

MINUTES OF A REGULAR MEETING OF THE
INDEPENDENCE CITY COUNCIL
TUESDAY, AUGUST 24, 2010 – 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, Council Members Betts, Spencer and Wenck.

ABSENT: Council Member Wallace.

STAFF: Clerk-Administrator Hirsch, Attorney Vose, Planner Kaltsas, Dave Callister from Ehlers Associates, Jim Atchinson and Phil Jensen from Hennepin County Assessor's Office.

VISITORS: Marietta Cady, Todd Long, Jim Smith, Lance Gyllenblad, Laura Nelson, John Conlin.

4. CONSENT AGENDA.

Approve:

- Council Minutes – July 27, 2010.
- Special Council Meeting Minutes – August 11, 2010.
- Second Quarter Report, as reported by ABDO.
- Budget 2010 update.
- Ordinance No. 2010-02 Amending Chapter 7, Subd. 705.14 Connection to Public Sewer System Required.
- Set Truth in Taxation meeting for Tuesday, December 14, 2010 at 6:30 p.m. to discuss the City's Budget and Levy for 2011.

Spencer removed Approval of Resolution No. 10-0824-04 granting a variance to allow for a temporary 32 square foot occasional sale sign to be located off premise for the Twin City Polo Club.

Betts removed Approval to review our contract with KDV for Audit year 2010.

Motion by Wenck, second by Spencer, to approve the consent agenda with the inclusion of typographical error corrections in the minutes. Ayes: Betts, Johnson, Spencer, Wenck. Nays: none. MOTION DECLARED CARRIED.

Approval to renew our contract with KDV for Audit year 2010

Betts expressed a concern about the high expense of the KDV audit quote. She noted ABDO does much of the preparation for the audit, which means KDV has less work to do during the audit.

Motion by Betts, second by Wenck, to request proposals for auditing services for the 2010 audit. Ayes: Betts, Johnson, Spencer, Wenck. Nays: none. MOTION DECLARED CARRIED.

Approval of Resolution No. 10-0824-04 granting a variance to allow for a temporary 32 square foot occasional sale sign to be located off premise for the Twin City Polo Club.

Spencer and Betts stated they opposed the resolution because of the concerns they discussed at the July 27 Council meeting.

Motion by Johnson, second by Wenck, to approve Resolution No. 10-0824-04. Ayes: Johnson, Wenck. Nays: Betts, Spencer. MOTION FAILED.

Vose stated the resolution will need to be on the Sept. 14 Council meeting agenda.

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

Johnson added the approval of a Large Assembly Permit.

6. REPORTS OF BOARDS & COMMITTEES BY COUNCIL AND STAFF

- Spencer: National Night Out, Planning Commission meeting, budget work session, Ben Anderson's mother's funeral.
- Wenck: Lake Minnetonka Communication Commission meeting, budget work session.
- Betts: Two National Night Out parties, Maple Plain Fire Commission meeting, Budget work session.
- Johnson: Five National Night Out parties, Minnehaha Watershed District meeting, funeral for Alice Soley, funeral for Sen. Klobachar's mother, Budget work session, Maple Plain Fire Department meeting, funeral for Officer Ben Anderson's mother, Community Action Partnership of Suburban Hennepin Finance Committee meeting, Homeless Workshop at the Hennepin County Library, League of Minnesota Cities Committee on Financial Accountability, Land Use Advisory Committee meeting, West Hennepin Pioneer Museum meeting, Orono School Board meeting, Greater Lakes Food Bank fundraiser.
- Hirsch: Budget work session, Maple Plain Fire Commission Meeting, meeting with Delano officials regarding utilities in the urban commercial district.

7. TODD LONG (PID #'S 24-118-24-13-0021 AND 24-118-24-12-0021) REQUESTS A MINOR SUBDIVISION TO ALLOW FOR A LOT COMBINATION OF PROPERTY ON BUDD STREET. RESOLUTION NO. 10-0824-10.

Kaltsas stated the applicant would like to combine two properties under the same ownership and address in order to construct one house across the existing property line separating the two subject lots. The two existing lots are considered lots of record, and as such, have individual building eligibilities in the before condition. The proposed lot combination will eliminate one of the existing building eligibilities. In the after condition, the combined lot would potentially be large enough to re-subdivide if the City's standards were to remain the same. Currently the City requires a minimum of 7.5 acres in the rural residential district to subdivide. In the after condition, there would be a total of one lot with lot 24-118-24-13-0021 being eliminated along with its building eligibility. The proposed lot line rearrangement does not appear to impact any of the subject properties as it relates to the current lot standards in the City's zoning ordinance. The criteria for subdivision of the property have been met and the combination should not create a situation where all applicable zoning standards cannot be met in their entirety. The lot has adequate frontage, setbacks and acreage to meet all applicable standards. The existing southern lot is split

into two guiding districts: rural residential and urban residential. During the public hearing, neighboring residents asked questions about the use of the property. The Planning Commission recommended approval of the requested subdivision and added the condition that the final plat include all the easements required by City Code.

Vose asked if the recommendations listed in the staff report include a final survey instead of a plat.

Kaltsas confirmed that the conditions for approval require a final survey, not a plat.

Johnson asked if the applicant was aware of the limitation on the number of horses in the rural residential district.

Kaltsas explained the applicant had indicated at the Planning Commission meeting he wants to use the property as a residence.

Motion by Betts, second by Wenck, to approve Resolution No. 10-0824-01. Ayes: Betts, Johnson, Spencer, Wenck. Nays: none. MOTION DECLARED CARRIED.

8. EHLERS & ASSOCIATES, DAVE CALLISTER – APPROVAL OF RESOLUTION NO. 10-0824-02 AUTHORIZING THE CITY TO ENTER INTO A CREDIT ENHANCEMENT AGREEMENT WITH THE MINNESOTA PUBLIC FACILITIES AUTHORITY.

Callister stated the proposed size of the bond issue is \$855,000, which will provide about \$819,000 in proceeds for the sewer project. The City intends to assess at least 20 percent of the project cost back to the benefiting property owners, which is included in the cash flows for the project. There are carrying costs with the number of connections of about \$15,000 per year, which would need to be paid out of sewer revenues or property taxes. That amount is included in the proposed 2011 budget. The proposed assessments charge property owners 2 percent more than the bond interest rate. About 75 percent of the project is special assessments and 25 percent is sewer revenues. The bond would have a 15-year term and be callable in 2018 and could be paid off or refinanced at that time. The State is backing City sewer project revenues with its credit rating. For a \$500 application fee, the City can use the State's AAA rating.

Johnson asked if the program was new.

Callister explained the program is a couple of years old.

Betts asked if the credit enhancement program was different than the Build America Bonds.

Callister responded the programs are different. Build America Bonds are typically larger amounts and longer terms.

Callister stated the Credit Enhancement Program will help the City receive a good interest rate. The proposed sale date of the bond is September 20, 2010. Historically the bond market interest rates are low.

Spencer asked if there were any other costs besides the \$500 for the Credit Enhancement Program.

Callister responded there is a \$500 application fee and a Standard and Poor's rating fee of \$2,280.

Motion by Wenck, second by Betts, to approve Resolution No. 10-0824-02. Ayes: Betts, Johnson, Spencer, Wenck. Nays: none. MOTION DECLARED CARRIED.

9. EHLERS & ASSOCIATES, DAVE CALLISTER – APPROVAL OF RESOLUTION NO. 10-0824-03 PROVIDING FOR THE SALE OF \$855,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2010A FOR THE LINDGREN LANE/INDEPENDENCE ROAD SEWER PROJECT.

Motion by Wenck, second by Spencer, to approve Resolution No. 10-0824-03. Ayes: Betts, Johnson, Spencer, Wallace. Nays: none. MOTION DECLARED CARRIED.

10. APPROVAL OF ASSESSOR AGREEMENT A060057 WITH THE HENNEPIN COUNTY ASSESSOR'S OFFICE FOR A FOUR (4) YEAR TERM.

Johnson stated the Council requested additional information about the assessing services, which was included in the Council Packet.

Wenck asked why Independence was paying more to Hennepin County per parcel than the cities of Mound and Dayton.

Atchinson, Hennepin County Assessor's Office, responded the average cost per parcel varies per City because the County bills per type of property in the City. There are different rates for different types of commercial and different home values. The rates being charged are set by the County Board and generally accurately reflect the cost to provide service in each city. Independence has a large number of homes in the higher valuation range than Mound and Dayton do.

Spencer noted the City of Dayton has much more commercial property than Independence.

Atchinson responded Dayton also has much lower home values, which is a fifth of the cost of providing assessing services to a home in the more expensive bracket.

Wenck stated he would like the City to contract with Hennepin County for one year while it studies whether or not to contract with a different company.

Johnson asked if the County would consider at 4-year contract.

Atchinson responded the County typically does not, but it could discuss doing so. He noted the County has a long history of providing assessing services to Independence and provides an excellent service to the residents.

Wenck stated he does not have a problem with the service, but is concerned about the cost.

Atchinson stated the final County bill for assessing services typically ends up being less than the original estimate.

Jensen noted if an improvement is made on a property that does not increase the property values, then the County does not bill the City for that improvement.

Johnson noted the County has provided excellent services to residents, especially in regards to assisting residents with the changes to the Green Acres Program.

Motion by Wenck to extend the contract with the Hennepin County Assessor's Office for one year and continue to evaluate assessing service. MOTION DIES DUE TO A LACK OF A SECOND.

Spencer stated it appears the independent assessors included in the staff report have higher rates the same as Independence's rates.

Vose noted the proposed contract allows either the City or the County to extend the contract for four years. He suggested changing the contract so that only the City has the right to choose to extend the contract.

Atchinson responded the current contract only allows for one four-year extension. At the end of the current extension period, a new contract would have to be agreed upon.

Motion by Spencer, second by Betts, to approve a four-year contract extension with Hennepin County Assessor's Office for assessing services. Ayes: Betts, Johnson, Spencer. Nays: Wenck. MOTION DECLARED CARRIED.

11. DISCUSSION REGARDING THE SEWER CONNECTION TO 2906 LINDGREN LANE.

Vose stated Conlin, owner of 2906 Lindgren Lane, has raised a question about how the connection to the sewer system will be made to his property. The line would have to go through a City-owned property. Conlin is asking who would pay for the connection and if the City would grant Conlin an easement for the sewer line. Vose stated there is some question as to whether or not there is an existing easement on the property. The City will have to decide how to answer Conlin's question about who will pay for the cost to connect to the sewer project. Vose noted Conlin's connection would be slightly different because it would require running a line over land he does not own.

Spencer asked if the driveway easement would also include the property immediately adjacent to the City's lot and Conlin's lot.

Vose responded he would have to review the real estate records.

Conlin stated when he bought his property he was convinced he had an easement over the City's lot. He stated the property next to him is for sale and is a seasonal cabin. He noted that property never had a septic system, only an outhouse and holding tank. He noted he has maintained the driveway to his property and the property next to him uses the same driveway. He stated he does not think it is fair to pay for and maintain infrastructure that is not on his property.

Betts asked what the City will do with its lot once it no longer needs it.

Johnson stated the Council would need to determine what to do with the property after the sewer project is completed.

Wenck stated the City would probably have to test the septic sites to see if remediation would be needed.

Conlin stated he is not interested in having a park on the City's property.

Betts suggested the City might be able to offer its parcel to neighboring property owners.

Vose stated the four properties served by the City's mound system will have three years to connect to the new sewer system. This means the City will probably have to continue servicing those systems until all four properties have connected.

Betts noted one of the City mound systems is failing, so that property owner would be required to connect immediately.

Vose stated he needed to do more research on any potential easements on the City's property.

Betts asked if the City has the obligation to offer the property back when it used eminent domain to obtain the property.

Vose responded the City does not have obligations from the eminent domain process.

Betts asked for information on the cost to the City to take out the existing mound system.

Motion by Betts, second by Wenck, to table the discussion regarding the sewer connection to 2906 Lindgren Lane until the September 14, 2010 City Council meeting. Ayes: Betts, Johnson, Spencer, Wenck. Nays: none. MOTION DECLARED CARRIED.

12. OPEN/MISC.

Large Assembly Permit Application

Johnson stated Laura and Graeme Nelson have applied for a Large Assembly Permit to host a wedding at their home at 7165 Turner Road on August 28, 2010.

Motion by Wenck, second by Betts, to approve the Large Assembly Permit for Laura and Graeme Nelson. Ayes: Betts, Johnson, Spencer, Wallace. Nays: none. MOTION DECLARED CARRIED.

13. ADJOURN.

Motion by Spencer, second by Wenck, to adjourn the City Council meeting at 8:35 p.m. Ayes: Betts, Johnson, Spencer, Wenck. Nays: none. MOTION DECLARED CARRIED.

Respectfully submitted by Christina Scipioni, Recording Secretary