

**Minutes
Minnetonka City Council
Monday, December 5, 2022**

1. Call to Order

Mayor Brad Wiersum called the meeting to order at 6:31 p.m.

2. Pledge of Allegiance

All joined in the Pledge of Allegiance.

3. Roll Call

Council Members, Rebecca Schack, Kimberly Wilburn, Deb Calvert, Bradley Schaeppi, Brian Kirk and Brad Wiersum were present.

Council Member Kissy Coakley (excused) was absent.

4. Approval of Agenda

Calvert moved, Kirk seconded a motion to accept the agenda with addenda to Items 11.A and 14.A. All voted "yes." Motion carried.

5. Approval of Minutes:

A. November 29, 2022 regular meeting minutes

Calvert moved, Kirk seconded a motion to approve the minutes. All voted "yes." Motion carried.

6. Special Matters: None.

7. Reports from City Manager & Council Members

City Manager Mike Funk reported on upcoming city events and council meetings.

Calvert extended her best wishes and good thoughts to the Minnetonka firefighter who was injured on the job.

8. Citizens Wishing to Discuss Matters not on the Agenda

Cathy Fisher, 3004 Tonka Drive, questioned where she could get a copy of the agenda. Wiersum reported printed copies of the agenda were available at the back of the council chambers.

9. Bids and Purchases: None.

10. Consent Agenda – Items Requiring a Majority Vote:

Wilburn requested Item 10.D be pulled from the Consent Agenda for further discussion.

A. General services agreements with consulting engineering firms for the period of 2023-2025

Schack moved, Calvert seconded a motion to authorize the mayor and city manager to enter into the agreements. All voted “yes.” Motion carried.

B. Resolution for the water treatment plant #15 chemical room improvements project

Schack moved, Calvert seconded a motion to adopt Resolution 2022-108. All voted “yes.” Motion carried.

C. Resolution to adjust 2023 non-union employee salaries and benefits

Schack moved, Calvert seconded a motion to adopt Resolution 2022-109. All voted “yes.” Motion carried.

D. Council reimbursement for travel expenses

Wilburn stated she would be abstaining from voting on this item.

Schack moved, Calvert seconded a motion to approve councilmember’s travel and expenses. Schack, Calvert, Schaeppi, Kirk and Wiersum voted “yes.” Wilburn “abstained”. Motion carried.

11. Consent Agenda – Items requiring Five Votes:

A. Applications for renewed liquor licenses for 2023

Kirk moved, Calvert seconded a motion to approve the license renewals. All voted “yes.” Motion carried.

12. Introduction of Ordinances: None.

13. Public Hearings:

A. 2023 utility rates and related items

Finance Director Darin Nelson gave the staff report.

Wiersum opened the public hearing.

Dr. Dennis Yockers, 3648 Hazelmoor Place, expressed concern with the fact the council's agenda was not posted on the city's website. He encouraged the city to communicate more clearly with the public. He commented on the city's stormwater management fees noting in January of 2019 he appeared before the council commenting on the city's stormwater practices. He recommended the city reevaluate its fees in order to recognize the efforts of residents, businesses and churches that incorporate best management practices. He stated the council went on record supporting his concerns regarding stormwater management, but it was too late to do anything regarding stormwater management fees. He was told this would be addressed in 2019.

Mr. Yockers noted he sent an email to the staff and the council in August of 2019 regarding stormwater management and the fee structure. He explained he received a response from the mayor on September 6, 2019 and the mayor stated the stormwater fund was underfunded and the city has far more work than the revenue stream allows the city to complete. The mayor stated the continual task was to prioritize and make hard choices and making a merit based fee schedule would increase the complexity of managing the city's stormwater system and would yield an increase thereof. He indicated the mayor reported the city has seen very little demand for revamping the stormwater fee system and for these reasons and others the city was not interested in making a change to its current methodology for stormwater management.

Mr. Yockers reported he came before the council again on September 16, 2019 and provided ideas regarding stormwater management practices and its fee structure. He explained he shared his correspondence with the city and asked the city to take a more in depth look at its efforts regarding water resource management and best management practices involving its citizens. He stated three years have since past and the city was now proposing yet another increase to its stormwater utility fees. He understood the need for the increase, but encouraged the city to have an effective stormwater management program that incorporates best management practices for its citizens.

Mr. Yockers believed residents should be encouraged to incorporate water resources management strategies on their properties. He commented on the native plantings that were incorporated into recent street improvement projects and stated only a handful of residents participated. He questioned why residential land owners were deciding not to incorporate best management practices into native plantings. He explained property natural resources was the key component to overall stormwater management. He urged the city council to

again, reconsider a merit based system for stormwater utility fees in order to encourage residents to incorporate best management practices. He commented further on how Roseville and Minneapolis address stormwater utility fees by offering incentives. He suggested the City of Minnetonka do the same.

Robert Antonovich, 17420 Bay Lane, stated he has lived in his home since June of 1975 and reported his home was a 1950's rambler. He noted he purchased his home for \$31,100 and he raised his three children in this home. He discussed the historical values of his home noting it was now valued at \$420,000. He explained this was a 21% increase over the previous year, which meant his taxes would be \$5,278. He discussed how inflation and rising costs were impacting himself and families in the community. He believed that city spending and expenditures were out of control.

Ellen Cousins, 4531 Greenwood Drive, thanked Dr. Yockers for sharing his concerns regarding the city's stormwater utility program. She suggested the city not put additional programs into the utility rates, such as the buckthorn removal program, in 2023. She recommended this program be deferred in order to assist with rate increases for next year.

There being no further comments from the public, Wiersum closed the public hearing.

Calvert thanked Dr. Yockers for sharing his concerns. She explained the costs the city was working to recover for utilities was to cover fixed costs. She supported the city continuing to explore best management practices at a future worksession meeting. She commented on the proposed buckthorn removal program and noted the invasive water species program had already been deferred by the city. She discussed how the buckthorn program would benefit mostly homeowners and not renters. She commented on the amount of staff time this new program would take and stated she was struggling to support this new program. While she understood there was a need to remove buckthorn, she suggested community education be pursued, along with other natural resources priorities versus starting a new program.

Schaepfi thanked Dr. Yockers for sharing his information and perspective with the council. He appreciated how Dr. Yockers saw the residents of Minnetonka as assets and looked forward to continuing discussions on stormwater management going into 2023.

Kirk stated when the council reviewed the buckthorn removal program in the study session, he recalled the council was split on this issue. He estimated this program would cost \$1 per year per resident in Minnetonka. He understood the council was struggling with this new program because it would cost taxpayer dollars and time. He explained the council has heard repeatedly from residents

that buckthorn was a concern and for this reason, the majority of the council supported additional buckthorn removal at \$1 per household. He stated there was a lot that could be said about stormwater management and noted he struggled with requesting property owners taking on more than they can handle. He stated more often than not wildflower gardens that have been planted, returned to turf because they were not properly managed. He indicated he supported the city leaning into more education efforts and stated in the future it may make sense to have an incentive program. He reported he would be supporting the proposed buckthorn program being a part of the utility fees.

Schack moved, Kirk seconded a motion to hold the public hearing and adopt Resolution 2022-110, Resolution 2022-111, Resolution 2022-112, Resolution 2022-113 and Resolution 2022-114.

Wiersum stated he appreciated Dr. Yockers input and stated these comments were important. He noted the council was always looking for ways to do things better in the City of Minnetonka, while being responsible with taxpayer dollars. He discussed how the council had to be prudent when exercising judgement when making decisions that impact the overall community. He reported the stormwater utility fee was put in place in 2003 and it was controversial at the time.

All voted "yes." Motion carried.

14. Other Business:

A. Items related to the 2023 operating budget and levies

City Manager Mike Funk and Finance Director Darin Nelson gave the staff report.

Calvert commented on the proposed increases for the median value homeowner. She requested further information related to the retirement costs for police officers. Funk discussed the overlapping costs and expenses for retiring police officers.

Calvert asked for additional information on the general fund stabilization fund. Funk explained this portion of the budget had to do with CARES and ARPA funds being used for capital or technological improvements.

Schaepfi discussed the growth of the levy over the past seven years. He questioned what had fundamentally changed to lead to such large increases over the past three years. Funk reported the last three years there has been staffing additions, which has led to the majority of the increases. He commented further on how union contracts and inflation have driven the budget, along with the city's commitment to natural resources.

Schaeppi inquired how the community center fits into the budget. Funk explained the city has \$3.5 million in CIP for the community center remodel. He noted this expenditure was tied to an interfund loan and was not a property tax levy expenditure. He reported if the city were to hold off on this work, there would not be a tax implication. Further discussion ensued regarding the interfund loan.

Kirk asked how the city manages a surplus in the general fund. Nelson explained per council policy, any funds over 40% of the upcoming years expenditures would be shifted towards one time (CIP) projects.

Wiersum requested further information on why the city needs a 40% general fund reserve. Nelson explained the city received property tax payments two times per year from the county which meant the city had to have enough in reserves to cover its expenses for six months

Wiersum opened the meeting for public comment.

Chris Fields, resident of Minnetonka, explained he heard the word investment and stated he believed this had no place in government. He stated government spends money. He believed this levy increase was uncalled for. He encouraged the council to cut spending. He questioned what was different from 25 years ago in how the city provided services to its residents. He expressed concern with the fact the council was not hearing the words from the residents. He asked why the city needed a wellness director and a community center. He indicated these were not things the government had to do. He encouraged the council to consider staff decreases because the proposed increases were not simply inflationary. He reported he was a business owner and he understood how costs worked. He recommended the elected officials further consider how to set a budget in order to properly run the city like a business. He believed it was morally wrong for the city not to look at what it can do to reduce costs. He recommended the city stop overreaching and taking additional taxes from its residents.

Kari Lorence, 13555 Essex Place, stated she has attended this meeting on behalf of families in Minnetonka who were struggling financially because of inflation. She reported according to the Minnesota Department of Employment and Economic Development, because of inflation a person must earn \$747 more per month just to stay even with previous years. She noted this was eight hours of work extra work every week. She stated now was not the time to raise taxes on the residents in Minnetonka. She explained corporations often have to go through hiring freezes and she encouraged the City of Minnetonka to do the same. She suggested the Minnetonka City Council freeze hiring, cut the budget and reduce spending. She questioned why the council was proposing to build a \$9 million park at Ridgedale, especially considering Dick's already had an ice rink. She wanted to see the city begin to identify its out of control spending and

financial waste on behalf of its residents. She suggested the *Minnetonka Memo* be sent to residents as an email for cost saving purposes. She believed the 2023 budget was outrageous and should not be approved.

Sumner Jones, 4425 Tonka Wood Road, explained this past year he did not get a raise, even though inflation was over 9%. He discussed how rising costs and city taxes were impacting his family. He commented on how CARES and ARPA funding was redistributed tax dollars that would have to be repaid by future generations. He indicated he did not care what taxes were in other communities, and encouraged Minnetonka to do better for its residents. He questioned why the city was spending 300% more on affordable housing in 2023 when this would raise overall taxes for all Minnetonka residents. He reported the proposed 7% levy increase was not okay. He encouraged the council to scrap this budget and to start over with the goal of the levy increase being 0%.

Maria Ahlers, 5537 Woodland Road, indicated she has been a resident of Minnetonka for the past 27 years and she has never seen her property taxes go down, even when the value of her home decreases. She explained she appreciated the in depth presentation from staff, but questioned why there was no consideration given to how this budget and levy would impact residents. She feared how the senior citizens and working families in Minnetonka would be able to remain in the community, unless they receive a 7% raise. She asked that the council reflect on how a 7% increase would impact Minnetonka residents, who were real people facing real problems.

Drake Lorence, 1355 Essex Place, noted he has been a resident of Minnetonka for the past 40 years. He asked if the Marsh could be discussed.

Wiersum reported the Marsh was not something that was accounted for because the city doesn't know if they were going to get it. He requested Mr. Lorence speak to the budget that was before the council.

Chris Hawver, 15272 Highland Bluff, noted he has been a resident of Minnetonka for the 31 years. He discussed his experience in the private, public and non-profit sectors and encouraged the city to begin doing comparative analysis. He explained he and his neighbors were concerned about how the city was spending its money. He suggested the city also look at return on its investments. He provided the council with handouts and commented further on how he advises his customers to use comparative analysis. He then compared Minnetonka to Eden Prairie on a number of different variables and encouraged the city to reconsider its proposed budget and tax levy.

Ellen Cousins, 4531 Greenwood Drive, commented on the recent city survey and questioned if the city made residents aware of the fact the proposed services would impact their property taxes. She encouraged the city to be more

transparent with residents, especially when conducting future city surveys. She explained she did not understand why the city had to have a 40% fund balance. She stated home values have been artificially inflated and she questioned if valuations would go down in the future when the market corrects itself. She proposed the council consider lowering the tax levy and budget by putting a hiring freeze in place for all non-essential staff positions that are currently unfilled and that new positions be denied, except for police and fire personnel. She suggested there also be a freeze on new services. She encouraged the city to hold elections in even years and to eliminate rank choice voting in order to reduce expenses for the city. She suggested the council consider how the budget impacts all residents' finances and to find ways to reduce expenditures.

Kevin Ringhoffer, 2200 Indian Road West, stated after reviewing his tax statement he learned the significant increases (8%) were from the City of Minnetonka. He reported the other taxing jurisdictions had only 3% increases. He questioned why the city was proposing such a large increase at a time like this.

Norm Olafson, 12025 Townview Road, commented he has been a resident of Minnetonka since 1974. He encouraged the city to reconsider the new staffing positions. He believed the data analyst and health and wellness positions should be eliminated.

Wiersum closed the meeting for public comment.

Wiersum thanked all of the members of the public who came forward to speak. He asked if staff had any comments at this time.

Funk explained staff was recommending a 6.74% levy increase. Historically, over time, the city has been consistent with its levy increases. He discussed how costs have gone up and noted how staff has worked to keep increases consistent or level over time. He estimated 5% of the levy increase was due to inflation. He commented on how home values increased 16.1% in Minnetonka over the past year and discussed how this would impact property owners in 2023. He reported even with a 0% levy increase, property taxes would still go up for some homeowners. With this in mind, staff has worked to minimize the levy increase based on the city's priorities. He stated staff relies heavily on the community survey when setting priorities within the city budget. He then discussed the comparative analysis information that was presented to the council and commented on how Minnetonka differed from Eden Prairie. Nelson reviewed the city's fund balance policy and noted this was in place to ensure the city could cover its expenses given the fact the county pays out property taxes twice a year.

Schack thanked the public for their comments. She explained the council has held eight meetings to discuss the budget over the past nine months. She reported the council was very familiar with the budget and she was comfortable

supporting it. She indicated \$3 million of the planned expenses for 2023 were to assist with restructuring the fire department. She commented on how important it was to properly fund public safety individuals at this time. She discussed how Minnetonka was one of the more fully developed cities and the city covered the cost of its roadway improvements. She indicated she was prepared to move this budget forward.

Schaeppi stated he appreciated the residents who came forward to speak on the budget this evening. He commented he understood there was frustration with the proposed levy amount. He thanked City Manager Funk for the open manner in which he approaches the budget and stated this was not the approach used with the previous city manager. He was of the opinion the city could continue to make the budget process more accessible to the public. He hoped the council would agree to video stream the study sessions in the future. He reported the council was being challenged on public safety, noting there has been a rise in crime in Minnetonka. He believed the council had to support the public safety department at this time in order to properly meet the needs of the community. He commented on the proposed increases that were being considered for the fire department and recommended the council work to better understand how the city can efficiently use its resources. He discussed how challenging employee retention was at this time and understood this was impacting the budget. He reported he did not support the community center renovations and he never has. He explained after all of the efforts of staff and based on the feedback from the council, he would be supporting the budget for 2023.

Kirk stated he came onto the council three years ago. He discussed how difficult it was to grasp a budget of this size when he was new to the council. He commented on the benefit of comp ratios. He appreciated how much time the council was taking to discuss the budget. He explained the new data analyst position was being requested by the police chief to assist with studying crime in the community. He commented on the investments that were being made near Ridgedale and stated it was important to the community that this mall not fail. He believed every item in the budget reflected well on the councils priorities and the voices of the community. He believed the residents of Minnetonka appreciated the level of services the city provided. He noted he would be supporting the proposed budget and tax levy.

Wilburn explained she would like to find more ways to gain public feedback earlier in the budgeting process. She requested further information regarding the HRA levy. Funk stated the Housing and Redevelopment Authority (HRA) levy would assist the city would completing housing activities. He explained staff was recommending the HRA levy be reduced from \$325,000 to \$300,000. He noted action on this item would be taken at the EDA meeting, which would follow this meeting.

Calvert thanked staff for all of their efforts on the budget and tax levy presentation. She thanked all of the residents that spoke tonight and shared their views. She reminded the public that the city council members were all residents of the community and paid taxes. She noted she lived in a very modest 1954 rambler that needed updates and her husband was a retired firefighter. She stated she understood the concerns that were voiced by the public. She explained she was very proud of the fact Minnetonka did not assess for its street improvements. She discussed how complex the budget was and thanked staff for addressing how comparisons were difficult from city to city. She thanked Councilmember Schaeppi for his comments regarding the two new positions and noted the price for health insurance was way up, which was driving budgets up. She noted she would be supporting the levy and budget as presented.

Wiersum thanked staff for all of their efforts on the budget. He explained he appreciated the comparative analysis information that was presented as an informative tool for the council to consider. He believed it was instructive to see how other cities operate. He discussed how costs were going up and he appreciated how the city was working to maintain the proper level of essential services for the residents of Minnetonka. He appreciated how the proposed budget reflected the values of the community, which included the investments in the police and fire departments. He stated taxing residents was the most daunting task for him to consider each and every year. He explained he appreciated the time and effort that went into this budget and noted he would be offering his support.

Calvert moved, Schack seconded a motion to hold the adopt Resolution 2022-115 and Resolution 2022-116. All voted "yes." Motion carried.

15. Appointments and Reappointments: None.

16. Adjournment

Calvert moved, Kirk seconded a motion to adjourn the meeting at 9:51 pm. All voted "yes." Motion carried.

Respectfully submitted,



Becky Koosman
City Clerk