

MEDINA CITY COUNCIL MEETING MINUTES OF JANUARY 6, 2004

The City Council of Medina, Minnesota met in regular session on January 6, 2004 at 7:30 p.m. in the City Hall Chambers. Mayor Zietlow presided.

I. ROLL CALL

Members present: Workman, Lane, Zietlow, Smith (arrived at 7:41 p.m.) and Brinkman.

Members absent: None.

Also present: City Attorney Ron Batty, Public Works Director Jim Dillman, City Engineer Tom Kellogg, Planning and Zoning Administrator Loren Kohnen, Police Chief Ed Belland, City Administrator Chad Adams

II. PLEDGE OF ALLEGIANCE

III. ADDITIONS TO THE AGENDA

*Moved by Lane, seconded by Brinkman, to approve the agenda as amended. **Motion passed unanimously.***

IV. APPROVAL

A. Approval of the December 16, 2003 Regular City Council Meeting Minutes

*Moved by Brinkman, seconded by Lane, to approve the December 16, 2003 regular City Council meeting minutes. **Motion passed unanimously.***

V. CONSENT AGENDA

A. Resolution Granting Preliminary Approval to Plat of Laurent Medina

B. Set Special Meeting with Planning Commission for Tuesday, January 13, 2004 at 7:00 p.m.

C. Set Board of Appeal and Equalization meeting for Wednesday, April 7, 2004 at 6:30 p.m.

D. Designation of Crow River News as Official Newspaper

E. Resolution Designating Institutions to Invest in Idle Funds

F. Designation of Official Depositories

G. Approval of Addendum to Recording Secretary Services Agreement

H. Approval of \$35,000 Charitable Gambling Donation to Hamel Fire Department Equipment Fund

Lane requested the removal of item B from the consent agenda for discussion.

*Moved by Workman, seconded by Brinkman, to approve the consent agenda items A, and C through H, as presented. **Motion passed unanimously.***

B. Set Special Meeting with Planning Commission for Tuesday, January 13, 2004 at 7:00 p.m.

Lane noted at the last Council meeting in December there was discussion concerning communication between the Planning Commission and the Council. It was informally agreed there would be a joint meeting on January 13th. He would like to request in addition to the joint meeting an agenda item be added regarding the consideration of an

interim use permit policy and ordinance in relation to DMJ. He would foresee the special meeting of the Council occurring at 6:30 p.m. and moving to the joint meeting with the Planning Commission after the Council business is completed.

Batty advised a special meeting of the Council should be called for 6:30 p.m. to include two agenda items. The first item would be the discussion of the interim use permit; the second item would be a joint meeting with the Planning Commission

*Moved by Workman, seconded by Brinkman, to set a special meeting for Tuesday, January 13, 2004 at 6:30 p.m. to include two agenda items. The first item to discuss the interim use permit regarding the DMJ application; the second item to be a joint meeting with the Planning Commission. **Motion passed unanimously.***

Mayor Zietlow requested an agenda be prepared for the joint meeting with the Planning Commission to keep the discussion on track.

VI. COMMENTS

A. Comments from Citizens on Items not on the Agenda

There were none.

B. Park Commission

Adams noted the Council has received a copy of the Park Commission minutes. The Park Use Policy and the established rate for rental uses will be coming before the Council within the next couple of months.

C. Planning Commission

Kohnen stated the Planning Commission has one item on the agenda concerning a property owner on County Road 19 requesting five variances. He has been able to review some of this information with the City Attorney.

VII. NEW BUSINESS

A. Uptown Hamel Redevelopment and Highway 55 Corridor Development

1. Ehlers & Associates – Redevelopment process update

Jim Prosser of Ehlers Associates stated he is here to provide the Council and community with an update regarding the redevelopment efforts and to seek direction and guidance from the Council in terms of the role the City should be playing in the redevelopment.

Smith arrived at 7:41 p.m.

Prosser explained they are in the process of gathering information regarding the options. To date the City has established clear goals in the Uptown Hamel Redevelopment and the Highway 55 Development, especially as it relates to the comprehensive plan. They have established a process that includes active public participation, which includes an open house scheduled for January 27th. Two developers have come forward with some ideas and plans and made presentations regarding development, one in the Uptown Hamel area and the other along Highway 55. He reviewed some of the options available to the City in the development and explained the framework is being set up by Farr & Associates and Ryan Co. He requested guidance from the Council in terms of what role the City would like to play in terms of furthering the review of the options, specifically if the City would like to play a more proactive or reactive role. He requested direction

regarding what role the City would like to play in terms of establishing the potential for the financing framework to help achieve some of the improvements with the transportation system, improvements to the gateway, and improvements to coordinating the stormwater control natural area. At this point in time they can look at TIF which would require the developer to upfront all of their costs before proceeding. The second option would be for the City to proceed with some of those inspections, and to seek reimbursement from the developer. While Farr & Associates has indicated a willingness to participate financially, staff has recently received mixed signals from Ryan as to whether or when they are willing to participate financially. Ehlers recommends the City at least take the initial steps in that area. Prosser advised that if Ryan does not assist financially it may make sense to also consider requests and proposals from other developers for that area. Staff has initiated a process to obtain public participation, and needs direction.

Zietlow questioned what the costs are at this point. Prosser replied there are two primary elements they will be looking for some financing immediately for. One is the TIF inspections, which includes an estimated cost of \$26,000 for that area. In addition to this, \$10,000 would be needed for the basic planning to get them through the first open house. The \$26,000 would be in phases. There are two different inspections for the TIF qualification. The first is whether they meet coverage requirements, that cost will be less than \$10,000. The building inspections will be the balance of the cost. If they determine they do not meet the coverage they would not proceed with the building inspections. The same is true with the planning, the first \$10,000 would get them through the open house, and if it does not seem to be supportive, they would not proceed further with the planning costs. The City would be out money if development does not occur. He explained most communities would loan themselves money for a period of time and would seek reimbursement, which is required under state guidelines.

Batty advised the risk to the City in terms of money is if no district is ever established and no development that is directly related to what is being discussed comes in. Whatever portion of the cost the City spends without being reimbursed will likely be money the City cannot recoup. If the project goes forward the developers would expect to be reimbursed. In the end, if there is a project, all off the administrative expenses are eligible for reimbursement, whether the City or the developer pays them. The City may get all their money back or a portion, depending on how the project goes.

Prosser suggested controlling the risk in bite size chunks.

Lane inquired of the consequences of not fronting the \$25,000 to \$35,000 and holding back for 30 days to see where the dust settles. Adams responded there would not be any consequences legally. Adams stated the developers and Farmers State Bank of Hamel have expressed interest in moving forward. The open house can still be held on January 27th, which will give them valuable public input.

Lane stated he is having trouble understanding what has happened in the last three weeks. Ryan was making an elaborate concept plan proposal just three weeks ago, and now Prosser is telling the City the process is on hold because of Ryan's reluctance to front money for TIF investigation. He suggested the City step back until Ryan is prepared to front the money or the City is prepared to front it themselves.

Workman stated the area north of Highway 55 was added onto the project area, the process started with Uptown Hamel. The area on the other side of the highway was looked at when they considered it might make the financing for the project easier if they had a bigger area. If they step back now and do not continue to work on the Uptown Hamel area that is unfair because of the timelines they discussed. If they continue with the whole project someone new may come in and want to do something north of Highway 55, which will allow them to recoup their costs.

There was discussion regarding costs to City to proceed and the need for planning.

Batty advised one of the other risks of delaying this is substandard buildings. The last thing they want is people to come in and make the buildings not substandard, it would be better to get the district in place before improvements occur.

Moved by Workman, seconded by Smith, to expense the \$10,000 for TIF coverage inspections for Uptown Hamel Redevelopment and Highway 55 Corridor Development.

Motion passed unanimously.

Lane questioned what will be discussed at the open house on January 27th. Prosser explained there are two proposals that would be presented to the community. The final issue would be to have a planner take the information available already from the City's comprehensive plan, take the development proposals, and the existing work that has been done, and provide some graphic illustrations. It will include how traffic issues can be addressed, how a gateway area can be established, dealing with part of the transportation, and the issue of stormwater control, and how to initiate that. They will take the reactions from the public. They would like a framework so when developers come in they know what will work. There would be an additional cost of \$10,000 for the planner to have something to present at the open house.

Smith stated she does not want to show the public a proposal they do not have on the table and have the redevelopment based on that. She would rather see what the \$10,000 study of TIF requirements shows up and postpone the open house until after that is completed.

Adams inquired if the Council would be comfortable changing the scope of the public meeting. The Council has initiated a desire to include the public in this process in the past and he believes one of the goals is to get some feedback that might aid them. Smith stated she thinks it is dangerous to go out to the public at this point. They have already gone through the process with the comprehensive plan and there is a newsletter going out.

*Moved by Lane, seconded by Smith to table the authorization for staff to hire a planning consultant and table the notice of an open house until the City receives a preliminary report back from SEH regarding the status of TIF coverage inspections of the Uptown Hamel Redevelopment and Highway 55 Corridor Redevelopment. **Motion passed unanimously.***

B. Hamel Legion Park Community Building

1. Acceptance of Plans and Specifications

Adams stated staff is seeking Council direction to meet with the Lions, Bill Wolters, and project architects to address requested staff changes that were not made to the plans for the community building. Wolters had included a memo that addresses changes not made to the project and the estimated cost of the project, with addendums and deductions. In addition to this, staff is also seeking more clarification on the design items as requested in July 2003. Staff advises to incorporate the rest rooms in one central area, determine if two mechanical rooms are needed, and make changes outlined in Wolters' memo. Adams recommends this project be tabled indefinitely until they are able to work out the final details with the Lions. There are four optional actions for the Council consideration, which have been included in the Council's information.

Wolters stated the current projected cost for the project is \$850,000. There are some changes that can be made and cost savings that were not incorporated. He is still not clear as far as the City's participation on the site work cost and their funding involvement in the cost of the building.

Tom Dykhoff of the Lions stated after their last meeting with the Council they left with the direction to meet with the architect and pursue the changes and the cost of the changes. The architect provided them with a price to make those changes of roughly \$18,000. They took those changes, wrote them down line by line and put a hard estimate of the value of each of those changes. The Lions Building Committee met and evaluated each of the changes. The changes that cost more architecturally to make than the money they would recoup by making the change they threw out. They then identified the items they thought would be of value and settled on an agreement of \$10,000 with the architect, which they paid him to make the necessary changes.

Smith asked about building code issues. Kohnen stated nothing major of a concern.

Smith stated if it is not cost effective to make the changes the Lions will be the ones to lose, because if they do not have enough money the building will not be built. She has a problem saying they should not proceed. If the cost comes in too high they do not have to proceed at that point.

Lane suggested this be tabled until the plans are finalized and the funding is in place. He is tired of listening to the level of detail regarding windows and bathrooms. They have been given ample opportunity and there is still a ¼ million dollar budget shortfall.

Adams explained back in July when the City requested Wolters to proceed with the Lions, a lot of the changes were not made. What they were expecting would not be a cost to change, but resulted in a cost due to the contract.

Workman stated he has been supportive of this project; however, he is concerned at this point that more has not been accomplished. The job of the Council is not to complete these details. The Lions bring the detailed work, the Council approves it, and it happens. That is why he prefers to table this until the Lions have the building specifications and plans and the financing figured out. The City has a commitment of \$129,000 for the infrastructure. They have talked about this several times and the building keeps getting scaled down and back up. At this point he does not want to see this again until it is ready to go.

There was significant discussion regarding the funding, the proposed changes, and the Lions receiving the best bids by putting this out for bid during the current construction season. It was noted \$30,000 of the Lions account at the City could be utilized to bid on the project. The Lions could then come back to the City with the building cost and the financing status. Workman noted staff will need to have input since this will be a City building.

Batty advised the Council would need to approve the final plans and specifications for bid, as this will be a public building.

Lane stated if the Council will be asked to approve the final plans and specifications for bid, he would want staff to sign off on them. Batty noted there are a lot of technical details, but the Council will need to be comfortable with the design of the building.

Dykhoff stated if they wait two weeks to come back and get final approval, then have to advertise and go through that process, it will take three weeks beyond that. He requested the Council to give them permission to proceed to the bidding process contingent on staff approval.

Moved by Smith, to allow staff to advertise for bids for the Hamel Legion Park community building contingent upon staff approval of the final plans and specifications. Motion failed for lack of a second.

Workman suggested this topic be added to the agenda of the special meeting scheduled for January 13th. Lane stated the final plans and specifications should be recommended for approval by staff, including the City Engineer, to include an estimated cost. If there are any changes that dramatically change the numbers he would like to see the numbers reflected in the change.

Wolters stated there is nothing that will change within the next week on the drawing. However, the Lions stated earlier there are deduction alternates as options. There is actually only one deduction alternate. He reviewed the costs of the alternates and stated he believes the City has a responsibility to the contractors when they put a set of plans on the street that they will build the building. The contractors will have an expense to bid the project.

Zietlow stated he would like to see a plan for how the building will be paid for, including a source of funds at the meeting on Tuesday.

*Moved by smith, seconded by Workman, to change the meeting time of the special Council meeting of January 13th to 6:00 p.m. and to add the approval of advertisement for bids of the Hamel Legion Park community building to the agenda. **Motion passed unanimously.***

2. Approve to Advertise for Bids

Acted on under agenda item B.1.

3. Approve of Project Development Agreement with Hamel Lions

Batty presented a development agreement with the Lions for the community building.

Lane inquired if revised plans would come back for City approval if the Lions submit plans under the development agreement and the Council requests revisions be made, or if the City can control that second approval level at the time they go for bids. Batty replied the way the development agreement contemplates this is there would be an approval of plans and specifications that would authorize this process. There is some flexibility in that in terms of dealing with amendments or changes to the plan. Approval of the development agreement contemplates a little different scenario than was just discussed. They are asking for a specific gap funding discussion perhaps earlier than is contemplated by the development agreement. The Council needs to be comfortable with the building, approve those plans, and go out for bid, which is the only real way to determine what it will cost. They can then compare that number to what is in the bank and make a decision about whether they are willing to go forward. The development agreement does not say anything about how that gap will be filled. Ultimately since it is the City's building they will have complete discretion as to whether they approve those plans and award it. On the legality he is comfortable, but there for other folks who are more familiar with construction. This should be approved no later than the approval of the plans and specifications; it should be included on the agenda at the special meeting.

Lane inquired if Batty will be available for the special meeting at 6:00 p.m. Batty responded he will be available until 6:30 p.m. Lane stated they will need to start the meeting promptly at 6:00 p.m.

Batty requested the Council to review the development agreement prior to the next meeting and contact him with any major disagreements or changes.

C. Approval of Lot Combination/Re-Plat at 4642 Walnut Street

Kohnen presented the request for a lot combination/re-plat at 4642 Walnut Street which would allow the owner to construct a detached garage. He would not be able to do this on a separate lot that did not contain a principal structure. Staff has no objections.

Moved by Workman, seconded by Smith to approve the lot combination/re-plat at 4642 Walnut Street.

Lane questioned setback requirements in relation to the boulder walls. Kohnen replied the front yard setback is 30 feet; however, the fence can be right on the property line.

Motion passed unanimously.

D. 2004 Fee Schedule

1. Public Hearing for Zoning Fee Additions/Increases

Mayor Zietlow opened the public hearing at 9:42 p.m.

Adams presented information regarding the 2004 fee schedule.

It was questioned if the fees being set do not actually recoup the City's costs at 100 percent. Adams replied some of the set fees would not, such as for Planning and Zoning. Most of the other fees do recoup the cost. A deposit is required and then increased as staff feels necessary.

Batty advised the big picture about all of this is that there has been a lot of agitation among the developing communities about how cities are overcharging. Statutory

changes now require cities to submit every April 1st to the county on how the fees are done. The planning fees need to be completed by ordinance. The whole idea is to make cities more accountable for the fees. If staff accounts for its time, it may justify higher fees.

Brinkman inquired if this would be an opportunity now to bump up the fees that are not being covered, such as the Agriculture Preserve Application fee. Adams explained this fee cannot be changed by statute. Batty explained in case of Agriculture Preserve Application fee, it is always accompanied by a zoning request, which includes a fee.

Lane suggested a category be added for interim use permits. Batty advised a fee could be included for the permits on the assumption they will be created. If they never create an interim use permit there will be no harm done. Adams recommended fee for interim use permits be set at a \$500 minimum deposit w/ accrued costs.

*Moved by Smith, seconded by Brinkman, to close the public hearing at 9:51 p.m.
Motion passed unanimously.*

2. Approval of Ordinance No. 361 Adopting 2004 Fee Schedule

Smith questioned the breakdown for the square footage rates for liquor licenses. She noted the surrounding cities charge flat fees, rather than basing them on the square footage. Adams explained the fee cannot be changed at this time, as a separate public hearing would need to be called. He would advise this be done later in the spring, as these fees do not go into effect until July 1st. Staff will look into the options of restructuring the fee.

Zietlow inquired if the curb stop repair fee on page one is a \$250 deposit with a charge for the actual cost. Adams responded in the affirmative.

Zietlow inquired if the three-percent increase of the City Engineer fee is three percent of the current fee. Kellogg explained it is an average of three percent over all the classifications. Zietlow requested this be stated in a way that is clear to everyone.

*Moved by Smith, seconded by Workman, to adopt Ordinance No. 361 Adopting 2004 Fee Schedule. **Motion passed unanimously.***

3. Resolution Approving Publication of Ordinance by Title & Summary

Adams recommended that Ordinance No. 361 be published by title and summary.

*Moved by Smith, seconded by Lane to adopt Resolution #04-03 Approving the publication of Ordinance No. 361 by title and summary. **Motion passed unanimously.***

E. Hamel Water System

1. Preparation of Plans and Specifications for Hamel Well No. 5 and Well House No. 3

Dillman presented information regarding plans and specifications for Well No. 5 and Well House No. 3.

Zietlow inquired if this could affect private wells in the area. Dillman responded in the affirmative. He explained cities have put in municipal wells and then had to spend money for private residents to drop their wells.

Zietlow inquired how much of the need is driven by the Target and the Cudd development proposed there. Dillman responded the water is needed for their current needs. They currently have three wells and if a pump were to go out they would be in dire straits. It appears the water treatment plant will not be as expensive to the residents as it first seemed to be. At this time he is looking for authorization to approve the preparation of plans and specifications for Hamel Well No. 5 and Well House No. 3.

*Moved by Workman, seconded by Smith to approve the preparation of plans and specifications for Hamel Well No. 5 and Well House No. 3. **Motion passed unanimously.***

2. Water Treatment Options and Feasibility Report

Adams indicated he expects a final report from Ehlers Associates this week to show the rate increase for a full water treatment plant. It will not result in as much of a rate increase as they expected by utilizing existing reserves and future connection fees. There will also be information regarding water fees based on two different models. One would be a slow growth model based on the comprehensive plan as it is now, the other would be a more moderate expectation if they were to open up the Cudd area or a couple of other surrounding areas. It will also identify other capital improvement expenditures about 15 years out. He indicated the City will be receiving a memo from the city of Corcoran requesting the City's participation in a feasibility study. The City of Medina has offered to pay for a portion of that equivalent to the four businesses they need to serve in that area. There will be a match from the county, he does not know if Loretto will be participating. What they are looking for tonight is authorization to conduct the open meetings. They would like to set two or three open meetings, one during the day and two during the evening to let residents look at the options. They would like to hold the public meetings in February. He would like at least one or two councilmembers to be present, and staff will be present. The last component of the public meetings is if the Council would like some kind of a survey. He noted if they do build a full water treatment plant they may need to acquire land.

Council direction was to schedule public meetings.

Dillman indicated he does not have information regarding the feasibility report at this time. Staff suggested this may be added to next agenda.

Lane noted the memo from Richard Foster makes reference to the City not having a comprehensive water plan that analyzes present and future water demands. He inquired what would be involved to devise such a plan. Kellogg replied the cost may be approximately \$20,000 for a bare bones analysis. Lane stated the City will need to complete this type of exercise. A comprehensive plan will be something to determine costs for developers.

Workman indicated he has asked staff to begin working on an ordinance that would require all commercial buildings, regardless of size, to be sprinkled in the City.

F. 2004 Appointments

The Council reviewed the list of 2004 appointments and made the following changes:

- Randy Brinkman to serve as alternate on the Lake Minnetonka Communication Commissioners.

- Phil Zietlow to serve as alternate on the Northwest Suburban Chamber of Commerce Representatives.
- Carolyn Smith to serve as alternate on Northwest Hennepin League of Municipalities.
- Ed Belland to serve on the Communities in Collaboration Council with Carolyn Smith to serve as alternate.

*Moved by Smith, seconded by Workman, to approve the 2004 appointments as amended. **Motion passed unanimously.***

G. Firefighter of the Year Award

Belland indicated he was approached by two different firefighters from two of the fire departments that cover Medina in reference to Medina sponsoring a Firefighter of the Year Award to be presented by the Medina City Council. The chiefs felt that if the award came from the City it would be a fair contest. It would be a great way to recognize some people that put in a lot of hours and do a lot of work.

*Moved by Workman, seconded by Brinkman to accept the proposal of a Firefighter of the Year Award program for a two-year trial. **Motion passed unanimously.***

Smith inquired if the Police Chief would recommend a Policeman of the Year Award program. Belland responded the City only has six police officers and they are paid for a full time job. He tries to recognize them and present them with letters of appreciation.

H. Donations / Contributions

1. \$2,000 Charitable Gambling Donations to Community Building

Adams indicated the City has received a \$2,000 check from the Hamel Fire Relief Association, which was requested to be earmarked for the community building project. In order for the \$2,000 to be set aside for the community building a super-majority vote is required by state statute.

*Moved by Smith, seconded by Workman, to accept the \$2,000 charitable gambling donation for the Community Building and set aside in the Hamel Legion Park Fund. **Motion passed unanimously.***

2. \$1,000 Donation for Public Safety Program

Belland indicated Mr. Neil Lapidus has made a donation of \$1,000 to the City to be used for a public safety program with the Police Department due to his positive encounter with one of the City's police officers. He would like the donation to go to something for crime prevention or other type of police equipment. Belland indicated the night vision goggles were cut from the 2004 budget and he would recommend the donation be put aside for the purchase of goggles.

*Moved by Workman, seconded by Smith to accept the \$1,000 donation for the Public Safety Program to be set aside for the purchase of night vision goggles, with a letter of thanks to be sent to Mr. Lapidus. **Motion passed unanimously.***

VIII. REPORTS

A. City Administrator Report

Adams reported the City received a letter from Wright-Hennepin Electric regarding transmission lines and neighbors. The Council should contact him with any comments regarding this. Final plat approval and CUP approval may be on the agenda of the January 20th Council meeting. Lane inquired if they have completed what the City requested. Zietlow stated they have gone above and beyond what was requested.

Adams reported Rick Denman has contacted him regarding the Cudd Development; he would like to meet with staff to go over changes. He does not know at this point if the Council will be involved. An additional deposit will be needed from the developers. They have also shown an interest in meeting with the Met Council.

Kellogg indicated Bonestroo is putting together a feasibility report for fees and costs associated with providing sewer and water for the site and how it might be financed. The developer is paying for the report.

IX. APPROVAL TO PAY THE BILLS

Zietlow questioned the check for zero dollars to Cargill Inc. on page one. Adams noted this should be changed to \$3,080.92. Zietlow questioned the engineering report on pages two and three. He noted the numbers do not seem to add up and there may be a page missing. He directed staff to look into this.

Moved by Workman, seconded by Smith, to approve the bills, order check numbers 26021-26086 for \$199,230.87, and payroll check numbers 18847-18465 for \$24,115.52. Motion passed unanimously.

X. ADJOURN

Moved by Workman, seconded by Smith, to adjourn the meeting at 10:40 p.m. Motion passed unanimously.

Philip K. Zietlow, Mayor

Attest:

Chad M. Adams, City Administrator