

MINUTES OF A REGULAR MEETING OF THE  
INDEPENDENCE CITY COUNCIL  
TUESDAY, FEBRUARY 28, 2017 –7:30 P.M.

1. CALL TO ORDER.

Pursuant to due call and notice thereof, a regular meeting of the Independence City Council was called to order by Mayor Johnson at 7:30 p.m.

2. PLEDGE OF ALLEGIANCE.

Mayor Johnson led the group in the Pledge of Allegiance.

3. ROLL CALL

PRESENT: Mayor Johnson, Councilors McCoy, Spencer and Grotting

ABSENT: Betts

STAFF: City Planner & City Administrator Mark Kaltsas, City Administrative Assistant Horner, City Attorney Vose

VISITORS: WHPS Director Gary Kroells, Dale Hoikka, Lynda Franklin

4. \*\*\*\*Consent Agenda\*\*\*\*

All items listed under Consent Agenda are considered to be routine by Council and will be acted on by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

- a. Approval of City Council minutes from the January 24, 2016 Regular City Council Meeting.
- b. Approval of City Council minutes from the February 1, 2017 Special City Council Meeting.
- c. Approval of the City Council minutes from the February 9, 2017 Special City Council Meeting.
- d. Approval of Accounts Payable; Checks Numbered 16895-16926 and 16943-16989 (Check Numbered 16972 was voided). For Information Checks Numbered 16879-16894 and 16927-16942 are Payroll Checks.
- e. Approval of the Non-City Assembly Permit for the Tour de Tonka Bike Ride on August 5, 2017.
- f. Approval of an Amendment to the LMCC Joint Powers Agreement.

**Motion by Grotting, second by McCoy to approve the Consent Agenda. Ayes: Johnson, Grotting, and Spencer. Nays: None. Absent: Betts. MOTION DECLARED CARRIED.**

5. SET AGENDA – ANYONE NOT ON THE AGENDA CAN BE PLACED UNDER OPEN/MISC.

6. REPORTS OF BOARDS AND COMMITTEES BY COUNCIL AND STAFF

**Spencer attended the following meetings:**

- Met with Ende/ Public Works
- City Council Workshop February 1<sup>st</sup>
- City Council Meeting/Work Session February 9<sup>th</sup>
- Planning Commission Meeting

- Sensible Land Use Coalition Luncheon

**Grotting attended the following meetings:**

- Sensible Land Use Coalition Meeting
- Leadership Conference for LMC
- City Council Workshop February 1<sup>st</sup>
- City Council Meeting/ Work Session February 9<sup>th</sup>
- LMCC Meeting
- Tour of the Metropolitan waste disposal site in St. Paul
- Citizens Academy

**McCoy attended the following meetings:**

- City Council Workshop February 1<sup>st</sup>
- City Council Meeting/ Work Session February 9<sup>th</sup>
- Orono Schools Breakfast Presentation

**Betts attended the following meetings:**

**Johnson attended the following meetings:**

- Sensible Land Use Committee Meeting x 2
- Police Commission Meeting
- Community Action Partnership Suburban Hennepin County Board Meeting x 2
- Experienced Officials Conference
- National League of Cities Conference Call
- Love INC. Heartland Annual Meeting
- Hennepin County Board of Commissioners Interview
- City Council Workshop February 1<sup>st</sup>
- City Council Meeting/ Work Session February 9<sup>th</sup>
- Orono Healthy Youth Meeting
- Maple Plain Fire Department Meeting
- St. Paul Mayor's Reception at the Winter Carnival
- NW League of Municipalities Meeting
- WeCAN Fundraiser breakfast
- Regional Council of Mayors Meetings x 2
- Orono School Board Meeting
- Delano School Board Meeting
- West Hennepin Chamber of Commerce AED Training
- Drug Task Force Award Presentation
- Orono Foundation Meeting
- Hennepin County Healthy Living Meeting
- 4 Community Theatre Play

**Horner attended the following meetings:**

- Met with Jim from LMCC about monitor
- Met with Loffler representative about contract
- City Council Workshop February 1<sup>st</sup>
- City Council Meeting/ Work Session February 9<sup>th</sup>

**Kaltsas attended the following meetings:**

- Annual Loretto Fire Department Meeting
- City Council Workshop February 1<sup>st</sup>
- City Council Meeting/ Work Session February 9<sup>th</sup>

\*Vose added that the League of Minnesota Cities Director Tom Grundhoefer passed away unexpectedly and his funeral would be on Monday, February 27, 2017.

**7. JOE BAKER, CHAIRMAN OF THE PIONEER SARAH CREEK WATERSHED MANAGEMENT COMMISSION- PSCWC PROJECT UPDATES**

Baker said the goal was to the phosphorus in Lake Sarah by 143 lbs. per year and 535 lbs. per year for Lake Independence. He said there are a number of opportunities in the City to hold back runoff and improve water quality. Baker summarized the action plan for 2017:

- a) Work with the County on buffer strips
- b) Move the Baker Park Ravine Partnership project forward and into the grant process
- c) Consider further feasibility study of a large scale Iron Enhanced Sand filter project
- d) Identify more willing landowners to explore further BMP's
- e) The City Council will be considering how best to implement the PSCWMC recommendations regarding manure management
- f) Continue to support the PSCWMC as a functioning WMO to achieve our City's water related objectives

Johnson asked if the City of Maple Plain was asked to share in the costs of the studies and projects. Baker said they will most likely become a partner in the future. Johnson asked if the ravine along Budd Street made any measurable difference. Baker noted a lot of the changes that will help will be behavioral changes and manure management. Baker said the Selstad property is being looked at for a feasibility study as well and more information will be provided on that at a later date.

Johnson said he appreciated Baker taking the time to get together with Koch's. Spencer said the City is well-served by volunteers like Baker.

**8. DIRECTOR GARY KROELLS, WEST HENNEPIN PUBLIC SAFETY - ACTIVITY REPORT FOR THE MONTH OF JANUARY, 2017.**

\*for a complete activity report for the month of January 2017 see the City Council packet\*

Kroells noted that Independence had 337 incidents which is an increase of 43 incidents over last year.

**9. COREY OEFFLING (APPLICANT / OWNER) REQUESTS THAT THE CITY CONSIDER THE FOLLOWING ACTIONS FOR THE PROPERTY LOCATED AT 5215 SUNSET LANE (PID NO. 01-118-24-31-0002) IN INDEPENDENCE, MN:**

- a. **RESOLUTION 17-0228-01** Considering a variance to allow a reduced front and side yard setback. The setback reductions would permit the construction of a new attached garage and front porch.

Kaltsas said the Planning Commission initially reviewed this request in November of 2016. At

that time the applicant did not have an official survey of the property and was asking the Planning Commission to consider a variance for a reduced front and side yard setback. The initial request made to the City included the following proposed setbacks from the front and side yards:

Front Yard Required: 85 feet from centerline of road.

Front Yard Proposed: 45 feet from centerline of road  
Variance: 40 feet

Side Yard Required: 30 feet (existing home is located 19.7 feet from side property line)

Side Yard Proposed: 16 feet  
Variance: 14 feet

The Planning Commission reviewed the request and recommended approval subject to the applicant obtaining a certified survey for the property to verify the proposed setbacks. The applicant commissioned the survey and upon review of the proposed setbacks in relation to the property lines determined that the garage would be considerably closer to the side lot line. In light of the survey findings, the applicant is now proposing the following setbacks for the garage addition:

Front Yard Required: 85 feet from centerline of road.

Front Yard Proposed: 42.1 feet from centerline of road  
Variance: 42.9 feet

Side Yard Required: 30 feet (existing home is located 19.7 feet from side line)

Side Yard Proposed: 8.7 feet  
Variance: 21.3 feet

Kaltsas said due to the discrepancy between the setbacks initially considered by the Planning Commission and the newly proposed setbacks, it was necessary for the variance to be reconsidered by the City. The applicant is proposing a side yard setback of 8.7 feet from the west property line versus the originally proposed 16 feet. The applicant is proposing a front yard setback of 42.1 feet from the centerline of the road versus the originally proposed 45 feet. There are several additional considerations that should be noted by the City when reviewing this request:

1. There is a narrow strip (30-foot-wide drainage and utility easement) of “unbuildable” land directly adjacent to the side property line that would be closest to the proposed structure (see depiction below). This land is part of a larger parcel owned by a neighboring property to the east of the subject property. The owner of the strip of land has provided a letter to the City stating that they do not object to the requested variances. The 30 foot wide parcel provides access to the lakeshore for the property that owns the strip. That properties access to the lake is otherwise

limited due to an existing wetland.

2. The existing home will maintain an approximate 83-foot setback from the east property line. The City has historically considered the combined side yard setback of a parcel as one metric to ensure adequate access around the property.

The applicant would like to construct a new front porch and attached garage on the property. There is currently an existing home located on the property. The existing home has an attached garage that is located below the living area and accessed through the lower level. The applicant recently acquired the home from his father and would like to construct a new attached garage in a location and at an elevation that would allow access into the home at the main living level. The lot slopes from west to east in a manner that would make it difficult to construct an addition that could be accessed at the main living level grade.

There are several factors to consider relating to granting a variance. The City's ordinance has established criteria for consideration in granting a variance.

520.21. Standards for granting variances. Subdivision 1. The City Council may grant a variance from the terms of this zoning code, including restrictions placed on nonconformities, in cases where: 1) the variance is in harmony with the general purposes and intent of this zoning code; 2) the variance is consistent with the comprehensive plan; and 3) the applicant establishes that there are practical difficulties in complying with the zoning code (Amended, Ord. 2011-08)

Subd. 2. An applicant for a variance must demonstrate that there are practical difficulties in complying with the zoning code. For such purposes, "practical difficulties" means:

- (a) The property owner proposes to use the property in a reasonable manner not permitted by the zoning code;
- (b) the plight of the property owner is due to circumstances unique to the property not created by the landowner;
- (c) the variance, if granted, will not alter the essential character of the locality.

Economic considerations alone do not constitute practical difficulties. Practical difficulties include, but are not limited to, inadequate access to direct sunlight for solar energy systems. (Amended, Ord. 2011-08)

Subd. 3. The City Council shall not grant a variance to permit a use that is not allowed under the zoning code based on the zoning classification of the affected property. (Amended, Ord. 2011-08)

520.23. Conditions and restrictions. The board of adjustments may recommend and the City Council may impose conditions on a variance. Conditions must be directly related to and must bear a rough proportionality to the impact created by the variance. (Amended, Ord. 2011-08)

Consideration of the criteria for granting a variance:

- a. The applicant is proposing to use the property in a manner consistent with the Rural Residential District. The property is wooded and positioned in a way that would reduce the impact of the proposed garage addition. The neighborhood surrounding this

property has a wide array of property types with varying setbacks from the front and side yard setbacks. The applicants have attempted to locate the building in a manner that they feel would reduce or mitigate impacts to the surrounding properties.

- b. The character of the surrounding area is residential. The applicant is proposing to update the existing home with a new front porch. The applicant is also trying to construct a new garage that is at the same level as the main living area of the home. Currently the only access to the home from the garage is through the basement.
- c. The proposed variance would allow the expansion of a residential structure which is in keeping with the City's comprehensive plan.
- d. The existing home is located approximately 19 feet from the side property line and would be considered a non-conforming structure. The applicant could construct a detached garage that would be permitted to be located within 15 feet of the side property line.
- e. The elevation of the house and overall lot makes it difficult to locate a garage to the east of the existing home without significant changes being made to the grade. The applicant believes that the impact from those changes would be more significant to the surrounding properties than the plan which is proposed.
- f. The applicant is proposing to construct a new front porch on the existing home. The front porch would encroach into the required setback approximately 10 feet. The City could grant a variance for the porch separately if the proposed garage is not recommended for approval.

The City will need to determine if the requested variances for a reduced front and side yard setback meet the requirements for granting a variance.

Kaltsas said the applicant has spoken with the surrounding property owners and stated that he generally received support of the requested variance. The City received a letter from the property owner of 5175 Sunset Lane (owner of the adjacent strip of land to the west) stating that they support the requested variances.

Kaltsas said Commissioners discussed the proposed variances and asked questions of staff and the applicant. Commissioners confirmed the width of the adjacent strip of land and it was noted that it is 30 feet in width. Commissioners asked if the proximity of the proposed garage to the road would cause any issues with maintenance and plowing of the road. Staff confirmed that the City had reviewed the proposed garage and believes that the setback allows for adequate maintenance of the City's right of way and infrastructure. Commissioners asked if any additional screening of the proposed garage should be required by the City. The applicant noted that he is planning on maintaining the majority of the existing trees located near the property line. In addition, the applicant stated that he would like to plant additional screening to block headlights from getting to the home. Commissioners were satisfied that the City did not need to require additional screening for the proposed garage. Commissioners found that the criteria for granting a variance had been met and recommended approval of the variances to the City Council subject to the findings and

conditions noted in this report.

The Planning Commission recommended approval of the requested Variances with the following findings and conditions:

1. The requested variances meet all applicable conditions and restrictions stated in Chapter V, Section 520.19, Procedures on variances, in the City of Independence Zoning Ordinance.
2. The requested variances were found to meet the criteria for granting a variance due to the following conclusions:
  - a. The proposed garage and front porch improvements are in keeping with the character of the surrounding neighborhood
  - b. The proposed property improvements will allow the property to continue to be used in a manner consistent with the comprehensive plan.
  - c. The grade of the property and the proximity of the home to the property lines is a unique condition to this property.
3. The requested variances will allow the construction of the proposed garage, mud room and porch in accordance with the approved site plan only (the site plan will become an exhibit of the resolution).

The approved setback variances shall be as follows:

- a. Front Yard: 42.9 feet
  - b. Side Yard: 21.3 feet
4. The Applicant shall pay for all costs associated with the City's review of the requested variances.
  5. Any future improvements or expansion of the structure will need to be in compliance with all applicable standards relating to the Rural Residential zoning districts.

Spencer asked if the intention was to do a tuck-under garage. Kaltsas said he was not sure but noted this was the applicant's father's home and he was trying to update it and make it more usable. Spencer said that the way it sits now any car going around the curve would mean there are lights shining in the windows. He said by putting in a garage that could hide or block the lights from cars which would be an improvement. Grotting asked about the inventory of the surrounding properties in relation to setbacks. Kaltsas stated there are other properties that have similar setbacks. Grotting noted there was no change in the existing driveway. Kaltsas said that was a correct statement.

**Motion by Spencer, second by Grotting to approve RESOLUTION 17-0228-01 for a variance to allow a reduced front and side yard setback for the property located at 5215 sunset lane (PID no. 01-118-24-31-0002) in Independence, MN. The setback reductions would permit the construction of a new attached**

garage and front porch. Ayes: Johnson, McCoy, Spencer and Grotting. Nays: None. Absent: Betts.  
**MOTION DECLARED CARRIED.**

10. HOIKKA CONSTRUCTION (APPLICANT) AND BEAU' SELLE STABLE (OWNER) REQUEST THAT THE CITY CONSIDER THE FOLLOWING ACTIONS FOR THE PROPERTY LOCATED AT 1060 COPELAND ROAD (PID NO. 29-118-24-31-0003) IN INDEPENDENCE, MN:

- a) **RESOLUTION 17-0228-02** Considering an interim use permit to allow a temporary building that is greater than 5,000 SF in association with the Commercial Riding Stable permitted as a conditional use permit on the subject property.

Kaltsas said the property is located on the east side of Copeland Road, north of CSAH 6. The property has an existing home, large barn, and several smaller barns and accessory structures. There are several large pasture areas and a large area with existing tree coverage. In the Fall of 2016, the City considered and granted a conditional use permit to allow the expansion of the existing detached accessory building (barn) to be greater than 5,000 square feet and a commercial riding stable on the subject property. At that time the owner anticipated commencing construction of the barn expansion in the fall and winter of 2016/2017. The construction of the barn expansion has not occurred and in January of 2017 the owner approached the City about constructing a temporary indoor riding arena on the property. The City noted that the applicant could construct a temporary or permanent building on the property as long as it was less than 5,000 square feet in overall size. The applicant recently acquired a steel frame "dome" style building that is approximately 12,000 square feet in overall size. The applicant inquired about erecting the building as a temporary structure until the permanent barn expansion is completed. The City noted that the applicant could construct a portion of the accessory structure (up to 4,999 square feet) without needing a conditional or interim use permit.

The applicant has already constructed a portion of the proposed temporary building. The portion of the building that has been constructed is less than 5,000 square feet in overall area. Properties greater than 10 acres in overall size do not have a limitation on the total square footage permitted for accessory buildings. The applicant is seeking approval to construct and utilize a temporary 12,000 square foot building for a period of one year from the date of approval or six months following the completion of the permanent indoor riding arena. This would allow the applicant time to complete the construction of the permanent barn expansion on the property. The interim use permit would expire six months following the completion (issuance of an occupancy permit) of the barn expansion or one year from the City Council date of approval, whichever occurs first.

The City has two ways that it could consider allowing the temporary building to be constructed. The City could amend the existing conditional use permit or grant a new interim use permit. In this situation, the City recommended that the applicant apply for an interim use permit. Interim use permits are limited to an event or date certain and allow the City to specify a clear date or event that will cause the interim use permit to end.

The City has the following criteria for granting an Interim Use Permit:

1. The use is deemed temporary and the use conforms to the development and performance standards of the zoning regulations.

2. The date or event that will terminate the use can be identified with certainty.
3. Allowing the use will not impose additional costs on the public if it is necessary for the public to take the property in the future.
4. The user agrees to any conditions that the city council deems appropriate for allowing the use.
5. The use meets the standards set forth in subsection 520.11 governing conditional use permits.

The City will need to determine if the requested interim use permit (IUP) meets all of the aforementioned conditions and restrictions. The temporary nature of the proposed detached accessory structure will mitigate long term impacts of the use. The proposed location of the structure on the property appears to reduce the adverse effects on this property or the surrounding properties.

The City has visited the site and discussed the operation of the proposed temporary detached accessory structure with the applicant. Given the location of the property on Copeland Road, the adjacent commercial riding stable (810 Copeland Road to the south), the orientation of the buildings and their relationship to the surrounding properties, it appears that the proposed application can be found to meet the requirements for granting an interim use permit to allow an accessory structure larger than 5,000 square feet on the property.

Kaltsas said should the City consider granting approval of the IUP, the following conditions should be considered:

1. The interim use permit shall expire six months following the completion (issuance of an occupancy permit) of the barn expansion or one year from the City Council date of approval, whichever occurs first.
2. All conditions of the conditional use permit for a commercial riding stable shall apply to the temporary use of the proposed accessory structure.
3. The City has not received any written or oral comments regarding the proposed interim use permit.
4. Commissioners discussed the requested interim use permit to allow a temporary accessory structure that is larger than 5,000 square feet. Commissioners asked staff if the proposed temporary building met the building code life safety requirements of a permanent building. Staff noted that the temporary building would be required to meet all applicable building code requirements for the proposed occupancy. Commissioners discussed the end date or event of the interim use permit and wanted to make sure that there was a clear date that the permit would terminate. Commissioners discussed and clarified that the applicant could construct multiple smaller accessory structures on the property as long as they were individually less than 5,000 square feet. Commissioners asked the applicant how long the construction of the permanent building would take and when they intended to commence construction. The applicant noted that they intended to commence construction when road restrictions are lifted in the spring of this year and that the expected construction time is 6-9 months. Commissioners confirmed that all conditions stated in the conditional use permit

for this property would apply to this use of the temporary accessory structure. Commissioners found that the requested IUP met the criteria established in the ordinance and recommended approval to the City Council.

5. Commissioners discussed the requested interim use permit to allow a temporary accessory structure that is larger than 5,000 square feet. Commissioners asked staff if the proposed temporary building met the building code life safety requirements of a permanent building. Staff noted that the temporary building would be required to meet all applicable building code requirements for the proposed occupancy. Commissioners discussed the end date or event of the interim use permit and wanted to make sure that there was a clear date that the permit would terminate. Commissioners discussed and clarified that the applicant could construct multiple smaller accessory structures on the property as long as they were individually less than 5,000 square feet. Commissioners asked the applicant how long the construction of the permanent building would take and when they intended to commence construction. The applicant noted that they intended to commence construction when road restrictions are lifted in the spring of this year and that the expected construction time is 6-9 months. Commissioners confirmed that all conditions stated in the conditional use permit for this property would apply to this use of the temporary accessory structure. Commissioners found that the requested IUP met the criteria established in the ordinance and recommended approval to the City Council.

Kaltsas said the Planning Commission recommended approval of the request for an interim use permit with the following findings and conditions:

1. The proposed interim use permit request meets all applicable conditions and restrictions stated in Chapter V, Section 510, Zoning, in the City of Independence Zoning Ordinance.
2. The interim use permit will include the following conditions:
  - a. The interim use permit shall expire six months following the completion (issuance of an occupancy permit) of the permanent barn expansion or one year from the City Council date of approval, whichever occurs first.
  - b. All conditions of the conditional use permit, regulating the use for a commercial riding stable, shall apply to the temporary use of the proposed accessory structure.
    - i. No expansion of the temporary detached accessory structure shall be permitted on the property without the further review and approval by the City.
3. The applicant shall pay for all costs associated with reviewing the application and recording the resolution.

Johnson noted the Resolution does not reference the square feet requirements. Kaltsas said that could be added.

**Motion by Spencer, second by McCoy to approve RESOLUTION 17-0228-02 granting an interim use permit to allow a temporary building that is greater than 5,000 SF but not over than 120000 SF in association with the Commercial Riding Stable permitted as a conditional use permit for the property located at 1060 Copeland Road (PID No. 29-118-24-31-0003) in Independence, MN. Ayes: Johnson, McCoy, Spencer and Grotting. Nays: None. Absent: Betts. MOTION DECLARED CARRIED.**

11. RANDALL AND MARGARET MASON (APPLICANT/ OWNER) REQUESTS THAT THE CITY CONSIDER THE FOLLOWING ACTIONS FOR THE PROPERTY LOCATED AT 3212 INDEPENDENCE ROAD (PID NO.S 13-118-24-22-0008, 13-118-24-22-0009, 12-118-24-33-0004, 12-118-24-33-0004) IN INDEPENDENCE, MN:

- a. **RESOLUTION 17-0228-03** Considering a minor subdivision to combine two lots into one lot.

Kaltsas said the subject property is located along Independence Road just north of Lindgren Lane. There are currently four tax parcels on this property due to the location of the section line which separates school districts.

The property has access onto Lake Independence.

In 2010 the previous owner of this parcel subdivided the original lot into two (2) buildable lots. The property was recently purchased by the applicants. They would like to combine the properties back into one (1) lot for the purpose of constructing a single-family home on the property. In discussing the property with the applicants, the City noted that structures constructed on the property would need to meet all applicable building setbacks from the existing property lines (cannot be constructed across property lines). In addition, the City noted that detached accessory structures could not be constructed on a lot without a principle structure. This would preclude the applicants from constructing a home on one side of the property and a detached accessory structure on the adjacent property. As a result of this information, the applicant made an application to the City for a minor subdivision to combine the two properties into one lot.

There are several unique aspects of this property that should be noted by the City during consideration of the application:

1. The property is bisected by a section line that separates the Delano and Orono School Districts. As a result, the property has four property identification (PID) numbers associated with the two lots. In the after condition, the property will still have two PID numbers, but only one buildable lot.
2. The previous owner paid for two sewer connections for the two properties. Any new home construction on this property will connect to the City's sewer on Independence Road.
3. There was a single-family home on this property that was razed by the previous homeowner. This property in the after condition can accommodate a new home and meet all applicable setbacks.

4. There is an existing driveway that provides access to this property from Independence Road.
5. The requisite drainage and utility easements will need to be re-dedicated based on the lot combination. The applicant shall provide the City with the requisite easement legal descriptions and execute the necessary documents to convey the required easements.

The proposed subdivision to allow a lot combination appears to meet all applicable standards of the City's zoning and subdivision ordinance. The combined lot will fit into the surrounding area and have minimal impacts on the surrounding properties.

The City has not received any written comments regarding the proposed subdivision or conditional use permit.

Planning Commissioners reviewed the request to combine the two existing properties. Commissioners found that the request was straight forward and met the criteria for a minor subdivision. Commissioners asked what would happen to the second sanitary sewer stub that was purchased by the previous property owner. Staff noted that the City did not install physical stubs along Independence Road and if the property ever subdivided in the future, the owner could request an additional connection. Commissioners recommended approval of the requested minor subdivision to permit a lot combination.

Kaltsas said the Planning Commission recommended approval for the requested Subdivision with the following findings:

1. The proposed subdivision to allow a lot combination meets all applicable criteria and conditions stated in Chapter V, Section 500, Planning and Land Use Regulations of the City of Independence Zoning Ordinance.
2. The Applicant shall pay for all costs associated with the City's review of the requested minor subdivision.
3. The Applicant shall record the subdivision and City Council Resolution with the county within six (6) months of approval.
4. The Applicant provides the legal descriptions and executes and records the requisite drainage and utility easements with the county within six (6) months of approval.

McCoy asked why there were not utility easements already on record for these lots. Kaltsas said the City did grant the easements but they were not recorded with the 2010 subdivision action. Kaltsas said the City is now doing the recordings.

**Motion by McCoy, second by Grotting to approve RESOLUTION 17-0228-03 considering a minor subdivision to combine two lots into one lot for the property located at 3212 Independence Road (PID No.s 13-118-24-22-0008, 13-118-24-22-0009, 12-118-24-33-0004, 12-118-24-33-0004) in Independence,**

**MN. Ayes: Johnson, McCoy, Spencer and Grotting. Nays: None. Absent: Betts. MOTION DECLARED CARRIED.**

12. CONSIDERATION OF APPROVAL OF THE 2017 FEE SCHEDULE RELATING TO QUARTERLY SEWER RATES:

- a. **RESOLUTION 17-0228-04** Considering an increase to the quarterly sewer access charge and annual availability charge.

Kaltsas said based on direction from the City Council at the December, 2016 and February, 2017 Workshops, and staff have prepared a rate increase for both the quarterly sewer access charge and annual sewer availability charge. The City initially commissioned the sewer rate study in 2015. Following an iterative and careful review of the information and possible rate increase scenarios, Council directed staff to bring forward a sewer rate increase. One of the primary discussion points during the evaluation of the sewer rates was how to address those users that are not currently connected, but have availability of the sanitary sewer.

Staff evaluated the total cost of maintain the system versus the total cost of operating the system. This was done in an effort to understand if the amount proposed to be charged to those properties that have stubbed connections was adequate to cover the cost of maintaining the system. It was found is that the cost to maintain the system divided by the total number of connected and stubbed users is actually substantially higher than the proposed availability charge. It is estimated that the cost to maintain the system would actually be \$755 per property per year.

	Sewer fixed expenditures
MCES	25,750.00
Depreciation	123,600.00
Repair and Maint.	20,600.00
Capital outlay	20,600.00
Insurance	3,170.00
Claim	520.00
Total	<u>194,240.00</u>
# of users	<u>257.00</u>
Annual per user cost	755.80

The City has developed a rate increase projection that will allow those users paying the availability charge a gradual rate increase over five years. At the end of the five years, all residents that use or have availability to City sewer will pay the same quarterly/annual rate. Based on the recommended rate increases, the City will be able to meet its target cash reserve goal by the year 2025.

The proposed 2017 rate increases will be as follows:

Connected Properties:

2016 (CURRENT): \$168 per quarter 2017  
(8% INCREASE): \$181 per quarter

Stubbed Properties:

2016 (CURRENT): \$32 per quarter 2017  
(231% INCREASE): \$74 per quarter

Kaltsas said it is anticipated that the City will reevaluate the sewer fund and potential rate increases annually to ensure a nexus between the rates charged and the cost of to provide the services to our residents. The City projects that additional rate increases will be necessary to ensure that the sewer fund continue to support the cost to operate and maintain the system. Should the City add additional users in the urban residential guided area, it is possible that reduced increases could be considered in the future.

The City Council is being asked to consider **RESOLUTION 17-0228-04** which would amend the City's current fee schedule based on the recommended sewer rate increases.

Johnson noted letters were sent out to residents and open houses were held to educate the public and answer any questions. Johnson said the auditors could be quoted as saying something had to be done with the sewer fund and the importance of acting now.

**Motion by Spencer, second by Grotting to approve RESOLUTION 17-0228-04 to authorize an increase to the quarterly sewer access charge and annual availability charge. Ayes: Johnson, McCoy, Spencer and Grotting. Nays: None. Absent: Betts. MOTION DECLARED CARRIED.**

**13. CONSIDER AN APPROVAL TO PURCHASE A NEW VEHICLE AND LAWN MOWER FOR THE PUBLIC WORKS DEPARTMENT.**

Kaltsas said a new vehicle and lawn mower were budgeted for Public Works in the 2017 budget. Ende found GMC Sierra 2500 for \$36,000 including tax. It is equipped to pull a trailer but not to plow at this point. Kaltsas noted local bids were accepted but could not compete with the bid from Nelson Auto Center out of Fergus Falls. Spencer said Kaltsas and Ende had spent lots of time researching the best deal and appreciates the due diligence.

**Motion by Spencer, second by McCoy to approve the purchase of the GMC Sierra 2500 per the bid received from Nelson Auto Center. Ayes: Johnson, McCoy, Spencer and Grotting. Nays: None. Absent: Betts. MOTION DECLARED CARRIED.**

Kaltsas said the City's current lawn mower will require \$1500-\$2000 in routine maintenance costs this year per Ende. Ende researched replacing the current mower with a Kubota diesel mower and having a larger 72" deck installed for mowing. Ende priced out John Deere and Kubota mowers and also trade valuations. Lano

had the most aggressive deal with a new Kubota tractor at \$12,900 with our trade-in. Kaltsas said the funds would come from the the Capital fund for Public Works equipment. Spencer said it makes sense with the savings we are making from not outsourcing our park maintenance mowing anymore.

**Motion by Spencer, second by Johnson to approve the purchase of the Kubota lawn mower per the bid received from Lano Equipment. Ayes: Johnson, McCoy, Spencer and Grotting. Nays: None. Absent: Betts. MOTION DECLARED CARRIED.**

14. DISCUSSION OF UPCOMING CITY COUNCIL MEETING DATES.

March meetings were discussed as Kaltsas and Johnson will be absent separate weeks. Kaltsas noted there will be a joint Meeting with the Planning Commission for the kick-off of the 2040 Comprehensive Plan. It was decided to cancel the March 14<sup>th</sup> meeting but to keep the March 28<sup>th</sup> meeting as scheduled.

**Motion by Spencer, second by McCoy to cancel the March 14, 2017 City Council meeting. Ayes: Johnson, McCoy, Spencer and Grotting. Nays: None. Absent: Betts. MOTION DECLARED CARRIED.**

15. OPEN/MISCELLANEOUS

16. ADJOURN

**Motion by McCoy, second by Grotting to adjourn at 9:25 p.m. Ayes: Johnson, McCoy, Spencer and Grotting. Nays: None. Absent: Betts. MOTION DECLARED CARRIED.**

Respectfully Submitted,

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Trish Bemmels/ Recording Secretary