Minutes
Minnetonka City Council
Monday, June 24, 2019

1. Call to Order

Mayor Brad Wiersum called the meeting to order at 6:30 p.m.

2. Pledge of Allegiance

All joined in the Pledge of Allegiance.

3. Roll Call

Council Members Bob Ellingson, Deb Calvert, Susan Carter, Mike Happe, Tim Bergstedt and Mayor Brad Wiersum were present. Council Member Rebecca Schack was excused.

4. Approval of Agenda

City Manager Geralyn Barone requested an amendment to the agenda, noting the applicant has requested Item 14.A (Walser Nissan) be tabled.

Calvert moved, Carter seconded a motion to accept the agenda, as amended. All voted “yes.” Motion carried.

5. Approval of Minutes:

A. May 20, 2019 regular council meeting

Carter moved, Bergstedt seconded a motion to approve the minutes of the May 20, 2019 regular council meeting, as presented. All voted “yes”. Motion carried.

B. June 3, 2019 regular council meeting

Carter moved, Bergstedt seconded a motion to approve the minutes of the June 3, 2019 regular council meeting, as presented. Carter, Bergstedt, Ellingson, Calvert and Wiersum voted “yes”. Happe abstained. Motion carried.

6. Special Matters:

A. Retirement recognition for Public Works Director Brian Wagstrom
Wiersum read a proclamation in full for the record recognizing Public Works Director Brian Wagstrom for his 25 years of dedicated service to the City of Minnetonka. He wished Mr. Wagstrom well in his retirement and presented him with a plaque from the city. A round of applause was offered by all in attendance.

Mr. Wagstrom thanked the mayor and council. He stated it had been a pleasure and honor to serve the City of Minnetonka for the past 25 years. He explained he appreciated the trust and confidence the council has afforded him. He thanked the city manager and other staff members for their friendship over the years. He stated he was proud to have had the pleasure to work with the staff members in the Public Works Department.

City Manager Geralyn Barone thanked Mr. Wagstrom for his tremendous service to the community over the past 25 years. She explained he would be dearly missed but wished him well in his retirement.

Happe wished Mr. Wagstrom all the best in his retirement and stated he would be missed.

Calvert stated she was extremely proud of the fact Mr. Wagstrom would work for the City of Minnetonka for 25 years, doing a difficult job with tough hours to the best of his ability. She thanked Mr. Wagstrom for his brilliant service to the community.

B. Recognition of Kari Spreeman as Minnesota’s “Communicator of the Year”

Carter read a proclamation in full for the record and congratulated Communications and Marketing Manager Kari Spreeman for being named the State’s “Communicator of the Year” by the Minnesota Association of Government Communicators. She commended Ms. Spreeman for her tremendous efforts on behalf of the community and appreciated her rebranding and marketing efforts. A round of applause was offered by all in attendance.

Communications and Marketing Manager Kari Spreeman thanked the council for their continued support. She stated it was quite an honor to be recognized for this award.

C. Recognition of Minnetonka Memo/Script and Fire Marketing Plan as Best in State

Happe congratulated Communications and Marketing Manager Kari Spreeman and her communications team, Matt Higgins and Justin Pelegano, for their efforts on the Minnetonka Memo/Senior Script and the Fire Marketing Plan for being
recognized as Best in State by the Minnesota Association of Government Communicators. He explained the redesign of these newsletters incorporated the city’s new brand and demonstrates a modern feel. In addition, he noted the Fire Marketing Plan was a huge success. He thanked the communications team for their efforts on behalf of the community. A round of applause was offered by all in attendance.

Wiersum presented trophies to Communications and Marketing Manager Kari Spreeman, Matt Higgins and Justin Pelagano.

City Manager Geralyn Barone commended the communications team for their creativity and wisdom. She stated she was very proud of their efforts.

Calvert thanked the communications team for their wonderfully innovative work on behalf of the community.

Wiersum thanked all of the city’s employees for their efforts and commended the communications team for their outstanding work.

D. Review of the 2018 financial report with the City’s audit firm of BerganKDV

City Manager Geralyn Barone reported Steve Wischmann with BerganKDV was present to review the city’s 2018 audit. She thanked the Finance Director Merrill King and Assistant Finance Director Joel Merry for their efforts in the finance department.

Steve Wischmann, Bergan KDV, reviewed the 2018 audit and financial report with the council. He commended the city for its strong financial position noting Minnetonka received a clean or unmodified opinion on the 2018 audit. He commented further on the audit process. He discussed the revenues and expenditures for 2018, along with the balances for the city’s enterprise funds. He explained the city has a great finance team and he enjoyed working with staff on the 2018 audit.

Wiersum thanked Mr. Wischmann for this thorough report.

E. Proclamation declaring July 2019 as Monarch and Pollinator Awareness Month

Bergstedt read a proclamation in full for the record declaring July 2019 as Monarch and Pollinator Awareness month in the City of Minnetonka.

7. Reports from City Manager & Council Members
City Manager Geralyn Barone reported on upcoming city events and council meetings. She commented on the mountain biking trail at Lone Lake Park lawsuit noting the court affirmed the city council’s denial of the petition for conducting an environmental assessment worksheet. She explained this item would be coming before the council at a future meeting.

Barone reported city hall would be closed on Thursday, July 4th in observance of Independence Day.

Calvert stated she visited the Minnetonka Summer Festival and indicated she was marveled by the event. She thanked staff for all of their efforts to pull of this wonderful community event.

Wiersum agreed and he offered his appreciation to staff for all of their work and the time that was invested in planning the Minnetonka Summer Festival.

Wiersum stated he attended a church service at Destiny Hill Church this past Sunday after the recent race based bias event happened in the community as a show of support for this congregation. He explained the service was wonderful and he really enjoyed worshipping with this congregation. He encouraged residents to consider worshipping or visiting with this church.

8. **Citizens Wishing to Discuss Matters not on the Agenda: None.**

9. **Bids and Purchases: None.**

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

   A. **Preliminary and final plat of RUTZICK RIDGE, a two-lot subdivision at 3564 Shady Oak Road**

   Calvert explained 27 high priority trees would be lost as part of this project. She encouraged the developer to do everything possible to preserve trees.

   **Ellingson moved, Calvert seconded a motion to adopt Res. 2019-050 approving the preliminary and final plats of Rutzick Ridge, a two-lot subdivision at 3564 Shady Oak Road. All voted “yes.” Motion carried.**

   B. **Labor agreement between the city of Minnetonka and Law Enforcement Labor Services (LELS) Local 442 representing police officers**

   **Ellingson moved, Bergstedt seconded a motion to approve the Labor Agreement between the City of Minnetonka and Law Enforcement Labor Services (LELS) Local 442 representing police officers. All voted “yes.” Motion carried.**
11. Consent Agenda – Items requiring Five Votes: None.

12. Introduction of Ordinances:

A. Items concerning The Kinsel at Glen Lake at 14317 Excelsior Boulevard:
   1) Rezoning from R-1, low-density residential, to PUD, planned unit development;
   2) Master development plan;
   3) Site and building plan review;
   4) Right-of-way vacation; and
   5) Preliminary and final plats.

City Planner Loren Gordon gave the staff report.

Calvert asked if this project had an affordable housing component. Gordon stated there was not.

Mike Roebuck, Clark Construction, introduced himself to the council.

Calvert encouraged the developer to consider an affordable housing component as part of this project. Mr. Roebuck stated this would add a major expense to the project.

Wiersum recommended the planning commission review the parking for this development. He stated he would like to see proof of parking in place versus an oversized parking lot, but also understood the Glen Lake area was parking challenged. He wanted to be assured that the development was properly parked.

Calvert commented on an email the council received from a resident noting concerns regarding density, traffic, parking and the absence of green space were raised. She encouraged the planning commission to discuss these matters further.

Bergstedt recommended the planning commission review the parking for this development very closely. He expressed concern with the trees that would be lost within this development. He commented on the proposed density for this project and how it would impact the Glen Lake area.
Ellingson agreed the tree loss should be addressed as there was great beauty and character in these trees. He stated he was also concerned with the setbacks.

Carter explained she wanted the density and tree loss investigated further.

Happe commented he believed the developer was trying to shoehorn a very large building onto a small parcel of land. He encouraged the planning commission to consider the vision and character for this area when reviewing this development.

Calvert recommended the city to proceed with caution with respect to this development. She wanted to see the character of this area of the city preserved.

Wiersum stated the developer was proposing to construct a nice building, but noted it was a big building given the size of the parcel. He noted the site would not have a lot of greenspace and this should be considered by the planning commission. He explained the city was going to continue to grow but he questioned when a tipping point would be reached and if this development was too much. He recommended a wholistic view be taken on this project and that the planning commission make a recommendation accordingly.

Bergstedt moved, Calvert seconded a motion to introduce the ordinance to rezone the property from R-1 to a planned unit development and refer it to the planning commission. All voted “yes.” Motion carried.

13. Public Hearings:

A. On-sale wine and on-sale 3.2 percent malt beverage liquor licenses for My Burger Operations, LLC., at 10997 Red Circle Drive

City Manager Geralyn Barone gave the staff report.

Wiersum opened the public hearing.

John Abdale, 10997 Red Circle Drive, stated he was very happy with Minnetonka and to have a My Burger in this city. He explained he typically waited a month or two to see if his patrons were requesting alternate beverage options. He reported his patrons were requesting alcoholic drinks and for this reason he was seeking an on-sale wine and beer license. He thanked the council for their consideration.

Happe moved, Calvert seconded a motion to continue the public hearing to July 22, 2019. All voted “yes.” Motion carried.
14. Other Business:

A. Items concerning Walser Nissan at 15906 Wayzata Blvd:

1) Ordinance approving a master development plan and final site and building plans, with a parking setback variance; and

2) Resolution approving a conditional use permit, with a building-to-parking variance, and a sign plan.

This item was removed from the agenda.

B. Concept plan for Newport Midwest at 10400, 10500 and 10550 Bren Road East

City Planner Loren Gordon gave the staff report.

Community Development Director Julie Wischnack discussed the funding sources for these housing projects.

Calvert asked what concerns staff had with the construction timeline. Wischnack explained the proposed timeline was extremely tight given the size and scope of the project.

Calvert requested further information regarding the soil conditions for the project. Gordon stated the site would take some work to engineer properly for water runoff.

Carter questioned what assurances were in place to ensure the market rate project was constructed. Wischnack commented this was a point that would have to be covered in the development agreement. She explained she did not have a good feeling about what the timeline was for this portion of the project.

Carter inquired if there had ever been a discussion about completing the market rate and affordable units together in one building. Wischnack stated she believed this would not be possible for financing reasons. She noted the shared common amenities were a benefit of having the two buildings next to each other.

Calvert commented on the financing that had been approved for the development by the Met Council. She asked if this would change given the fact the market rate and affordable housing units had been uncoupled. Wischnack explained the Met Council was concerned and wanted sureties that both buildings would be constructed.
Wiersum stated he believed the project before the council was brand new compared to the previous plans. He expressed concerns with the tight timeline for this project and asked if there was a percentage of the original project that could be salvaged to get this project moving along more quickly. Wischnack explained some of the architectural elements would be easy to replicate. She stated the stormwater design would have to be redone.

Wiersum questioned if the city would get the other part if the new project design were approved. Wischnack stated the problem was that the impact of the new project was different than the original plans.

Becky Landon, President of Newport Midwest, introduced herself to the council and discussed how the market has changed and explained the market rate apartments were not extremely viable at this time. However, she reported they remain committed to a mixed income community. She indicated she was working diligently to save the tax credits for the proposed 55 units of affordable housing. She reported she would have to obtain a certificate of occupancy by December of 2020 in order to preserve the 9% tax credits. She noted she was working with Colliers to secure a market rate developer to assist with this project. She stated the 55 unit affordable housing unit would take 12 months to construct.

Pete Keeley provided the council with a presentation on the revised site plan for the 55 unit affordable housing project. He discussed how the stormwater rules had changed for this project. He commented on the location of the play area noting the new location was less constrained. He was of the opinion the location of this development would benefit the tenants given its close proximity to the light rail line. He stated the new plan provides better access to the trail and transit for the affordable housing residents. It was noted the exterior building plans had not changed from the original plans.

Calvert stated when the original plans were submitted the city was excited about the proposed connection between the two buildings. However, it appears this connection has been lost in the revised plans. Ms. Landon explained the investors did not support a physical connection between the two buildings. She discussed how she was working to create a visual connection between the two buildings through landscaping and architecture. She noted she had every intent to have shared amenities between the two buildings.

Bergstedt commented on the tight timeline and how a new proposal was before the city. He asked what would happen if the developer did not have a certificate of occupancy come next December. Ms. Landon stated she would have a building without tax credits that would have to be rented out as market rate apartments.
Happe explained the developer was asking the city to trust that the market rate apartments would come, at some point in the future. He questioned how the developer has managed this type of situation in the past. Ms. Landon stated she made the decision the project would be in a better position to secure financing for the affordable housing portion first. She commented on how Newport Midwest looked for opportunities to provide affordable housing in supportive communities. She noted her developments were very reflective of the communities in which they were located. She stated her company takes on challenging developments which always have more risks.

Wiersum asked if there was any consideration in creating a larger affordable apartment complex versus two separate apartment buildings. Ms. Landon stated a number of different scenarios were considered and a fully affordable complex was proposed, but would only work with a significant amount of TIF. She commented another concern was if a larger affordable complex would be too much for this area of the city.

Wiersum commented on the tight timing for this project and explained the city would be challenged to complete this project by December of 2020. He questioned what was the drop dead date for the tax credits on when they could be returned to the state. Ms. Landon stated it was her understanding the tax credits could be returned to the state by the end of this year and the tax credits could still be assigned to another affordable housing project in Minnesota.

Bergstedt explained he had concerns with the tight timeline for this project. He stated he also understood that staff was concerned with this tight timeline. He indicated he appreciated the synergies within this housing project but stated he had concerns on when the market rate units would be constructed. He stated he wanted to be assured that proper due diligence was completed for this brand new plan and stated he was unsure if the proposed timelines were reasonable.

Calvert agreed with Bergstedt. She applauded the developer’s commitment to affordable housing. She explained she appreciated the original concept and was frustrated with the fact investors were unwilling to support mixed-income communities. She indicated she supported having affordable housing near the light rail, however, she feared the tight timeline was a concern given the fact this was a completely new plan.

Happe stated this was a unique concept but understood the timeline was tight. He explained the developer would be taking all of the risk in order to ensure a certificate of occupancy was obtained by December of 2020. He commented he would like to better understand if the proposed timeline could be met.

Carter indicated this was a brand new plan to her and she agreed with the disappointment for the funding on the investor side. She indicated she would like
assurances that the second building would be constructed. She commented she was conflicted because she wanted affordable housing options in the city, but understood there were timeline issues. However, she stated in the end, she would fully support the affordable housing project in the hopes the applicant would do right by the city and would construct the market rate apartments in the future.

Ellingson indicated he was willing to let the developer move forward with the revised affordable housing project.

Wiersum stated there was some level of disappointment that the project would not be moving forward as previously discussed. He estimated that 35% of the project could be saved from the original plans. He requested assurances on the second building and encouraged the developer to fail fast, versus failing slowly. He encouraged the developer to work diligently with staff on this project in order to meet the tight deadline. He stated he would support this project if staff says it can be done by December of 2020. However, if staff does not believe the project can be done, then he anticipated the project would fail quickly and the tax credits could be returned to the state.

City Manager Geralyn Barone asked how long the city had to approve an application, she noted the developer was hoping to have their request approved in 30 days. Wischnack reported the city had 120 days. She encouraged the applicant to set out a realistic timeline for this project. Wiersum thanked staff for this clarification.

Calvert commented staff has the council’s full support if it was not realistic to move this project forward in a professional manner with a limited timeframe. However, if there was a way to move the affordable housing portion of the project forward, she could support that as well.

Carter agreed and stated she would be leaning on staff for their expertise regarding this matter. She explained she did not want a precedent to be set with this development project, where fast decisions were expected for future affordable housing projects.

Wiersum indicated he did not want to put staff in a policy making position. Rather he wanted staff to make a recommendation to the council regarding the time table after submittal from the applicant.

Discussed concept plan with the applicant. No formal action required.
C. Items concerning OAKLAND ESTATES, a four-lot subdivision, at 1922 Oakland Road:

1. Resolution approving the final plat; and

2. Request to mass grade the site.

City Planner Loren Gordon gave the staff report.

Curt Fretham, Lake West Development, thanked the council and staff for their time. He discussed his desire to grade the property as was shown on the grading plan. He explained the grades on these lots were about 10 feet below the street which would make it hard to sell because of the great deal of grading that was required. He stated the four lot subdivision would benefit being graded at the same time versus individually.

Wiersum asked how the council wanted to address the grading issue.

Calvert indicated the council had already approved the preliminary plat. She explained she understood the developer’s concerns but noted the visual element Minnetonka residents really wanted was the trees. She stated she did not support a mass grading of the site.

Bergstedt agreed with Calvert and noted each of these lots would have to be custom graded in order to preserve trees.

Carter agreed with her colleagues noting she supported the final plat with denial of the request to mass grade the site.

Happe moved, Calvert seconded a motion to adopt Resolution 2019-051 approving the final plat and denying the applicant’s request to mass grade the site. All voted “yes.” Motion carried.

15. Appointments and Reappointments: None.
16. Adjournment

Calvert moved, Carter seconded a motion to adjourn the meeting at 9:31 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk