

CITY OF WACONIA
September 19, 2016

Pursuant to due call and notice thereof, the regular meeting of the City Council of the City of Waconia was called to order by Mayor Jim Sanborn at 6:00 p.m. The following members were present: Jim Sanborn, Kent Bloudek, Lynn Ayers, Marc Carrier. Absent: Charles Erickson.

Staff Present: Susan Arntz, Lane Braaten, Craig Eldred, Ann Meyerhoff, Nicole Lueck, Angel Smith.

Visitors: Chad Stiernagle, Leland Otto.

Pledge of Allegiance was led by Mayor Sanborn.

ADOPT AGENDA: Motion by Carrier, seconded by Ayers to adopt the agenda as presented. All present voted aye.
MOTION CARRIED.

VISTOR'S PRESENTATION: None

PUBLIC HEARING - Lion's Field Grandstand Project Bonds: Mayor Sanborn called the Public Hearing to Order. Nicole Lueck stated that on August 15, 2016 the City Council approved resolution 2016-174 providing for the issuance of a lease with option to purchase totaling \$1,220,000 for the construction of a baseball grandstand at Lion's Field. The City budgeted to issue debt for approximately 87% of the total estimated project costs of \$1,410,122. The project costs not being paid with the lease with option to purchase are being paid with donations and contributions paid in advance of the project from the Waconia Baseball Association and Waconia Lion's Club. The lease with option to purchase will be repaid with a combination of continued donations and contribution from these two parties along with a special debt levy that will start being assessed to taxpayers in 2017.

With the Council's approval for the issuance of the lease, Ehlers, Inc. the City's consulting financial advisors, assisted staff in the next steps in the issuance process which included a request for proposal. In addition, City staff, engineers, and legal counsel are working on subdivision of the parcel as well as ground lease and other documents that will need to be finalized and approved when the lease closes on or about October 14th.

Lueck reminded the Council that we are required to hold a Public Hearing and no public comments were received.

Motion by Carrier, seconded by Bloudek to Close the Public Hearing on the Lion's Field Grandstand Project Bonds. All present voted aye. **MOTION CARRIED.**

Todd Hagen from Ehlers came forward to present the Sale Day Report. He explained that the proposed issue includes funding to finance the construction of a new grand stand for the baseball field in the City. Many local banks were solicited and a few more added that do this type of leasing. 7 Bids came back. First Resource Bank, Lino Lakes, Minnesota came in with the lowest bid at 2.0899%. He added that the City's cash contribution decreased due to the lower costs of issuance and the closing date is set for October 20, 2016.

Motion by Carrier, seconded by Bloudek to Adopt Resolution No. 2016-191, Authorizing Lease Purchase Financing and Entering into a Lease-Purchase Agreement. All present voted aye. **MOTION CARRIED.**

ADOPT CONSENT AGENDA

- 1) Approve September 2, 2016 City Council Meeting Minutes.
- 2) Authorize Payment of September 19, 2016 Expenditures.
- 3) Motion to Approve Pay Request No. 2 to Shaw Construction for the Lion's Field Grandstand Construction Management Contract.
- 4) Motion to allow Use of Parking Lot for Waconia Brewing C., September 25th..
- 5) Adopt Resolution No. 2016-185, Authorizing Staff to Prepare and Submit for Internship Grant with the Minnesota Government Finance Officers Association for 2017 Budget Year.

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- 6) Adopt Resolution No. 2016-186, Approving the Steep Slope Permit Request for Property located at 211 Lakeview Terrace Blvd.
- 7) Adopt Resolution No. 2016-187, Approving Variance Request by Leland Otto.
- 8) Adopt Resolution No. 2016-188, Accepting The Resignation of Firefighter Michael Schnedler and Authorizing Recruitment.

Council Member Bloudek requested that item #7 be removed from the Consent Agenda for further discussion. Motion by Bloudek, seconded by Carrier to Adopt the Consent Agenda as amended. All present voted aye. **MOTION CARRIED.**

COUNCIL BUSINESS

Reversal of Utility Bill Penalty Fees for 16 1st Street West: Nicole Lueck reminded the Council that at the City Council meeting on Tuesday, September 6th, the City Council made a motion requesting the State Bank of Hamburg pay for the usage charges for utility service at 16 1st Street West (formally Waconia Lanes). When the total utility service bill was paid in full (total due \$2,185.22), the water service could be reconnected. The remaining balance on the utility account for penalties and fees would still be due until the Council could have additional discussion regarding reversal of the fees. The total penalty and fees is \$1,705.61; this including \$140 for shut off and door hanger fees along with \$1,565.61 for penalties due to non-payment.

The City has been faced with foreclosures and termination of service due to nonpayment in the past. In most instances, City staff is able to work with the property owner on a payment arrangement and fees are not forgiven. City staff is not statutorily able to remove penalties and fees set by City ordinance unless they were charged in error or not accordingly to ordinance. Only the City Council is able to remove or amend established charges for services.

Lueck referred to recent cases when the property owner asked for forgiveness of utility fees. In the two most recent cases, that were residential, the Council denied the request.

The State Bank of Hamburg has made the request to have the penalties and fees forgiven on the account so they can quickly get the property cleaned and on the market. They are also looking to minimize their financial lose with this property foreclosure. They recently took over the property on August 22nd and are just starting the property rehabilitation work.

Lueck stated that staff has prepared the request for action to deny reversal of the utility bill penalty fees in accordance with City ordinance.

Motion by Carrier, seconded by Bloudek to Deny Resolution 2016-190, Approving Reversal of Utility Bill Penalty Fees for 16 1st Street West, Property Owner: State Bank of Hamburg. All present voted aye. **MOTION CARRIED.**

2017 Preliminary Levy: Nicole Lueck stated that Staff has prepared the preliminary 2017 budgets for all departments in the general fund. The City is required to set a preliminary levy by September 30th each year. The preliminary levy may not be increased. To date, the City Council has worked through most of the general fund and debt service funds in a series of work sessions in August and September. Additional work sessions are scheduled to review those budgets not affected by the general fund preliminary levy. Budgets that are still being reviewed in work sessions this fall include the PIR Capital Project, Capital Equipment, Safari Island, Ice Arena, Water, Sewer, Storm Water, and Street Light utility budgets. A final general fund review will be scheduled for a work session in November. At that time, the City Council will need to establish the final budget and levy for 2017. The final budget and levy is scheduled for approval at the City Council meeting on Monday, December 12, 2016.

Lueck reminded City Council that they reviewed the latest updates to the City's financial model and preliminary general fund budgets for 2017 at a work session on Tuesday, September 6, 2016. Staff reviewed with the Council the property market

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value and tax capacity information determined by Carver County. From last year, the overall taxable market value has increased approximately \$32,261,200 or 2.71% and subsequent tax capacity increased approximately \$442,737, or 4%. Carver County has reported that the average home in Waconia is seeing an approximate decrease in market value of 1.02%.

For the preliminary levy, staff has recommended an increase in the general property tax levy of \$500,000 or 13.2% from the 2016 level for a total levy of \$4,280,068, with a strong focus in the following areas: review of future staffing needs for fire service, continued contributions for replacement of capital projects and equipment, and maintaining the 2016 fund balance levels in the general fund. The preliminary general property tax levy amount does not include \$5,539 in local government aid payable to the City in 2017. The City's local government aid allocation significantly decreased from the amount received in 2016. The total amount received in 2016 was \$95,780.

The special debt levy is increasing from the 2016 level due to the issuance of the 2016A general obligation bonds issued for the 2016 infrastructure improvements and equipment purchases in addition to the lease bonds to be issued for the construction of the baseball grandstand at Lion's Field. The total special debt levy is increasing from \$2,727,466 to \$3,245,609.

The overall net levy to tax payers is preliminarily increasing from 2016 levels by 16.0%.

Motion by Ayers, seconded by Bloudek to Adopt Resolution No. 2016-189, Adopting the 2017 Preliminary Levy. All present voted aye. **MOTION CARRIED.**

ITEMS REMOVED FROM CONSENT AGENDA:

Variance Request by Leland Otto: Lane Braaten addressed the Council saying that the City has received a Variance Application from Mr. Leland Otto (the "applicant") to locate a 170 sq. ft. utility shed/accessory building 9 ft. from the side (north) lot line of his property located at 509 Pine Street South without constructing an improved driveway access required by City Code. The variance request is necessary as Section 900.06, Subd. 1.C. Accessory Structures, Recreational Vehicles and Other Matters requires that any accessory structure exceeding 144 square feet provide an improved driveway access to a public street. Further, the applicant is requesting a reduced side yard setback of 9 ft. versus the 10 ft. minimum requirement stated in City Code.

The R-5, High Density Residential District dictates that utility sheds/accessory buildings are a Permitted Accessory Use: "*Same as R-1 District.*" As such, seeing as there are no specific standards in the R-5 zoning district applying to utility buildings, is it staff's interpretation that the utility building setbacks indicated in the R-1 section of the City Code would apply to this application as the current use of the property is single-family residential. The applicant is proposing to locate the shed 9 ft. from the north/side lot line within the backyard of the property. It appears all other setbacks will be met for said structure.

The proposed 170 sq. ft. utility shed/accessory building is in compliance with the height stated in the City Code. A variance is necessary as the applicant plans to exceed 144 sq. ft. without providing a driveway access to a public street.

The subject parcel is approximately 6,534 sq. ft. in total area, which allow for a maximum accessory structure floor area of 1,000 sq. ft. Currently the applicant has a 96 sq. ft. utility shed in the rear yard. The addition of another 170 sq. ft. of accessory building would be in compliance with the accessory structure lot area requirements stated in City Code.

The applicant is proposing a poly-covered shed/accessory structure with metal internal framing. The relevant sections of the City Code only prohibit metal utility buildings and make no further comment regarding other acceptable or prohibited materials, so the proposed poly material is compliant with City Code requirements.

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Public notice was published in the WACONIA PATRIOT on July 21st, 2016 and posted at Waconia City Hall. Individual notices were mailed to property owners within 350 feet of the subject parcel. As of the time and date of this report staff has not received any comments regarding this application.

Braaten state that the Planning Commission held the required public hearing on August 4th, 2016 and further reviewed the application on September 1st, 2016 and recommended approval of the variance request submitted by Mr. Leland Otto via a 4-0 vote.

If the City Council chooses to approve the shed variance submitted by Mr. Otto, the Planning Commission and City staff would recommend the approval upon the following conditions:

- 1) The utility shed/accessory building be constructed as proposed and as conditionally revised by the Planning Commission and City Council.
- 2) All applicable permits are applied for by the applicant with all supporting documentation and issued prior to the start of construction.
- 3) The utility shed shall be located a minimum of 9 ft. from the north property line and meet all other setback requirements.
- 4) The applicant contact City staff upon completion of the project to verify all conditions set forth in the granting of the variance have been met.
- 5) The variance request shall become void unless acted up within one year of the date of formal approval by the City Council.

Council discussed the request bringing up the following concerns:

- Character of the neighborhood
- One of the criteria for the variance is not being met
- Utility verses an accessory building
- Materials being used
- Size of the structure

Mr. Otto addressed the Council and stated that the reason he is asking for this size structure is because it is the only size it came in and he wanted enough room to store all of his equipment and not have an issue when trying to get something out. He also expressed that he is not having an problems with the neighbors on this.

Council Member Bloudek asked why he choose this type of material or design

Mr. Otto responded that the structure is very strong with big pipes and he intends to enhance it to make it stronger. If there is a concern with the material and after a winter if the council isn't happy he would change it and put up a steel roof and vinyl siding.

Braaten suggested to Council Member Bloudek with his concerns about the materials maybe table the item which would enable further discussion with the applicant.

Council Member Bloudek responded that he is not comfortable with the appearance, the size without a driveway. A lot of other issues will arise. Many more people would put these up also. He is concerned if that is what we want in our city. We have our ordinances and there is reason to follow them unless we want to change them.

Council Member Carrier shared the same concerns in regards to the materials and understands that it is not prohibited by current ordinance. It may warrant further discussion going forward to take a look at the ordinance. He also expressed concern about the size.

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Council Member Bloudek stated the applicant should come forward with a different proposal that would meet with the City Ordinance.

Motion by Bloudek, seconded by Carrier to deny Resolution No. 2016-187, Approving Variance request by Leland Otto.

Susan Arntz stated that as she understands it there is a motion to deny the resolution as written. She suggested an alternative to table the issue giving Braaten and Mr. Otto time to have further discussion before the October 3rd meeting with some possible alternative.

Council Member Bloudek retracted his motion to deny, seconded by Carrier.

Motion by Bloudek, seconded by carrier to table Resolution 2016-187. All present voted aye. **MOTION CARRIED.**

STAFF REPORTS:

Nicole Lueck gave a brief review of work that was done by summer staff in the finance department.
Sgt. James Clark gave an update on Public Safety Efforts being done in Carver County.

BOARD REPORTS:

Councilmember Erickson – Absent
Councilmember Bloudek – Attended the Park and Recreation Meeting.
Councilmember Carrier – No Report
Councilmember Ayers – Attended the Chamber Board Meeting
Mayor Sanborn – Expressed how wonderful Nickle Dickle Day was.

ANNOUNCEMENTS: None

ADJOURN:

Motion by Ayers, seconded by Carrier to adjourn the meeting at 7:32 p.m. All present voted aye. MOTION CARRIED

Jim Sanborn, Acting Mayor

ATTEST: _____
Ann Meyerhoff, Office Assistant