as a part of the submittal could include (1) rezoning, (2) comprehensive guide plan amendment, (3) final site and building plans likely with variances, and (4) subdivision.

Review Process

Staff has outlined the following review process for the proposal. At this time, a formal application has not been submitted.

- **Neighborhood Meeting.** Lake West Development hosted a neighborhood meeting on Jan. 30, 2019. Approximately 8 residents were in attendance. Residents asked the following questions:
  - How many parking stalls are under the building?
Will the proposal create access changes to Hwy 7? Would the acceleration lane at Woodhill be lengthened?

- What is the bedroom count?
- How many units are affordable?
- What are the exterior materials?
- What type of amenities will be provided for residents? Is Tower Hill Park available to residents? Would it be improved?
- What is the project schedule?

**Planning Commission Concept Plan Review.** The planning commission Concept Plan Review is intended as a follow-up to the neighborhood meetings. The objective of this meeting is to identify major issues and challenges in order to inform the subsequent review and discussion. On Feb. 7, 2019, the planning commission reviewed the concept plan asking questions and offered the following comments. Meeting minutes are attached.

- Pedestrian access to surrounding properties.
- Access and improvements to Tower Hill park a possibility?
- Provide sufficient parking.
- Questions about traffic impacts.
- Concerns about building mass and character – too institutional.
- Opportunities to change access through the site?
- Good location for high-density housing.
- Affordable housing should be considered.

**City Council Concept Plan Review.** The city council Concept Plan Review is intended as a follow-up to the planning commission meeting and would follow the same format as the planning commission Concept Plan Review. No staff recommendations are provided, the public is invited to offer comments, and council members are afforded the opportunity to ask questions and provide feedback without any formal motions or votes.

**Key Issues**

Staff requests commission and council comment/feedback on the following key issues and any other issues the commission and council deem appropriate. The comments/feedback provided are intended to assist Lake West Development should the company choose to put together a formal application package. However, the commission and council decisions on any formal redevelopment application are not suggested or restricted by concept plan review comments/feedbacks.

**Land Use.** The 2030 and 2040 land use plans guide the property for commercial use which reflects the existing use of the property as a multi-tenant office and commercial retail building. The incorporation of a residential apartment building would require a change of land use guidance from commercial to mixed use. In the 2040 land use plan, a number of commercial areas were reguided from commercial to mixed use. This area along Hwy. 7 was not an area considered for a broader mix of land uses. Feedback on introducing a mix of uses in this area is requested.
Meeting of Feb. 25, 2019
Subject: Lake West Apartments, 14525 State Hwy 7

- **Building and Site Design.** The concept plans suggests a four-story building generally located within an existing parking lot. Feedback on building and site design is requested.

- **Parking.** A parking observation study was performed by Lake West Development during the summer of 2018. Consideration of a reduction of parking spaces available for the office/commercial building would likely be necessary.

- **Traffic.** The proposal would create additional traffic. A traffic study will need to be performed with formal development applications to understand impacts to the site and surrounding roadway system.

- **Affordable Housing.** Staff assumes the city council would request additional affordable housing units in this project. The city council should discuss further.

**Staff Recommendation**

Staff recommends the city council provide comment and feedback on the identified key issues and any others the planning commission deems appropriate.

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

Originator: Loren Gordon, AICP, City Planner
ADDITIONAL INFORMATION

Next Steps

- **Formal Application.** If the developer chooses to file a formal application, notification of the application would be mailed to area property owners. Property owners are encouraged to view plans and provide feedback via the city’s website. Through recent website updates: (1) staff can provide residents with ongoing project updates, (2) residents can “follow” projects they are particularly interested in by signing up for automatic notification of project updates; (3) residents may provide project feedback on project; and (4) staff can review resident comments.

- **Council Introduction.** The proposal would be introduced at a city council meeting. At that time, the council would be provided another opportunity to review the issues identified during the initial Concept Plan Review meeting. Provide direction about any refinements or additional issues they wish to be researched, for which staff recommendations should be prepared.

- **Planning Commission Review.** The planning commission would hold an official public hearing for the development review and would subsequently recommend action to the city council.

- **City Council Action.** Based on input from the planning commission, professional staff and general public, the city council would take final action.

City Roles and Responsibilities

- **City Council.** As the ultimate decision maker, the city council must be in a position to equitably and consistently weigh all input from their staff, the general public, planning commissioners, applicants and other advisors. Accordingly, council members traditionally keep an open mind until all the facts are received. The council ensures that residents have an opportunity to effectively participate in the process.

- **Planning Commission.** The planning commission hosts the primary forum for public input and provides clear and definitive recommendations to the city council. To serve in that role, the commission identifies and attempts to resolve development issues and concerns prior to the council’s consideration by carefully balancing the interests of applicants, neighbors, and the general public.

- **City Staff.** City staff is neither an advocate for the public nor the applicant. Rather, staff provides professional advice and recommendations to all interested parties, including the city council, planning commission, applicant and residents. Staff advocates for its professional position, not a project. Staff recommendations consider neighborhood concerns, but necessarily reflect professional standards, legal requirements and broader community interests.
Concept Review – Narrative

LAKE WEST APARTMENTS
14525 Highway 7, Minnetonka, MN 55345
PID: 2111722440032

December 21, 2018

Overview

Lakewest, LLC requests Concept Review approvals in order to develop the southern portion of the property located at 14525 Highway 7 in Minnetonka, MN. The proposal is to construct a 4 story, 103 unit multi-family structure with underground parking as shown in the attached site plan and architectural elevations.

Perry Ryan, PE – Vice President
Lake West Development, LLC
Office: 952-653-1359
A. Contact Information

| Owner of Record         | Lake West Development, LLC  
|                        | 14525 Highway 7, Suite 265  
|                        | Minnetonka, MN 55345        

| Applicant              | Perry Ryan, PE, Vice President 
|                        | Lake West Development, LLC,  
|                        | 14525 Highway 7, Suite 265 Minnetonka, MN 55345, 
|                        | Phone 952-653-1359          

B. Site Data

| Address                | 14525 Highway 7 
|                        | Minnetonka, MN 55345 

| Zoning                 | B-3 General Business District (Existing) 
|                        | PUD Planned Unit Development (Proposed) 

| Parcel Size            | 3.47 +/- acres 

| PID                    | 2111722440032 

| Description            | Lot 3, Block 1, Tower Hill 
|                        | Hennepin County, Minnesota. 
|                        | Torrens Property. 

C. Description of the Project - Overall

The proposal is to construct a 4 story, 103 unit multi-family structure with underground parking as shown in the attached site plan and architectural elevations. This proposal is for concept review.

The building is proposed to sit on the southern portion of the parcel and generally be oriented east-west and parallel to the southern property line. The underground parking will be accessed on the west side of the building and an additional level of parking will be accessed on the northeast side of the building and will be generally at existing grade. Above this second level of parking will be 4 stories of multi-family housing units. In general, the architectural design is to match the proposed modifications that are designed for the exterior of the existing mixed-use building on the property without the metal panels. There are two color schemes shown as Option 1 and Option 2 on the architectural plans provided.

At the direction of staff, we have prepared a Parking Study Analysis which is enclosed in the application. We are showing that the required parking for the existing building as well as the proposed multi-family units will be obtained via the surface parking and the proposed 146 underground stalls as shown.

We are showing some additional green area on the north side of the building and would anticipate proposing some rooftop amenities as well for the future tenants.
Concept Sketch Plan

Existing Zoning: B-3 General Business District
Proposed Zoning: PUD Planned Unit Development

Gross Site Area: 3.57 ac

Proposed Multi-Family: 103 units

This graphic is artist's rendition for illustrative purposes only and is subject to change.
LAND DEVELOPMENT SERVICES

EXISTING ZONING:
B-3 GENERAL BUSINESS DISTRICT

PROPOSED ZONING:
PUD PLANNED UNIT DEVELOPMENT

MINIMUM LOT REQUIREMENTS (R-5 HDR):

- **MINIMUM LOT WIDTH**: N/A
- **MINIMUM LOT DEPTH**: N/A
- **FRONT SETBACK**: 50 FEET
- **REAR/SIDE SETBACK**: 1.5X HEIGHT OF BUILDING
- **FLOOR AREA RATIO**: 1.0 MAXIMUM
- **BUILDING SPACING**: AVERAGE HEIGHT OF BUILDINGS (MIN)
- **OUTDOOR REC AREA**: 10% OF GROSS PROJECT AREA

MINIMUM LOT AREA: 30,000 SF

FRONT SETBACK: 50 FEET
REAR/SIDE SETBACK: 1.5X HEIGHT OF BUILDING
FLOOR AREA RATIO: 1.0 MAXIMUM
BUILDING SPACING: AVERAGE HEIGHT OF BUILDINGS (MIN)
OUTDOOR REC AREA: 10% OF GROSS PROJECT AREA

PROPOSED MULTI-FAMILY BUILDING:

- **BUILDING HEIGHT**: 56-66 FEET

- **PROPOSED BUILDING**:
  - 2ND FLOOR: 24,675 SF
  - 3RD FLOOR: 24,675 SF
  - 4TH FLOOR: 24,675 SF
  - 5TH FLOOR: 24,335 SF
  - **TOTAL GFA**: 98,360 SF

EXISTING BUILDING:

- **TOTAL GFA**: 55,131 SF

FLOOR AREA RATIO:

- **EXISTING**: 0.98
  - \( \frac{\text{98,360} + \text{55,131}}{\text{155,424}} = \frac{153,491}{155,424} = 0.98 \)
- **PROPOSED (3.57 AC)**
  - **BUILDING SPACING**: 73 FEET

PARKING REQUIREMENTS (R-5 HDR):

- **MULTIFAMILY**:
  - 1.5 STALLS/UNIT (REO VARIANCE)
- **REQUIRED PARKING**:
  - 103 UNITS = 155 STALLS
  - 1 STALL/50 STALLS (3 STALLS)

PARKING REQUIREMENTS (B-3 GBD, Per Parking Study):

- **EXISTING PEAK PARKING**: 118 STALLS (90% Occupied)
- **PROJECTED PEAK PARKING**: 131 STALLS (100% Occupied)

OVERALL PARKING REQUIREMENTS (PUD):

- **TOTAL REQUIRED**: 286 STALLS (3 ADA)
- **EXISTING**: 135 STALLS
  - **EXISTING ADA**: 6 STALLS
  - **TOTAL EXISTING**: 141 STALLS
  - **PROPOSED**: 146 STALLS
  - **PROPOSED ADA**: 6 STALLS
  - **TOTAL PROPOSED**: 152 STALLS
- **OVERALL PARKING PROVIDED**: 287 STALLS
- **OVERALL PARKING REQUIRED**: 286 STALLS

LEGAL DESCRIPTION:

- THE EAST 397.00 FEET OF THE WEST 442.00 FEET OF LOT 3, BLOCK 1, TOWER HILL, HENNEPIN COUNTY, MINNESOTA
- TORRENS PROPERTY - TORRENS CERTIFICATE NO. 1352614

PROPERTY ADDRESS:

- HIGHWAY 7, MINNETONKA, MN 55345

PROPERTY AREA:

- 155,424 SF, 3.57 AC
Lake West Apartments
14525 Highway 7
Minnetonka, MN
08.21.2018

SOUTH ELEVATION

NORTH ELEVATION

WEST ELEVATION

EAST ELEVATION

Option 1

Material Index

1. Pre-Finished Metal
2. Parapet Cap
3. Cement Board Flat Panel
4. Cement Board Lap Siding
5. Composite Window
6. Patio Door
7. Brick
8. Metal Panel
9. Rock-Face Block
**MATERIAL INDEX**

1. PRE-FINISHED METAL
2. PARAPET CAP
3. CEMENT BOARD FLAT PANEL
4. CEMENT BOARD LAP SIDING
5. COMPOSITE WINDOW
6. PATIO DOOR
7. BRICK
8. METAL PANEL
9. ROCK-FACE BLOCK

**OPTION 2**
LAKE WEST APARTMENTS
14525 HIGHWAY 7
MINNETONKA, MN
08.21.2018

74 PARKING STALLS
24,675 GSF

LOWER LEVEL PLAN
SECOND FLOOR PLAN

26 RESIDENTIAL UNITS

04 STUDIOS
13 2 BEDROOMS
09 3 BEDROOMS
24,675 GSF
FOURTH FLOOR PLAN

26 RESIDENTIAL UNITS

03 STUDIOS
13 2 BEDROOMS
10 3 BEDROOMS
24,675 GSF
## Parking Study Analysis

**Date:** 8/30/2018

**Total Existing Parking Stalls:** 227

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<th>DATE</th>
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<th>12:00 PM</th>
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<td>7/26/2018</td>
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**AVERAGE:**
- 37.8
- 96.9
- 69.7

**% OF TOTAL:**
- 16.7%
- 42.7%
- 30.7%

**PEAK:**
- 46
- 118
- 88

**20.3%**
- 52.0%
- 38.8%
Unapproved
Minnetonka Planning Commission
Minutes
Feb. 7, 2019

9. Other Business

A. Concept plan for redevelopment of the property at 14525 Hwy. 7.

Gordon reported. Staff recommends that the planning commission provide comments and feedback on the identified key issues and any other issues commissioners deem appropriate.

Sewall asked how this proposal is different from a previous application. Gordon explained that the commercial building was the back building and the apartment building was between the commercial building and the road in the previous proposal. This proposal would be the reverse. The commercial building would be located on the front of the property and the residential building in the rear.

Perry Ryan, of Lakewest Development, applicant, stated that staff’s report described the proposal well. He stated that:

- The proposal would add an apartment building with four stories and underground parking.
- He plans on meeting with Gray to discuss affordable housing.
- A neighborhood meeting was conducted.
- The existing building is fairly empty. It has a hair salon, massage business, coffee shop, fitness space, and real estate and insurance office.
- It is a great location. Metro transit stops within a block of the site on Williston Road.
- There is a building permit being reviewed for exterior renovation of the existing building. He was hopeful to move forward with the exterior renovation. The proposed apartment building would have some matching features.

Knight noted that none of the apartments are labeled as having three bedrooms. He questioned what view a person standing on the hill at the adjacent park would have in relation to the proposed apartment building. Mr. Ryan explained that the top of the apartment building would be 10 or 12 feet taller than the park hill. The second-floor parking is at grade and then there would be four stories above that.

Henry asked how drivers would access second floor parking. Mr. Ryan explained that there would be two separate entrances for each level of enclosed parking. Henry asked if changing the access to allow both directions of traffic near Dunn Brothers had been considered. Mr. Ryan stated that having the drive-through makes the access trickier. There would be 146 stalls. Drivers exiting on the west side would need to take a right.
Henry asked if he had discussed pedestrian connectivity with owners of Famous Dave’s and the General Store. Mr. Ryan answered affirmatively. He pointed out steps with rails connecting the site to Famous Dave’s. The General Store representative was interested in pursuing adding a walkway between the sites.

Henry asked if a connection could be added south to the park. Mr. Ryan answered in the affirmative. He would support using park dedication funds to add a trail to the park. The building is also considering having rooftop amenities.

Luke asked how 174 vehicles would impact the nearby intersections. Mr. Ryan stated that a traffic study has not yet been done. The traffic would be traveling in the opposite direction during a.m. and p.m. peak times. Luke noted the existing congestion during peak travel times.

Hanson encouraged the developer to utilize the park and surrounding businesses. He likes the proposal. It would be visually in sync with what is happening at Opus and Ridgedale. He liked the materials, color scheme, and design.

Chair Kirk invited those present to comment. No one from the public chose to speak.

Chair Kirk noted that the mass of the building may seem large from the view from Hwy. 7. He would want to make sure the parking would be sufficient.

Sewall agreed with the concern with the mass. He suggested cut outs or changes to the elevations or height. One large, brick building may look very institutional. He challenged the architect to break up the mass. He would like to see more use of the drive on the west side as a two-way access.

Chair Kirk suggested that affordable housing be utilized.

Henry said that the addition is needed. It is a good location for higher density. It must be done in a thoughtful way. He suggested lowering the height of the building to allow an unimpeded view to the north. It is a great place to see. He would like to maintain the view.

Knight noted that a new development is not required to protect a view. He did not see a problem with the height of the building viewed from Hwy. 7. He has a friend who lives on Moonlight Hill Road and whose back yard faces the site. In this case, he did not think the mass of the building would be a problem. It is an appropriate place to have the proposed building.

*Hanson moved, second by Henry, to extend the planning commission meeting past 11 p.m. to 11:15 p.m. Motion carried unanimously.*

Gordon noted that the city council is scheduled to review this item February 25, 2019. The proposal would need a comprehensive guide plan amendment to guide the site as a mixed use instead of a commercial use. The comprehensive guide plan would have to
be reviewed and acted on by the Metropolitan Council in July before an amendment may be considered. He felt that the mixed use would fit with the current commercial uses.

Gordon noted that this project may be followed on eminnetonka.com.
LAKES WEST ARTS, MAILING AREA

Map of the area with streets and landmarks marked.
Brief Description: Service and capital improvement agreement with Bennett Family Park, 3717 County Road 101

Recommended Action: Approve the agreement

Background

Bennett Family Park began operations in 1956 as a little league field after the Deephaven Gun Club agreed to allow a portion of the shooting range to be used for a park. The field was named after the Ted Bennett Family, the original donors of the land. In 1962, a girls’ softball program was started and since that time the park has evolved with a variety of field and park amenity layouts. In the mid-1970’s, sanitary sewer and water were routed through the park and corresponding fill for the project allowed an additional field to be constructed. A rubberized “Miracle” field was completed in 2009 providing an accessible playing surface for participants with disabilities. Since its beginning, the park has been a privately owned and maintained amenity, operated by a volunteer board of directors.

In the mid-1990’s, the Bennett Family Park (BFP) Board of Directors approached city staff to discuss transferring ownership of the park fields and operations to the City of Minnetonka. Evaluation of the proposal was conducted and several factors were weighed including the need for additional athletic fields in the park system, maintenance commitments and soil conditions. It was determined that the best course of action to proceed was to not take over the fields, but to collaborate with BFP on a service and capital improvement agreement. The agreement was for five years and a total of $200,000.

The agreement allowed for capital contributions from the city to BFP for the upgrade of certain infrastructure at the park. The type of infrastructure identified for improvement (such as fencing, dugouts, backstops, infields, etc.) was equivalent to the infrastructure the city maintains at other fields throughout the park system that have dedicated use by exclusive organizations. These organizations, such as the Glen Lake Athletic Fields (aka Optimists Fields) for the Glen Lake Mighty Mites (GLMM) and the Girls Athletic League (GAL), Guilliams Field and Minnetonka Youth Baseball are provided fields for their exclusive use. Organizations each take care of certain operational maintenance items, such as chalking fields, lighting if provided, scoreboards, etc., but the city oversees major maintenance and most capital improvements.

In exchange for the capital funding, BFP agreed to ensure resident access requirements are met for their programs and allowed the city to utilize the park for its programming during the agreement term when fields are not being utilized. The agreement ensures that information on how to register for BFP programs is advertised annually to ensure awareness for those residents interested in participating. The agreement also ensures that arrangements for participants who have special economic, physical or social needs are accommodated. As a result of the arrangement, BFP addresses residents’ needs for athletic fields that could not be accommodated on the limited number of city fields. If BFP did not provide these program offerings, the participants could not be accommodated on the current number of city fields.
Service and Capital Improvement Agreement

During the 2017 Capital Improvement Program (CIP) planning Alan Lanners, President of the BFP Board, approached city staff with a request for another service and capital improvement agreement. This project was presented to the Minnetonka Park Board and recommended to the City Council for inclusion in both the 2018-2022 and 2019-2023 CIP supported by the city’s Park and Trail Improvement Fund. Those CIP’s have since been adopted and an agreement has been negotiated. Similar to the agreement 20 years ago, the terms are for capital improvement infrastructure only. The current request is also for five years and a total of $147,000.

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<td>Field 5 fences and backstop</td>
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In addition to requesting funding from the City of Minnetonka, BFP has requested funding from neighboring communities in which their participants reside and has increased its efforts in the areas of fundraising, grant requests and sponsorship opportunities. New this year, BFP has added a volunteer board member to focus on fundraising efforts. On an average basis, the request for city funding equates to approximately 5-8% of BFP's annual costs.

During the term of this agreement, the BFP will ensure that residents of the city have access to program offerings, will advertise to raise awareness to city residents and ensure that appropriate arrangements are made for participants who have special economic, physical, or social needs. In addition, Recreation Services will have the ability to use the property when not being used by BFP.

The city attorney has drafted the attached service and capital improvement agreement and BFP has agreed to the terms and conditions. It has been approximately 20 years since the prior agreement between BFP and the city concluded. Ensuring the viability of BFP is in the best interest of the city. Without BFP, resident participants would not be accommodated on the current inventory of athletic fields and allows the park to be operated privately and without long-term annual maintenance costs provided for by the city.

Recommendation

Approve the agreement.
Subject: Service and capital improvement agreement with Bennett Family Park

Submitted through:
  Geralyn Barone, City Manager
  Kelly O'Dea, Recreation Services Director

Originated by:
  Perry Vetter, Assistant City Manager
SERVICE AGREEMENT

THIS AGREEMENT is made between the CITY OF MINNETONKA ("City"), 14600 Minnetonka Boulevard, Minnetonka, MN 55345 and the BENNETT FAMILY PARK, INC. ("Provider"), P. O. Box 1235, Minnetonka, Minnesota 55345.

The City regularly provides recreational facilities and programs for its citizens. The Provider is a non-profit organization which owns property at 3717 Highway 101 in the City ("the Property"). The Provider uses the Property to provide recreational facilities and programs to residents in the western part of the City. The City has determined that it would incur significant additional costs to provide these facilities and programs itself. Rather than doing so, the City has elected to contract with the Provider to provide these services to its residents. The parties wish to set forth in writing the terms and conditions of their agreement, which are as follows:

1. TERM

The term of this agreement is from January 1, 2018, through December 31, 2022, regardless of the dates of execution, unless terminated earlier as provided below.

2. SERVICES

During the term of this agreement, the Provider will provide recreational facilities and programs for baseball and softball to City residents consistent with those provided in 2018. To promote participation by City residents, Provider agrees to advertise information about how to register for each program for two consecutive weeks in a local newspaper of general circulation in Minnetonka, with both publications occurring within 4 weeks of the program registration deadline. Subject to that requirement, the Provider must allow all individuals who meet the basic requirements for participation an opportunity to register for, and participate in, the programs. The Provider must make appropriate arrangements for participants who have special economic, physical, or social needs.

In addition, the Provider will allow the City to use the Property for City recreational programs when not being used for Provider’s programs. The nature and scheduling of the City’s programs will be arranged between the Provider and the City’s Recreation Services Department annually by March 1.

3. CAPITAL IMPROVEMENT PROJECTS; CONTRIBUTION

Provider intends to construct various capital improvement projects ("Projects") during the term of this agreement, as described in Exhibit A, attached and made part of this agreement. In consideration for the services provided and the City’s use of the Property, the City agrees to contribute funds toward the construction of the Projects in amounts not to exceed the amounts specified in Exhibit A. The City’s funding will be provided as a reimbursement of expenses actually incurred by Provider, to be paid within 30 days after Provider’s submission of an invoice and accompanying documentation of expenses equal to or greater than the amount of funds designated in Exhibit A. The Provider shall be solely responsible for securing any additional funds needed for the completion of any Project. The Provider must use all funds received under this agreement for construction of the Project designated for the year in which the funds are paid to Provider.
4. **RECORDS**

   The Provider shall maintain such records as are deemed necessary by the City to ensure that the services are provided as represented by the Provider.

5. **DISCRIMINATION**

   The Provider agrees not to discriminate in providing services under this agreement on the basis of race, sex, creed, national origin, age or religion.

6. **TERMINATION**

   This agreement may be terminated by either party for cause, upon 30 days' written notice, delivered by mail or in person to the other party. The notice must specify the manner in which the defaulting party has violated the terms of this agreement. If the default is not corrected within the 30 days, or significant progress is not made on matters which cannot be completed within 30 days, the non-defaulting party may terminate the agreement.

   The City may terminate this agreement as of January 1 of any year in which the City’s approved annual budget does not include sufficient funds to pay the amounts specified in Exhibit A. The City must provide written notice to Provider no later than December 1 of the year prior to the effective date of termination.

7. **INDEMNITY**

   The Provider agrees to hold harmless, indemnify and defend the City, its elected officials, officers, agents, and employees against any and all claims, losses, or damages, including attorneys’ fees, arising directly or indirectly from any act or omission of Provider, its contractor(s), officers, employees, agents, volunteers, or anyone for whose acts or omissions Provider may be liable in the performance of services required by this Agreement or in the design, construction or use of improvements to the Property.

   The City agrees to hold harmless, indemnify and defend the Provider, its officers, employees, agents, and volunteers against any and all claims, losses, or damages, including attorneys’ fees, arising directly or indirectly from any act or omission of the City, its officers, employees, agents or volunteers in connection with the City’s use of the Property under this agreement.

   Nothing in this agreement constitutes a waiver by the City of any statutory or common law defenses, immunities, or limits on liability.

8. **INSURANCE**

   Each party agrees that it will, at all times during the term of this agreement, have and keep in force a general liability insurance policy with coverage in the amount of at least $1,000,000 per occurrence for bodily injury, and $300,000 per occurrence for property damage. A certificate of insurance verifying this coverage shall be provided upon request.

9. **ENTIRE AGREEMENT**

   The entire agreement of the parties is contained in this document. This agreement
supersedes all oral agreements and negotiations between the parties relating to the subject matter of this agreement. Any alterations, amendments, deletions or waivers of any provisions of this agreement shall be valid only when placed in writing and signed by the parties.

10. **INDEPENDENT CONTRACTOR**

Nothing in this agreement is intended, nor shall be construed, to create the relationship of partners or employer/employee between the parties. The Provider, its officers, agents, employees, and volunteers are, and shall remain for all purposes and services under this agreement, independent contractors.

11. **ASSIGNMENT**

Neither party may assign its rights and obligations under this agreement without prior written approval from the other party, which may be denied by the other party in its sole discretion.

12. **AUDIT DISCLOSURE**

The Provider must allow the City or its duly authorized agents reasonable access to the Provider's books and records that are pertinent to all services provided under this Agreement, including books and records of any approved subcontractors, for six years after the effective date of this Agreement. Any reports, information, data, etc. given to, or prepared or assembled by, the Provider and its subcontractors under this Agreement which the City requests to be kept confidential must not be made available to any individual or organization without the City's prior written approval.

13. **GOVERNMENT DATA**

Provider acknowledges that, to the extent this Agreement requires Provider to perform a government function, all of the data created, collected, received, stored, used, maintained or disseminated by Contractor in performing government functions is subject to the requirements of the Minnesota Government Data Practices Act (Minn. Stat. ch. 13, the "MGDPA"), and that Provider must comply with the MGDPA as if Contractor were a government entity, including the remedies in Minn. Stat. §13.08. Contractor agrees to promptly notify City of any request for data that Provider receives related to this Agreement.

14. **NOTICES**

Any notice which must be given or made by a party under this Agreement must be in writing, and shall be sent by first class U.S. mail or by personal delivery to the addresses stated in the opening paragraph of this Agreement. A notice sent to City shall be directed to the attention of the Director of Recreation Services.

[signature pages follow]
Dated:________________________ CITY OF MINNETONKA

By:____________________________
   Its Mayor

And:__________________________
   Its City Manager
Signature Page – Bennett Family Park

Dated: ____________________  BENNETT FAMILY PARK, INC.

By: __________________________

Its: __________________________
**EXHIBIT “A”**

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* The City will pay the amount listed for a particular project upon completion of that project, even if additional projects scheduled for the same year have not been completed. The City’s city manager is delegated the authority to approve changes in the specific capital improvements to be constructed in 2019-2022, provided that the total funding required in any year is not increased from the amount shown above for that year.
Brief Description: Appoint Susan Carter as At Large Seat B City Council Member and call for a special election

Recommended Action: Adopt the resolution making the appointment and call for a special election

Background

On Jan. 7, 2019 Councilmember Patty Acomb, At Large Seat B representative, officially submitted her resignation due to her election to the Minnesota House of Representatives seat 44B. Acomb had represented Minnetonka in an At Large capacity since her election in 2012. At the Jan. 7, 2019 meeting the council deliberated the options of calling for an April special election or making an interim appointment and calling for a November special election, as provided for under city charter. By a 5-1 vote the council selected the interim appointment process.

On Tuesday, Jan. 8, staff began the process to notify residents in Minnetonka of the appointment process. Information was posted on the city’s website, social media accounts, an email was pushed to the subscription network and a brief article was included in the January and February editions of the Minnetonka Memo. The application was posted on the city’s website and available at city hall. Staff also mailed postcards to each residential parcel announcing the upcoming vacancy and appointment process.

The application deadline was noon on Monday, Feb. 4. Applications and supporting materials were received from 64 individuals. Staff verified that each individual met the minimum eligibility requirements under the city charter. At the Feb. 11 meeting, the City Council selected six applicants to interview at a special meeting on Feb. 19, 2019.

Following the interviews on Feb. 19, council completed an evaluation form to rank the candidates using a two-pronged evaluation scale. The scales were:

1. Rating each candidate on a scale where one is the lowest and ten is the highest. To ensure consistency, every candidate that interviewed was assigned a rating within this range, and more than one candidate could have been assigned the same rating.

2. Ranking each candidate in order from first choice to last choice. To ensure consistency, every candidate was ranked from first to last, with no repeats or ties.

The evaluation summary reflects that candidate Susan Carter had the third highest rating (8.67 average) and was the highest choice (2.17 average) of the council.
At the conclusion of the interviews and review of the scoring summary, the council discussed the scoring results and ultimately moved to direct staff to prepare the appointment of Susan Carter as the At Large Seat B City Council representative. The required oath of office will be administered at the March 4, 2019 Study Session.

**Recommendation**

Adopt the attached resolution appointing Susan Carter, 3416 Fairlawn Drive, as the interim At Large Seat B Minnetonka City Council Member and calling for a special election on Nov. 5, 2019. Carter shall serve until the winner of the special election is certified and has qualified for office.

Submitted through:
Geralyn Barone, City Manager
Corrine Heine, City Attorney

Originated by:
Perry Vetter, Assistant City Manager
Resolution No. 2019-

Resolution to make an interim appointment for the At Large Seat B and calling a special election for Nov. 5, 2019

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

Section 1.  Background.

1.01.  Council Member Patty Acomb was elected to the council as the At Large Seat B representative at the general municipal election 2017, for a term commencing in January 2018 and ending Jan. 3, 2022.

1.02.  At the 2018 statewide election, Council Member Patty Acomb was elected to the District 44B seat in the Minnesota House of Representatives.

1.03.  By letter dated Dec. 17, 2018, Council Member Acomb resigned her office as At Large Seat B council member, effective at noon on Jan. 7, 2018.

1.04.  The council by resolution 2019-009 declared that the office of council member for At Large Seat B is vacant as of Jan. 7, 2018 at noon.

1.05.  At the Feb. 19, 2019 special meeting the council interviewed applicants for the interim appointment, scored applicants and recommended a finalist for appointment.

Section 2.  Council Action.

2.01.  The council appoints Susan Carter, 3416 Fairlawn Drive, as the interim At Large Seat B City Council Member. Carter shall serve until the winner of the special election is certified and has qualified for office.

2.03  Pursuant to city charter, a special election shall be held on for Nov. 5, 2019. The winner of the special election shall serve until Jan. 3, 2022. The acting city clerk is directed to take all necessary actions related to the special election.

Adopted by the City Council of the City of Minnetonka, Minnesota, on Feb. 25, 2019.

Brad Wiersum, Mayor

Attest:

Becky Koosman, Acting City Clerk

Action on this resolution:

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

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on Feb 25, 2019.

__________________________
Becky Koosman, Acting City Clerk
Brief Description: Appointment of Advisors for the 2019 Local Board of Appeal and Equalization

Recommended Action: Approve Appointment of the Advisors

Background

The first meeting of the 2019 Minnetonka Local Board of Appeal and Equalization is scheduled for April 1, 2019. Prior to the first meeting, the council appoints advisors to assist in the review of the market value appeals as provided by the City Charter. These advisors review each appeal, physically visit each property and offer their independent opinion of market value as of January 2, 2019. The advisors’ recommendations will be presented at the reconvened meeting on April 15, 2019.

This year staff recommends the appointment of four advisors.

Timothy Berg: Mr. Berg is an agent with Edina Realty and has been in the real estate industry for 25 years. He has been a resident of Minnetonka for 6 years. This is Mr. Berg’s first year as an advisor.

Beth Frost: Ms. Frost is an agent with Coldwell Banker Burnet and has been in the real estate industry for 6 years. She has been a resident of Minnetonka for 4 years. This is Ms. Frost’s third year as an advisor.

Larry Kriedberg: Mr. Kriedberg is an agent with Coldwell Banker Burnet and has been in the real estate industry for 19 years. He has been a resident of Minnetonka for 23 years. This will be Mr. Kriedberg’s fifth consecutive year as an advisor.

Keith Swanson: Mr. Swanson is an agent with Coldwell Banker Burnet and has been in the real estate industry for 19 years. He has been a resident of Minnetonka for 4 years. This is Mr. Swanson’s first year as an advisor.

Recommendation

Staff recommends Mr. Berg, Ms. Frost, Mr. Kriedberg and Mr. Swanson be appointed as advisors for the 2019 Minnetonka Local Board of Appeal and Equalization.

Submitted through:
Geralyn Barone, City Manager
Merrill King, Finance Director/Treasurer

Originated by:
Colin Schmidt, SAMA, City Assessor