

MEDINA CITY COUNCIL MEETING MINUTES OF JULY 5, 2005

The City Council of Medina, Minnesota met in regular session on July 5, 2005 at 7:00 p.m. in the City Hall Chambers. Mayor Workman presided.

I. ROLL CALL

Members present: Brinkman, Cavanaugh, Smith, Weir, and Workman.

Members absent: None.

Also present: City Attorney Ron Batty, City Engineer Tom Kellogg, Police Chief Ed Belland, City Planner Rose Lorsung, City Planner Consultant Sarah Schield, City Administrator Chad Adams and Recording Secretary Christine Moksnes.

I. PLEDGE OF ALLEGIANCE

II. ADDITIONS TO THE AGENDA

It was requested to add items E. Request for Final Payment to EnComm Midwest, Inc. for Wellhouse No. 3; and F. Award Contract for Arrowhead Drive/Hackamore Road Project to G. L. Contracting, Inc. to New Business.

*Moved by Weir, seconded by Cavanaugh, to approve the agenda as amended. **Motion passed unanimously.***

III. APPROVAL

A. Approval of the June 21, 2005 Regular City Council Meeting Minutes

It was noted on page 5, the 9th paragraph, it should state: "Cavanaugh asked if all property owners are in favor of this ~~project change.~~"

It was noted on page 14, the 12th paragraph, it should state: "Cavanaugh stated the City has an opportunity here, with the south side of Morningside already having a large development come in. ~~He added if we put something in there that says we will push~~ require these houses be built towards the back of the lot and have some type of easement or stipulation that ~~this~~ these lots will not be further subdivided, it will lock ~~this~~ in open spaces for future generations along the roadway. ~~Then, later we will have a lot of houses in here. If we do something g now, we can push the houses back and keep this open space.~~"

It was noted on page 15, the 2nd paragraph, it should state: "Cavanaugh stated the Metropolitan Council will eventually push higher density within ~~this and~~ the City. ~~may need to find places for density.~~"

It was noted on page 15, the 14th paragraph, it should be stricken: "~~Cavanaugh asked if the City can benefit here.~~"

It was noted on page 15, the 18th paragraph, it should state: "Cavanaugh stated he would like to bring this up as a conservation issue as soon as possible."

It was noted on page 16, the 15th paragraph, it should state: "Cavanaugh stated ~~they may also~~ he would like to discuss stadium issues at the next meeting."

It was noted on page 17, the 2nd paragraph, it should state: "Cavanaugh stated he has a disclosure that his family client owns property in Corcoran...."

It was noted on page 6, the 9th paragraph, it should state: "Weir stated another option was to consider a include in the PUD, ~~is that~~ Phase 1, to the north would ~~have to~~ be a separate PUD. ~~Then~~ Ace properties could then be a conforming use."

It was noted on page 11, the 9th paragraph, it should state: "Weir asked about the northern green pond...."

It was noted on page 14, the 9th paragraph, it should state: "Weir asked....with the flooding problem."

It was noted on page 15, the 15th paragraph, it should state: "Weir stated....Comprehensive Plan and Planning Zoning."

It was noted on page 16, the 14th paragraph, it should state: "Weir stated ~~the~~ redistricting is partisan..."

*Moved by Weir, seconded by Cavanaugh, to approve the June 21, 2005 regular City Council meeting minutes as amended. **Motion passed unanimously.***

IV. **CONSENT AGENDA**

- A. **Resolution Granting Final Plat Approval to Keller Estates Subdivision**
- B. **Ordinance Authorizing Rezoning from Rural Residential to Suburban Residential – Keller Estates**
- C. **Ordinance Approving Storm Water Taxing District – Keller Estates**
- D. **Approve Wetland Banking Application – Keller Estates**
- E. **Approve Development Agreement with Bohland Medina Meadows, LLC – Keller Estates**
- F. **Approve Raffle Permit to TwinWest Chamber of Commerce for August 10, 2005 at Rolling Green Country Club**
- G. **Resolution Denying Preliminary Plat and Variance to 1475 Willow Drive – Mike Leuer**
- H. **Approve Water Service Agreement with CORRPRO**
- I. **Approve Removal of Conditional Use Permit (CUP) from Property at 2832 Hamel Road**

*Moved by Weir, seconded by Smith, to approve the consent agenda. **Motion passed unanimously.***

VI. **COMMENTS**

- A. **Comments from Citizens on Items not on the Agenda**
There were none.

B. Park Commission

Dillman stated the boat ramp is installed in Lakeshore Park. He noted the last two meetings were spent on Capital Improvements, and welcomed comments from the Councilmembers on the report.

I. Planning Commission

1. Planning and Zoning Administrator

Lorsung noted staff has been discussing the Clydesdale Trail realignment project, along with the Ace project. A public hearing has been held regarding the Rural Commercial Holding and introducing sewer to the area. The Commission will also look at the Comp Plan text amendment for the 6 conditions with the Comp Plan that refer to the properties that are zoned Rural Commercial Holding. At the next Council meeting, staff will be discussing the Ryan Companies, proposed Target project.

VII. OLD BUSINESS

A. Ryan Companies (Target)

1. Update on Land Use Application and Public Improvement Financing

Adams stated Dave Callister, Financial Advisor from Ehlers and Associates, will provide information on the TIF funding.

Adams gave an update and stated the land use application and discussion of public improvement financing should be discussed further in order to review the cost estimates. Ryan Companies has provided the City with a letter of extension through August 4th. This application is not in a final resolution format. Most issues are in regard to the realignment of the plan. He noted the MnDOT turnback issue has not been resolved.

Adams stated since the engineers have not concluded firm costs in public improvement financing, the project cannot move forward. This is a critical piece. It was discussed at the last Council meeting. There are a number of variables, though staff is still targeting July 19 for more discussion. He said they had a staff meeting in the morning to go over the numbers. The corresponding Ace Properties project is looking at the next Planning Commission meeting in August to apply for their project, which has implications on the infrastructure.

Smith asked if Ace Properties uses some of Ryan's space, how would it affect parking. Adams stated he didn't think anything would be lost.

Smith said she understood there would be variances with the Ryan Property for the parking space so Ace could build a bigger building. She said that to her means they will use some of that space.

Schild explained Ryan is essentially receiving a variance through the PUD for parking. Staff didn't feel that more parking was necessary. Ace was looking at a landscaped area, and it could work for additional parking for Target. The final plan should be in this week for parking.

Lorsung said there will be less parking than normal between the two sites since it will be shared exclusively on the Ryan site. However, parking on the southeast corner would likely rarely be utilized, and that space is being put to use.

Smith said she was concerned about the variances the City is allowing. Shared parking works well when the open times of the business are complementing. If not, it is an issue. She said she felt they want to put in something too big for this site.

Lorsung said staff is going on some assumptions that Target will use about two-thirds of their total parking at their highest peak of year. The City will have to allow for some flexibility in parking and landscaping and impervious surfaces in all these projects.

Batty said Adams' summary is accurate. Ryan has had a number of meetings with the City in efforts to come up with an acceptable tax increment package. The Business Subsidy Policy is on the agenda for this meeting. He said staff met last week with developers and concluded it is not ready. He explained staff is trying to bring a comprehensive solution to the Council.

Weir asked if the MnDOT turn-back issues would likely hold up this project.

Adams said this is an issue and must be resolved before the plat can be approved. There are a couple of approaches staff is working on to bridge that gap.

Smith mentioned that Jim Lane referenced at earlier meetings that if a developer came in on TIF financing, and sold within a year, they should be responsible to pay back the assessments. Batty said that works best if the developer owns the project. Ryan is in the business to sell off projects such as this immediately. They would sell this to Target rather than lease it.

Smith stated she is not fond of TIF financing for retail. It was made clear the City will not use the Business Subsidy Policy for job creation. The City is doing this for infrastructure. She expressed concern in the potential profit of the retail business.

Workman said that is why the financial discussion is taking place now. Ryan/Target intend to make a profit just as any business does. Batty said he didn't think it would be a windfall profit.

Workman explained that Target will enter into a development agreement with Ryan. Ryan's job is to sell them off and produce some kind of reasonable profit.

Smith said her main concern is what someone considers reasonable may not be.

Dave Callister, Financial Advisor from Ehlers and Associates, explained they do not have the most updated pro forma analysis of Ryan Co. for this project. He noted they work in many communities on such projects and look at all the numbers. He said they bridge the gap of profits with TIF to make sure the developers do not get an unreasonable amount. He stated they do that as independent financial advisors. They try to make sure the Council is comfortable, and they look at the costs to make sure there are no overstated costs.

Smith commented that it seems that this development is so expensive because it is not on a site that is big enough. The site costs are high. Callister agreed there are high site costs and that pinpointing one reason is difficult.

Cavanaugh stated the offsite improvements are what drive the cost up. Workman agreed that TIF is being focused on off-site public improvements requested by City.

Callister referred to the payment schedule and said he raised the 90% figure to 95%. He planned on a 3.0% inflation rate. If this schedule is the way the Council determines to pay off this note, \$1.45 million will be paid off in nine years. Workman noted this is the amount generated from the Ryan site, but the TIF district is larger.

Callister stated a discussion took place at the last Council meeting regarding financing public improvements. A public improvement bond was discussed. In negotiations with the developer, it was determined they would take the responsibility to do a pay-as-you-go note. They would pay all the costs up front for public improvements so the City would not have to issue bonds. They would be paid back over nine years according to this schedule. There is no risk to taxpayers. If the TIF doesn't come in, there is no TIF to reimburse them with. He said there are a lot of options, but if the City does not have to do a General Obligation Bond, it would be good to take that option.

Smith asked whether the school district would lose money due to referendums. Callister responded any referendums the school would do is based on market value taxes. There is no impact on school districts on TIF based on market value.

Brinkman said he has found that 36 to 9 people he polled want to see this project completed. Those that are against it seem to point to the biggest issue as traffic/parking. Overall, he said the people of Medina want to see this project completed. Ehlers does this with other developers in the State and knows what to look for. He said he was taken back by the numbers at first, but after research, he found these numbers do not look out of line. He is on board with this. He said he would like to see it take place, and make it as smooth as possible. He stated it is our job as the Council to get this thing up and running as efficiently as possible.

Workman said he would not do anything that would put the taxpayers at risk, and this project does not put taxpayers at risk.

Callister commented that cities and consultants may not do a good job communicating TIF financing. He offered to do a one-on-one work session about TIF financing.

Smith commented she is concerned with the list of off site improvements that are not listed by the developer. Workman said this is considered a list of obstacles that must be discussed.

Adams said the City is looking at this as a global district and not just this site. He suggested a work session take place prior to the next meeting to discuss further the issues and get the Council members' input.

*Moved by Smith seconded by Weir to schedule a special meeting on July 19, 2005 from 6:00 to 7:00 p.m. **Motion passed unanimously.***

2. Business Subsidy Policy – Public Hearing

*Moved by Weir seconded by Brinkman to continue this item to the next Council meeting on July 19, 2005. **Motion passed unanimously.***

VIII. NEW BUSINESS

A. Resolution Awarding the Sale of \$815,000 General Obligation Improvement Bonds, Series 2005B Fixing Their Form and Specifications; Directing Their Execution and Delivery; and Providing for Their Payment

Callister said there were five bids. Initially, it was calculated the amount would be \$830,000. Because of favorable costs, they were able to reduce the cost of issuance and resized the amount to \$815,000. Wells Fargo Brokerage Services was the bidder. This is a short term note, and the developer can pay it off within five years. The City received 3.08 percent true interest for the five years. He said he affirmed the rating with Moody's. If this is approved, the closing would be scheduled for July 25, 2005. He said if the Council does not have questions, he would like to see a Resolution adopted to award the sale to Wells Fargo Brokerage Service.

*Moved by Smith, seconded by Brinkman, to approve the resolution awarding the sale of \$815,000 General Obligation Improvement Bonds, Series 2005B to Wells Fargo Brokerage Service fixing their form and specifications; directing their execution and delivery; and providing their payment. **Motion passed unanimously.***

B. Conditional Use Permit Reviews

Workman noted this process has not been done in the City in at least the five years he has been involved. He said he wants to make sure it is handled carefully, and said he would like to let staff work out the agreements. He suggested the only permits brought to the Council would be those that an agreement could not be reached.

Lorsung said they have been figuring out how to review all the Conditional Use Permits in the city. She proposed that those that have a favorable review would be on the consent agenda, while those with an unfavorable review would be on the agenda to be discussed.

Lorsung said that four of the six permits reviewed this month were favorable. One permit is not substantive. The permit issued for 3600 Hickory Drive needs more discussion. She said she asked the property owners who did not receive favorable reviews to be present at the meeting. The owners of this property are present. She said she would only take that approach if she is directed to in the future.

Lorsung explained that the property at 3535 Kilkenny Lane is in good condition. There are items being stored outside the building that are not visible from the street. The CUP states outside storage is not allowed. She explained she talked to the property owners and scheduled a meeting later in the week regarding the removal of those items. The items not in compliance are mostly around the outdoor storage items. She recommended the property be cleaned up by August 1, 2005.

Lorsung stated that the property at 3600 Hickory Drive is out of compliance. She noted the owners are leasing part of the building to another business with large vehicles. Essentially, there are a fairly large amount of vehicles stored on the site in addition to the neighboring business and their large vehicles. There is an area that should be landscaped and is being used to park vehicles. She asked if the Council wished to follow up on the number of employees in the business. There are some businesses that would have a limit for parking and employees. Staff did see quite a few employees at the time of visit. She said the last issue is a health issue, though the property owner

could be in compliance. She said she has not seen the records for hazardous waste disposal which was a condition for the CUP. However, she explained Staff can request the records and work this issue out.

Workman asked if the business use changes, should the business owner reapply. Lorsung stated when the ownership changes, the City is notified, and pulls the CUP to determine if the new owners are in compliance. There are times the City is not notified, however. She said an amendment procedure is the same as bringing in the CUP.

Workman asked if anyone has requested a change. Lorsung responded when they get phone calls, they do review them. Since the reviews will be regular now, the policy should be decided.

Workman said he sees this as a quagmire. In order to have a standard for everyone, he said he is concerned a mechanism will be difficult to come up with.

Smith stated she would like to see staff continue on this path, and would like to see a monthly report. The report should include a deadline for the properties to come into compliance. She suggested that if staff starts to notice that there are certain types of businesses in noncompliance, it may be appropriate to reclassify the CUPs by size or use. She noted the CUPs that come to mind are those related to horses.

Lorsung noted there is an application for a CUP amendment by the owner of an equestrian site. She explained that before her time with the City, often times CUPs were issued that would not be required today. As they are reviewed, their necessity will be determined. She said there is one site where the house will be removed, thereby omitting the CUP.

Batty stated there will be a lot of cleanup. There was a long period of time where everything in a commercial district required a CUP. This was problematic for a lot of reasons. The Planning Staff, Planning Commission and Council had to craft a CUP for many conditions. Many CUPs dealt with specifics of construction of a building that are long since handled. As you go through and review the CUPs, there will be many instances where the conditional use has become a permitted use.

Workman suggested Lorsung ask the owners to build an enclosure if feasible. Lorsung noted there are new standards since 2001 for new commercial buildings, and offered to explore this possibility.

Steve Hughes, 3600 Hickory Drive, stated he is one of the original builders of the building. Myron Klinkern, owner of D & D Service is also present, and is a leasee of the building. Ken Griffin was also present, owner of adjacent business, and renter from Steve Hughes. Hughes said when the CUP was issued, the operating hours were from 6:00 a.m. to 10:00 p.m. He said they were allowed more than five cars on the property during operating hours. Anything before 6:00 a.m. and after 10:00 p.m. had to comply with the CUP. He said they do try to comply with the CUP.

Griffin said he operates a construction business that has a number of employees, though they are not housed at the site. He suggested working with staff to minimize the confusion between the CUP and what happens at the site.

Workman stated he would like to table the matter so the property owners can work with staff. If for some reason staff cannot come to a resolution, then the matter should be brought to the Council. He said the Council supports staff and wants the review process to work for both parties. The goal is to keep the City in compliance, a neat and orderly City, while treating all owners with a CUP the same.

*Moved by Brinkman, seconded by Weir to table the issue and direct Staff to handle the review of CUPs. **Motion passed unanimously.***

C. Parks and Recreation – Capital Improvement Plan (2005-2010)

Adams gave a brief overview of the Capital Improvement Plan. There are some changes to the 2005 budget. He stated this is basically a five year plan. The Hamel Legion Park represents the majority of focus for improvements. The basketball court is being deferred to 2006. Entrance signs are deferred one year as well. He pointed out that parking along Brockton Lane has been included as suggested by the Park Commission.

Adams pointed out that they tried to identify at least \$125,000 in trails for improvement for each of the next four years. The trail funding for Sioux Drive is still under discussion. The grand total is \$2.6 million. The Park Dedication Fund Balance along with the Municipal Park Fund Balance and possible upcoming park dedication cash fees total \$1.3 million.

Workman stated he is pleased the funds are being used for projects.

Smith commented she was surprised to see ballfield lights proposed for 2008 and for 2010 with the cost of \$125,000 each year. She said she cannot see supporting that expenditure of \$250,000. It does not seem like a necessity when there is not a lot of money to begin with. She said she is strongly against such lights, and felt there are a lot of other issues to discuss other than lights.

Cavanaugh noted some of the trails will be built with park dedication fees. He asked if the trails could start to be built. Workman suggested approaching the landowners for easement.

Smith stated she would like to have some kind of consideration for a lesser tax rate for those that donate a portion of their land for a park. Workman said the City does give a credit when it is a transfer and related to TIF.

*Moved by Cavanaugh, seconded by Smith, to approve the Capital Improvement Plan for 2006, and continue the discussion during 2006 Budget Adoption. **Motion passed unanimously.***

D. Resolution Approving Plans and Specifications and Advertisement for Bids for Uptown Hamel Street and Utility Improvements

Adams reviewed the resolution. He said the City is under a timeline with the seasonal working time if there is desire to complete yet this year. The public improvement deadline expires in a year. The one variable the City does not know is if there is going to be a lot more development in Uptown Hamel. A special meeting will be held this fall.

Workman stated he has talked with the developer and they said they would not be bringing anything forward very soon.

*Moved by Smith, seconded by Weir, to approve the resolution approving plans and specifications and advertisement for bids for uptown Hamel Street and utility improvements. **Motion passed unanimously.***

Lorsung offered an update on the monument sign. She said the state has a formal, but straightforward process. Commercial advertising cannot be put on the sign, but it can be on MnDOT's easement. She said they are working to move forward with that.

E. Request for Final Payment to EnComm Midwest, Inc. for Wellhouse No. 2 for the Period April 11, 2005 to June 10, 2005

Adams said the final payment is \$13,000.

*Moved by Cavanaugh, seconded by Weir, to approve the payment to EnComm Midwest, Inc. for Wellhouse No. 6 for the Period April 11, 2005 to June 10, 2005. **Motion passed unanimously.***

F. Award Contract for Arrowhead Drive/Hackamore Road Project to G. L. Contracting, Inc.

Adams stated it is recommended this contract be awarded to G.L. Contracting, Inc. for the amount of \$1,140,222.85.

*Moved by Smith, seconded by Cavanaugh, to award the contract for Arrowhead Drive/Hackamore Road project to G.L. Contracting, Inc. **Motion passed unanimously.***

IX. CITY ADMINISTRATOR REPORT

A. Accept Resignation of Planning/Zoning, Public Works Assistant Sandie Larson Effective December 31, 2005; Approve Sick Leave Health Premium Payment Policy

Adams stated he wanted to make it formal to announce Sandie Larson's retirement. She has banked sick leave, and per the health premium payment policy, it can be used to pay health insurance premiums.

*Moved by Smith, seconded by Brinkman, to accept the resignation of planning/zoning, public works assistant Sandie Larson, effective December 31, 2005 and to approve sick leave health premium payment policy. **Motion passed unanimously.***

B. Approve Job Description for Administrative Assistant (Planning/Public Works) and Posting of Position Opening

Adams stated the job description has been changed a little, and will ultimately be more of an elevated position. He noted the title has been changed.

*Moved by Smith, seconded by Weir, to approve the job description for administrative assistant (planning/public works) and posting of position opening. **Motion passed unanimously.***

**C. Final Pay Request to Ebert Construction (Hamel Community Building);
Final Change Order**

Adams stated the final pay request is in the packet. The change order involves a conduit repair that he is comfortable with the City paying half the expense and Qwest will pay the other half.

*Moved by Weir, seconded by Smith, to approve the final pay request to Ebert Construction (Hamel Community Building); final change order. **Motion passed unanimously.***

D. Schedule Special Budget Work Session; Discussion of Regular Council Meeting Location Change

Adams stated he prefers a meeting time of 6:00 p.m. for a work session for the 2006 budget preparation.

Workman suggested the next two meetings on July 19 and 26 start at 6:00 p.m. and go no later than 8:00 p.m.

*Moved by Smith, seconded by Weir, to approve work session on July 26 to start at 6:00 p.m. and go no later than 8:00 p.m. **Motion passed unanimously.***

Adams said the said City Hall will be renovated and meetings will likely need to be changed. The timeline is unknown, therefore a motion is not needed at this point.

X. MAYOR & CITY COUNCIL REPORTS

Workman said there are some issues regarding paying for improvements on the south service road on the Ryan site. Staff is involved in negotiations, as is Chad Adams and Ron Batty. He said he is looking to them to come up with a resolution that is global and encompasses all. He said it looks like the pieces are coming together. He noted if the numbers do not come together, Ryan could walk away from the project.

Smith pointed out it is a difficult site to build on.

Workman asked how the plans are for Valvoline. Lorsung answered the plans have been forwarded to Corporate. Being a corporate store, it takes more time to get the information back. She said there is nothing she can do to expedite the process.

Cavanaugh mentioned the stadium issue. Some cities are making resolutions regarding a decision on Hennepin County putting through a stadium bill. He stated he feels strongly about this issue, and prefers they put it through a referendum.

Smith agreed and said she does not think it should be done without a referendum.

Workman suggested adding this to the next agenda for discussion. This will allow time to complete research if there is an interest in doing so.

Lorsung updated the Open Space Planning Schedule. She said she was able to schedule Judy Westerlund with the Minnehaha Creek Watershed District for a presentation this fall. Ms. Westerlund was instrumental in Open Space Planning. She will give a presentation when all three bodies can hear her at once.

XI. APPROVAL TO PAY THE BILLS

Moved by Weir, seconded by Smith, to approve the bills, order check numbers 028099-028152 for \$173,463.01, and payroll check numbers 019339-019361 for \$25,869.99.

Motion passed unanimously.

XII. ADJOURN

*Moved by Smith, seconded by Cavanaugh, to adjourn the meeting at 8:52 p.m. **Motion passed unanimously.***

Bruce D. Workman, Mayor

Attest:

Chad M. Adams, City Administrator-Clerk