Minutes
Minnetonka City Council
Monday, December 7, 2015

1. Call to Order
   Schneider called the meeting to order at 6:30 p.m.

2. Pledge of Allegiance
   All joined in the Pledge of Allegiance.

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

4. Approval of Agenda
   Wiersum moved, Acomb seconded a motion to accept the agenda with an addendum to item 14A. All voted “yes.” Motion carried.

5. Approval of Minutes: October 26 and November 9, 2015 council meetings
   Acomb moved, Allendorf seconded a motion to approve the minutes of the October 26, 2015 council meeting, as presented. All voted “yes.” Motion carried.

   Acomb moved, Allendorf seconded a motion to approve the minutes of the November 9, 2015 council meeting, as presented. All voted “yes.” Motion carried.

6. Special Matters:
   A. Resolution recognizing city of Hopkins Mayor Eugene Maxwell for his years of service as a city council member and mayor
      Schneider read the recognition. He noted Maxwell helped establish a close working relationship between the two cities.

      Wiersum moved, Bergstedt seconded a motion to adopt Resolution 2015-122 recognizing city of Hopkins Mayor Eugene Maxwell for his years of service as a city council member and mayor. All voted “yes.” Motion carried.
7. **Reports from City Manager & Council Members**

City Manager Geralyn Barone reported on the schedule of upcoming meetings.

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

Hennepin County Board Chair Jan Callison provided an update on the county’s proposed budget, transportation issues, and the home school.

Schneider said with the upcoming guide plan process it was prudent for the city and county to work together for the home school property to determine the proper and best use for the long term assuming something happens with the site.

9. **Bids and Purchases: None**

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

   A. **Resolution adopting a council policy regarding debt management**

   Schneider pulled the item from the consent agenda.

   Barone gave the staff report.

   **Allendorf moved, Acomb seconded a motion to adopt Resolution 2015-123 adopting council policy 2.19, Debt Management. All voted “yes.” Motion carried.**

   B. **Resolution approving a conditional use permit for accessory structures with gross floor area of 1,500 square feet at 3707 Farmington Road**

   **Allendorf moved, Acomb seconded a motion to adopt Resolution 2015-124 approving a conditional use permit for accessory structures with gross floor area of 1,500 square feet at 3707 Farmington Road. All voted “yes.” Motion carried.**

   C. **Resolution approving a conditional use permit for a licensed day care at 13505 Excelsior Boulevard**

   **Allendorf moved, Acomb seconded a motion to adopt resolution 2015-125 approving a conditional use permit for a licensed day care at 13505 Excelsior Boulevard. All voted “yes.” Motion carried.**

   D. **Easement agreement with Minnehaha Creek Watershed District for Gray’s Bay dam**
Allendorf moved, Acomb seconded a motion to approve the easement agreement with Minnehaha Creek Watershed District for Gray’s Bay dam. All voted “yes.” Motion carried.

E. Resolution relating to the 2016 non-union employee wages and benefits adjustments

Allendorf moved, Acomb seconded a motion to adopt resolution 2015-126 relating to the 2016 non-union employee wages and benefits adjustments. All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes: None

12. Introduction of Ordinances:

A. Ordinance amending judicial review provisions

City Attorney Corrine Heine gave the staff report.

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

13. Public Hearings:

A. Resolutions regarding utility related items:

1) Municipal water and sanitary sewer rates;
2) Municipal water and sanitary sewer connection fees;
3) Recycling fee; and
4) Stormwater rates.

Finance Director Merrill King gave the staff report.

Schneider opened the public hearing at 7:02 p.m. No one spoke.

Schneider closed the public hearing at 7:03 p.m.

Wiersum moved, Bergstedt seconded a motion to adopt Resolution 2015-127 approving municipal water and sanitary sewer rates; Resolution 2015-128 approving municipal water and sanitary sewer connection rates; Resolution 2015-129 approving the recycling fee; Resolution 2015-130 approving stormwater rates effective January 1, 2016. All voted “yes.” Motion carried.
B. Resolution vacating public right-of-way at 2634 Crosby Road

Acting City Planner Susan Thomas gave the staff report.

Wiersum asked what the city's interest was in making the exchange. Heine said there had been a long standing dispute with the adjacent property owner regarding the city's rights in the right-of-way parcel. This is the land conveyed to the city in the exchange. The city conveyed to the adjacent property owner a small strip of land that historically had been used by the property owner and was also a subject of dispute.

Schneider opened the public hearing at 7:06 p.m.

Lia Melrose, 2626 Crosby Road, said her property is on the other side of the city owned land. She said she fully supported the swap of land. The dispute had been ongoing for 20 years. She was happy there was a resolution.

Schneider closed the public hearing at 7:07 p.m.

Wiersum moved, Allendorf seconded a motion to adopt Resolution 2015-131 approving vacating the right-of-way, but reserving a utility easement.

All voted “yes.” Motion carried.

14. Other Business:

A. Items related to the 2016 operating budget and levies

1) Public consideration of proposed budget and levies
2) Resolution adopting a budget for the year 2016, a revised budget for 2015, and setting a tax levy for the year 2015, collectible in 2016
3) Resolution setting a tax levy for the Bassett Creek Watershed Management Tax District for the year 2015, collectible in 2016

Barone gave the staff report.

Iris Westerberg, 10441 Greenbrier Road, said she had lived in her two bedroom condominium for over 30 years. She said there was a 95.8 percent increase in her property tax for 2016. She is retired, living on Social Security, and doesn’t want to sell her home. What matters was being able to afford the condo. Social Security has not increased but the cost of everything except for gas has gone up. She said every other two and three bedroom condo in the two building unit has seen similar large property tax increases. Two years ago a condo exactly like hers sold for
$88,000. The assessing staff indicated to her another condo like hers sold for $140,000. She noted that sale was in 2007 before the housing bubble burst. Many residents have two mortgages and can’t sell. She said a lot of the residents do not know the property tax system and had no idea such an increase was going to hit.

King said she and the city assessor looked into what happened with the Greenbrier condos. She noted the condo market truly was the most volatile part of the market. Property taxes for this group of two unit condos were at their lowest last year. The 2016 property taxes are still significantly lower than they were in 2007. She calculated what the state property tax refund would be specifically for the Westerberg’s and it came to around $300. She said the Westerberg’s likely would be eligible for the refund every year.

Susan Wessman, 10441 Greenbrier Road, said she understood it was too late in the process to change anything but her concern were the factors that affect her property taxes. She questioned if the property tax system was too complex for the average person to figure out their own property tax. Schneider said if Wessman wanted to understand her property taxes, staff would sit down with her one on one to walk her through the factors.

John Mayer, 10451 Greenbrier Road, noted the recommendation was for a four percent increase from the city. He took the city portion of the proposed property tax statement and multiplied it by four percent. The number came to $82 but the city property tax was listed at $161. He questioned why that was. He noted his estimated market value increased but the homestead exclusion went down. He asked why that was as well. Barone said the four percent increase was for the amount the city levies. A formula determines what commercial properties and residential properties pay. The amount an individual property tax payer owes is determined by a number of factors. King said there was a very specific formula used to calculate the homestead exclusion. This formula is outlined in state statute. If the value of a home increase, the exclusion goes down. The philosophy was for it to be progressive so that higher valued homes pay more property taxes than lower valued homes. Schneider said this was part of the complexity of the property tax system that assumes a person with a half million dollar home can afford a half million dollar home. It’s based on the current value of the house that may have been bought 30 years ago.

Barone encouraged residents to attend the city’s Citizen Academy where they can learn more about city finances and other city government functions.
Wiersum said the number one driver behind the large property tax increase for the Greenbrier Road residents was because the value of their condos increased so much. He noted if everything citywide stayed the exactly the same, then everyone’s property taxes would increase by the four percent. But values change differently all over and as the finance director indicated, the condo market was the most volatile. Before the recession the value of condos was high but they dropped through the floor when the recession hit. This meant property taxes went down during that time. Now the values went up a lot and so did the property taxes. He said it was important because of the volatility of the condo market that the residents pay attention to the valuation and come to the March council meeting if they feel the valuation is not accurate.

Schneider noted there were some people in the past who argued for a higher property value even if that meant higher property taxes. The reason was that people look at the market value when it comes to selling the home. The council can’t arbitrarily raise the value any more than it can arbitrarily lower the value.

Allendorf said it was important to note that the city looked at an overall increase of 4.2 percent. The levy and HRA levy were thoroughly looked at. It was pointed out that the comp plan was to be paid for by the HRA levy increase. That probably wasn’t the proper place for it. He said he wanted to recognize that staff found a more appropriate place to pay for the comp plan, which was the budget stabilization fund. This fund had been set up for one-time items or capital improvements. This meant the overall levy was 4 percent instead of 4.2 percent. He said residents should recognize the city really does take a close look at the levy increases.

Acomb moved, Bergstedt seconded a motion to adopt Resolution 2015-132 approving the 2016 operating budget, a revised budget for 2015, and setting a tax levy for the year 2015, collectible in 2016; Resolution 2015-133 setting a tax levy for the Bassett Creek Watershed Management Tax District for the year 2015, collectible in 2016. All voted “yes.” Motion carried.

B. Sale of GO temporary utility revenue notes

King gave the staff report.

Schneider said Minnetonka has one of the lowest per capita indebtedness partly because of years and years of long term planning. When major improvements are needed the city has the ability to get good rates and accomplish things in a quicker time frame because of this fiscal prudence.
Bergstedt moved, Wiersum seconded to adopt the resolution for the issuance and sale of General Obligation temporary utility revenue notes in the approximate aggregate principal amount of $10 million. All voted "yes." Motion carried.

15. **Appointments and Reappointments: None**

16. **Adjournment**

   Bergstedt moved, Acomb seconded a motion to adjourn the meeting at 7:52 p.m. All voted "yes." Motion carried.

Respectfully submitted,

David E. Maeda  
City Clerk