



**Agenda
Minnetonka City Council
Regular Meeting
Monday, November 23, 2020
6:30 p.m.
WebEx**

1. Call to Order
2. Pledge of Allegiance
3. Roll Call: Schack-Carter-Calvert-Schaeppi-Coakley-Kirk-Wiersum
4. Approval of Agenda
5. Approval of Minutes:
 - A. October 26, 2020 regular meeting
 - B. November 13, 2020 special meeting
6. Special Matters: None
7. Reports from City Manager & Council Members
8. Citizens Wishing to Discuss Matters Not on the Agenda
9. Bids and Purchases: None
10. Consent Agenda - Items Requiring a Majority Vote:
 - A. Shady Oak Road and Shady Oak SWLRT Station Stormwater Agreement
Recommendation: Approve the amended agreement (4 votes)
 - B. Building Inspection Services for the Cities of Deephaven, Greenwood, and Woodland
Recommendation: Approve the agreements (4 votes)
 - C. 2021 fee schedules for consulting engineering services
Recommendation: Approve the fee schedules (4 votes)

Due to the COVID-19 health pandemic, the city council's regular meeting place is not available. Pursuant to Minn. Stat. § 13D.021, city council members will participate in the meeting remotely via WebEx. Members of the public who desire to monitor the meeting remotely or to give input or testimony during the meeting can find instructions at <https://www.minnetonkamn.gov/government/city-council-mayor/city-council-meetings>.

- D. Affordable Housing Trust Fund Ordinance
Recommendation: Adopt the ordinance to create a permanent affordable housing trust fund (4 votes)
- 11. Consent Agenda - Items Requiring Five Votes: None
- 12. Introduction of Ordinances: None
- 13. Public Hearings:
 - A. On-sale wine and on-sale 3.2 percent malt beverage liquor licenses for Ametrine Inc., dba People's Organic Coffee and Wine Cafe, 12934 Minnetonka Boulevard
Recommendation: Open the public hearing and continue to Dec. 21, 2020 (4 votes)
 - B. On-sale intoxicating liquor license for Cedar Hills Ribs, Inc., 11032 Cedar Lake Road
Recommendation: Continue the public hearing from Oct. 26, 2020, and grant the license (5 votes)
- 14. Other Business:
 - A. Ordinance approving the rezoning of the existing property at 4144 Shady Oak Road from R-1 to R-2
Recommendation: Adopt the ordinance approving the rezoning (4 votes)
 - B. Conditional use permit for a licensed residential care facility at 12701 Lake Street Extension
Recommendation: Adopt the resolution denying the conditional use permit (4 votes)
 - C. TIF Management Report
Recommendation: Receive the report (No formal action required)
 - D. Resolution for the Ridgemount Avenue Improvements Project
Recommendation: Adopt the resolution (4 votes)
- 15. Appointments and Reappointments: None
- 16. Adjournment

**Minutes
Minnetonka City Council
Monday, October 26, 2020**

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 Bradley Schaeppi, Kissy Coakley, Brian Kirk, Rebecca Schack, Susan Carter, Deb Calvert and Brad Wiersum were present.

4. Approval of Agenda

Calvert moved, Kirk seconded a motion to accept the agenda, as amended adding Item 6B – Election Judge Appreciation Day Proclamation. All voted “yes.” Motion carried.

5. Approval of Minutes:

A. September 15, 2020 strategic planning session

Schack moved, Kirk seconded a motion to accept the minutes, as presented. All voted “yes.” Motion carried.

6. Special Matters:

A. Extra Mile Day Proclamation

Schaeppi read a proclamation in full for the record declaring November 1, 2020 to be Extra Mile Day in the city of Minnetonka.

Read the proclamation.

B. Election Judge Appreciation Day Proclamation

Wiersum read a proclamation in full for the record declaring November 3, 2020 to be Election Judge Appreciation Day in the City of Minnetonka. He thanked all election judges and the city staff members who oversee the details of each election.

Read the proclamation.

7. Reports from City Manager & Council Members

City Manager Geralyn Barone reported on upcoming city events and council meetings. She stated election day was Tuesday, November 3, 2020 and noted polls would be open from 7:00 a.m. to 8:00 p.m.

Calvert discussed the process that could be followed to allow voters to put their ballots into the tabulator. She thanked all election judges for their tremendous service on behalf of the community.

Carter commented on the discussions the council has had recently surrounding diversity and inclusion. She explained she received several resident calls and noted there are people watching and hearing what the council has to say about race and diversity. She thanked the residents that reached out to her.

Schaeppi stated he appreciated all of the election staff, election judges and Hennepin County. He reported the state of Minnesota had a safe and secure voting system because the state invests in elections.

Wiersum explained he attended the ribbon cutting for the solar garden the City of Minnetonka subscribed to. He indicated the electricity that will be generated by this solar garden will go to two customers, Cargill and the City of Minnetonka. He appreciated the fact that the city's electricity was now being generated by solar power, which was a positive step towards sustainability.

Wiersum commented on a League of Minnesota Cities webinar he attended last week. He noted the videos from this webinar were available on LMC's website.

8. Citizens Wishing to Discuss Matters not on the Agenda: None

9. Bids and Purchases: None

10. Consent Agenda – Items Requiring a Majority Vote:

A. 2021 general liability insurance and workers' compensation renewals

Kirk moved, Calvert seconded a motion to authorize renewal of policies as outlined. All voted "yes." Motion carried.

B. Southwest Corridor Investment Framework Cooperative Agreement

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

C. Resolution approving the final plat of CARLSON CENTER 18th ADDITION at 801 Carlson Parkway

Kirk moved, Calvert seconded a motion to adopt Resolution 2020-088 approving the final plat. All voted “yes.” Motion carried.

D. Updated Coronavirus Relief Fund reporting plan

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

E. Resolution regarding grant application to Hennepin County for the New Park at Ridgedale

Kirk moved, Calvert seconded a motion to adopt Resolution 2020-089. All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes: None

12. Introduction of Ordinances: None

13. Public Hearings:

A. On-sale intoxicating liquor license for Cedar Hills Ribs, Inc., 11032 Cedar Lake Road

City Manager Geralyn Barone gave the staff report.

Wiersum opened the public hearing.

Kirk moved, Calvert seconded a motion to open the public hearing and continue to November 23, 2020. All voted “yes.” Motion carried.

B. On-sale wine and on-sale 3.2 percent malt beverage liquor licenses for YMCA at The Marsh, LLC., located at 15000 Minnetonka Boulevard

Kirk reported he would be recusing himself for this agenda item.

City Manager Geralyn Barone gave the staff report.

Michael Kielkucki, The Marsh representative, stated he was available for questions or comments.

With there being no comments, Wiersum closed the public hearing.

Wiersum reported The Marsh was owned by Ms. Ruth Stricker, who passed away recently. He explained Ms. Stricker's estate has given The Marsh to the YMCA to continue operation in Minnetonka. He noted this was a wonderful gift for the city and the surrounding community.

Calvert moved, Schack seconded a motion to continue the public hearing from Sept. 21, 2020 and grant the licenses. Calvert, Schaeppi, Coakley, Schack, Carter and Wiersum voted "yes". Kirk "abstained". Motion carried.

14. Other Business:

A. Resolution for the Groveland-Bay Improvements Project

Public Works Director Will Manchester gave the staff report.

Calvert asked what would happen if something significant was discovered during the archeological study. Manchester explained he would work with state archeologists on how to proceed. He reported the project would be delayed and residents would be updated.

Calvert commented on the driveway widths that were not in compliance with city code and questioned how these would be brought into compliance. Manchester indicated the city's driveway ordinance would be followed for this project. He stated staff would meet with property owners that were not in compliance with city code in order to get the driveway width down to 20' or 30'.

Calvert inquired how staff would address the water logged soil in the project area. Manchester reported a soils report would be completed and noted staff would be working with a geotechnical engineer. He stated at times bad soil is removed and replaced with stable soil or rocks. He indicated it was not uncommon for the city to find wet soils in project areas.

Schaeppi thanked staff for the thorough report. He noted he does not live in the project area. He asked if staff had considered installing a sidewalk along the full length of Groveland School Road. Manchester stated this had been reviewed by staff. He noted a sidewalk was not included in the overall plan. He explained the cost for this sidewalk would be quite low if the council wanted to have it included.

Calvert commented on the drainage concerns in the improvement area and questioned what improvements would be made to the stormwater management.

Manchester discussed the stormwater management improvements that were included in the proposed project.

Wiersum asked how the needs of disabled individuals would be met during the improvement project. Manchester stated the city would have an onsite inspector that would be available to address any special concerns. He encouraged residents with special needs to contact Mitch Hatcher or himself.

Wiersum commented it was great that McKenzie Point Road had been included in this improvement project. He indicated this was a challenging road.

Schaeppi thanked the residents that reached out to him regarding concerns they had with the project. He appreciated the collaboration with St. Luke's and Mr. Yonkers. He looked forward to seeing this project completed.

Calvert wished staff the best of luck on this challenging and involved project. She encouraged residents to be patient throughout the process.

Kirk disclosed that he was a member of St. Luke's and noted he spoke to the city attorney regarding this matter. It was his understanding being a member was not a conflict of interest. He commented these improvements would be very welcomed once they were done.

Wiersum stated this was a challenging part of the city because it was close to the lake and there were some low areas. He understood the city's engineers were familiar with dealing with these challenges. He reported this was a big and expensive project. He was proud of the fact this project would be completed without special assessments.

Calvert moved, Carter seconded a motion to adopt Resolution 2020-090. All voted "yes." Motion carried.

B. Resolution authorizing the certification of delinquent utility charges to Hennepin County, and approve writing-off stale uncollectible accounts

Finance Director Darin Nelson gave the staff report.

Kirk stated in the midst of a pandemic it was concerning to him to see the 37% increase. He commented the number of delinquencies has risen. He questioned if staff has noticed a change in the delinquent payments. Nelson stated staff has seen a slight uptick over time. He noted there was a spike in April but the last two months have had a decreased number of delinquencies when compared to 2019.

Coakley asked if staff knew the percentage of homeowners versus renters that had delinquent utility bills. Nelson reported he did not have this break down. He indicated it was typically a pretty good mix.

Coakley stated she had a concern with lowering the threshold while still having the penalties. She believed this would be tough on homeowners that were already struggling during the pandemic. Nelson indicated this was a concern during the pandemic. He explained staff was looking at the process from the enterprise fund standpoint.

Schack stated landlords were being asked to shoulder a lot of responsibility through this pandemic. She questioned if the burden would be shifted from renters to the property owners. Nelson commented any delinquencies would be filed against the property owner because they would be responsible for delinquent utilities.

Schack asked if escrow accounts would assist delinquent residents with paying their utility bills. Nelson explained he was uncertain if this would help or hinder residents.

Coakley inquired if the \$25 administrative fee would be charged if a resident were to pay the outstanding utility bill prior to being certified. Nelson explained the council was being asked to certify the outstanding balances this evening, which meant the administrative fee would be charged going forward. He noted the administrative fee had been reduced from \$50 to \$25 this year.

Coakley questioned if the letters that were sent to delinquent utility bill property owners included a list of resources that were available to residents. Nelson stated these letters were sent two months ago. He did not recall that resources were referenced in these letters. He reported the city's website has resources listed. He indicated he could make this suggestion for next year's letters.

Schaeppi commented he generally supports the new utility procedures. He understood it was frustrating to get bad news but he appreciated the fact that the city had a strong process in place to get outstanding utility bills paid. He requested further information regarding the 10% fees. Nelson discussed the one-time charge 10% fee that was charged for certifying utility bills. In addition, he noted a 10% late fee was charged for outstanding utility bills. He noted this 10% fee was not compounding.

City Manager Geralyn Barone explained that the vast majority of renters in the City do not pay a water bill. She reported in most cases multi-family apartment buildings have only one water meter and were not charged for their water or sewer usage.

Nelson commented if a customer calls the city and is having trouble paying their bill city staff provides this resident with a list of available resources.

Schack stated she supported certifying the delinquent utilities, along with writing off the uncollectible accounts. She did not believe it would be in the city's best interest to kick this can down the road.

Schack moved, Carter seconded a motion to adopt Resolution 2020-091 and approved writing-off the stale uncollectible accounts. All voted "yes." Motion carried.

C. Reinstating the utility bill late fees and the termination of water services

Finance Director Darin Nelson gave the staff report.

Kirk questioned how much revenue would the city be losing if the late fees were not reinstated. Nelson reported the city typically makes \$120,000 per year in late fee revenue. He stated to date the city has only received \$18,000.

Calvert asked how many water shut offs the city had in a typical year. Nelson explained he has not been part of a water shut off. He indicated this tends not to take place because this creates a public health crisis. He stated the city tends to keep water services on and works to collect the outstanding fees through other means. He reported the city has not shut off any water services in the past year.

Calvert inquired if the council could reinstate the utility bill late fees without approving the termination of water services. Nelson stated one could be approved without the other, they were not tied together.

Schack explained she understood the reason this request was being brought to the council. She indicated she had a problem with the optics of this resolution. She stated this resolution appears to imply the city was at a point in the pandemic where things were better and sends the wrong message. She anticipated there were still hard times ahead for small businesses, restaurants and those working in the hospitality industry. She did not believe it made sense to approve this at this time.

Calvert agreed with Councilmember Schack. She explained she grew up in a suburb of Detroit where water shut offs were a pandemic all by itself because the city was experiencing economic difficulties. She commented she did not want water shut offs to be an option during the pandemic. She agreed that there were dark days still ahead and she recommended the resolution not move forward at this time.

Carter stated she did not like any part of this resolution either. However, she stated it has been more than seven months since the city has been able to collect late fees in order to assure the quality services that are promised to Minnetonka residents. She questioned how the city would continue to have enough funds to cover all of its expenses if residents did not have to pay their utility bills or late fees. Nelson discussed the amount of funds that are being collected from utility bills. He reported the loss of the late fees has not been detrimental to the city to date.

Carter stated she could then agree that now was not the time to approve this resolution.

Schack commented she did not want the city to have to rely on fines and penalties in order to support day to day operations or affordable housing.

Calvert stated she understood the importance of these late fees to the city's budget. She explained she was acutely aware of the serious pressures that are being put on the budget because of the pandemic. However, she understood that water was a fundamental need to stay healthy. For this reason, she recommended the late fees not be reinstated at this time.

Schaeppi indicated he appreciated the comments from his fellow councilmembers. He stated he was struggling with the water shut off issue. He reported there were other cities that were much more aggressive on this issue. He understood the city was in the middle of a pandemic and that water was necessary at this time. However, he indicated he could support the late fees moving forward.

Coakley commented on the importance of residents paying their mortgage in order to stay in their homes. She stated she would support sticking with the city plan.

Kirk commented a lot about this resolution was about optics. He explained he would hate to see that residents were taking advantage of the fact the city was not charging late fees at this time. He indicated this does not appear to be the case at this time. He stated the city was losing revenue because late fees were not being charged. He anticipated this may be the new normal and the council needs to recognize that fact. He indicated the council could reconsider instituting late fees some time next spring or summer. He reported he could support the reinstatement of water shut offs at this time, but not the late fees.

Wiersum stated he appreciated all of the comments that were provided by the councilmembers. He indicated he was very concerned about the optics of this resolution. He explained the pandemic was not getting better, but rather was getting worse. He commented stimulus money was running out and hardships

were not over. He appreciated the fact that during August and September, residents were paying their utility bills at a similar rate as 2019. He discussed the amount of money that had disappeared from the city's budget for 2020 and noted these funds could not be used elsewhere. He stated compelling arguments could be made for both sides of this argument. He commented further on water shut offs and asked if the city should have a tool in its tool box if it was never used. He indicated he was rather torn on this issue and noted the optics were bad.

Calvert asked if this resolution were not approved if this issue could be readdressed in several months. Barone reported this item could come back to the council in a few months if the council wanted to revisit the resolution at a future date.

Wiersum stated another option available to the council would be to table action on this item for 60 days as this would allow the council to reevaluate what was happening with respect to the pandemic in two months. Barone suggested if the item were to be tabled that the item be tabled for 90 days.

Schack moved, Kirk seconded a motion to table action on this item for 90 days. All voted "yes." Motion carried.

15. Appointments and Reappointments: None

16. Adjournment

Calvert moved, Kirk seconded a motion to adjourn the meeting at 8:41 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk

Minutes
Special Minnetonka City Council
Friday, Nov. 13, 2020

1. Call to Order

Mayor Brad Wiersum called the meeting to order at 2:01 p.m.

2. Roll Call

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

3. Resolution certifying the results of the Nov. 3, 2020 Special Election Minnetonka ballot question

Schack moved, Calvert seconded a motion to adopt resolution 2020-097 certifying the results of the November 3, 2020 Special Election Minnetonka ballot question. All voted "yes". Motion carried.

4. Adjournment

Calvert moved, Kirk seconded a motion to adjourn the meeting at 2:19 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk

City Council Agenda Item #10A
Meeting of Nov. 23, 2020

Brief Description: Shady Oak Road and Shady Oak SWLRT Station Stormwater Agreement

Recommendation Approve the amended agreement

Background

The Shady Oak Southwest Light Rail Transit (SWLRT) Station is located on the border of Hopkins and Minnetonka. Today the area is made up of a variety of properties, with industrial and low-density development prominent. The area is poised for redevelopment, but underlying conditions make it difficult. The two cities have come together with a shared redevelopment vision and feel it is important to realize a more active station area.

Throughout the course of designing the Shady Oak SWLRT Station, staff has attempted to preserve and incentivize redevelopment opportunity within the area. A design that moves the stormwater treatment area away from the immediate station area and adds capacity for regional stormwater treatment has been developed toward that goal. The cost of infrastructure that benefits private development cannot be paid for by the SWLRT project and must be paid for by the benefiting cities. Most of the benefiting regional treatment occurs within the City of Minnetonka. The agreement documents Hopkin's commitment to reimburse Minnetonka as development occurs.

On June 22, 2020, the city adopted a joint cooperative agreement with the City of Hopkins and the Metropolitan Council. The original agreement can be viewed at this [link](#). After that agreement was adopted, the City of Hopkins requested a number of changes. The changes can be viewed in the attached revised contract.

Recommendation

Staff recommends approval of the amended Joint Cooperative Agreement with the City of Hopkins and Metropolitan Council and authorizes the Mayor and City Manager to execute the agreement, including subsequent non-material changes, as approved by the City Manager and Community Development Director in a form acceptable to the City Attorney.

Submitted through:

Geraldyn Barone, City Manager
Corrine Heine, City Attorney

Originated by:

Julie Wischnack, AICP, Community Development Director

JOINT COOPERATIVE AGREEMENT REGARDING
SHADY OAK SOUTH POND

This Joint Cooperative Agreement (Agreement) is made by and among METROPOLITAN COUNCIL, a political subdivision of the State of Minnesota (Council), CITY OF HOPKINS, a Minnesota municipal corporation (Hopkins) and CITY OF MINNETONKA, a Minnesota municipal corporation (Minnetonka). This Agreement pertains to the Council's proposed Shady Oak South Pond (Pond), to be constructed as part of Council's Southwest Light Rail Transit (SWLRT) Project, referred to hereinafter as the "Project."

Recitals and Statement of Purpose

- A. Council has undertaken the Project, an approximately 16-mile extension of the METRO Green Line which will operate from downtown Minneapolis through the cities of St. Louis Park, Hopkins, Minnetonka and Eden Prairie.
- B. Council has obtained a permit from Nine Mile Creek Watershed District (NMCWD), permit no. 2016-88 (Permit), for the portions of the Project that lie within the boundaries of NMCWD. Council has entered into a Maintenance Agreement with NMCWD dated November 15, 2017, Metropolitan Contract No. 171041, as amended, regarding the Council's obligations to maintain wetland buffer, stormwater management facilities and waterbody crossings for the Project, pursuant to NMCWD permit no. 2016-88 (Maintenance Agreement).
- C. For purposes of this Agreement, the term "Permitted Facilities" refers to all stormwater management facilities covered by the Permit.
- D. One of the Permitted Facilities is a proposed stormwater pond on real property located at 610 16th Avenue South in the city of Hopkins, adjacent to the station known as the Shady Oak Station (the "Pond"). The proposed location of the Pond is depicted on Attachment 2.
- E. The Pond will provide stormwater treatment for approximately 23.7 acres of land currently owned by Council (the "Project Contributing Area"). The original plans for the Project call for the installation of a 60-inch pipe to convey stormwater from the Project Contributing Area to the Pond. The Project Contributing Area is depicted in Attachment 1.
- F. Council has estimated that the Pond and SWLRT project will have more capacity than will be necessary to meet NMCWD's permitting requirements (with respect to rate, and retention) for the Project Contributing Area ("Excess Capacity"), presuming redevelopment of the ~~Private~~ Development Contributing Area (as defined below) in a manner that results in 80 percent impervious cover. A specific quantity of stormwater volume retention for the ~~Private~~ Development Contributing Area is not required because the NMCWD engineer has concurred in the determination that the ~~Private~~ Development Contributing Area is "restricted," for purposes of application of the NMCWD Stormwater ~~Management Rule~~. ~~The~~

Management Rule. The specific amount of Excess Capacity cannot be determined until the Permitted Facilities have been constructed and field verified, because infiltration rates must be determined based on post-construction conditions. The designed Excess Capacity is expected to be sufficient to provide for required rate control and water-quality treatment for the approximately 11.2-acre ~~privately-owned land~~ area located within the cities of Minnetonka and Hopkins (the “PrivateDevelopment Contributing Area”), that could potentially use the Pond to satisfy NMCWD stormwater-management criteria for redevelopment in the PrivateDevelopment Contributing Area. The PrivateDevelopment Contributing Area is depicted in Attachment 2. The Development Contributing Area that is located within Hopkins is currently owned by the Council but is intended for future development.

G. The originally-planned 60-inch stormwater pipe is not adequate to serve both the Project Contributing Area and the PrivateDevelopment Contributing Area. Council has determined that a 58-inch by 91-inch horizontal elliptical pipe (Elliptical Pipe) is necessary to serve both the PrivateDevelopment Contributing Area and the Project Contributing Area.

H. Council has negotiated a change order to the Project contract, to provide for the construction of the Elliptical Pipe in lieu of the 60-inch stormwater pipe, at an additional cost of \$146,988.28 (“Added Cost”).

I. Council, Hopkins and Minnetonka desire to enter into this Agreement in order to address ownership and related responsibilities for the Pond and Elliptical Pipe, payment of the Added Costs, and allocation of Excess Capacity in the Pond.

Terms of Agreement

1. Recitals incorporated. The recitals above are incorporated into this Agreement by reference.

2. Ownership and Maintenance Responsibilities. Council shall be the owner of the Pond and the Elliptical Pipe. Council represents to and agrees with Hopkins and Minnetonka that Council shall be solely responsible for the construction, operation, maintenance, repair and replacement of the Pond and Elliptical Pipe. Council will at all times comply with the requirements of NMCWD permit no. 2016-88 and the Maintenance Agreement with respect to the Pond and Elliptical Pipe. Council agrees that it will allow future connections to the Elliptical Pipe, as allowed per paragraph 5.b. herein and any other applicable requirement under this Agreement, by owners of property within the PrivateDevelopment Contributing Area, at no cost, charge, fee or assessment to the connecting property owner or to Hopkins or Minnetonka.

3. Added Costs; Minnetonka’s Payment to Council. Minnetonka agrees to pay the Added Costs to Council as provided in that certain Subordinate Funding Agreement (Council No. 14I067G) by and between the Council and the City, approved contemporaneously with Council and Minnetonka’s approval of this Agreement.

4. Determination of Excess Capacity. The exact Excess Capacity of the Pond cannot be determined until the Pond is constructed and as-built drawings are completed. The parties understand and agree that whether Excess Capacity exists and the amount of Excess Capacity that exists cannot be determined until completion of construction. After construction is completed, Council agrees to determine the amount of Excess Capacity of the Pond and to submit documentation of its analysis and determination to NMCWD for review and concurrence. Council agrees to use due diligence to obtain the NMCWD's concurrence in Council's determination of Excess Capacity and agrees to provide Hopkins and Minnetonka of all documentation submitted to NMCWD.

5. Allocation of Excess Capacity. With respect to future use of Excess Capacity, the parties agree as follows:

- a. Council agrees to make any and all Excess Capacity available to Hopkins and Minnetonka, collectively, for use by properties within the PrivateDevelopment Contributing Area (as that area is determined under paragraph 4 above).
- b. Properties within the PrivateDevelopment Contributing Area may submit applications for land use approval to the local zoning authority (Hopkins or Minnetonka, as appropriate) and, as part of those applications, may request connection to the Elliptical Pipe. Any connection to the Elliptical Pipe will also require an application to NMCWD for a permit.
- c. Nothing in this Agreement creates any rights in favor of any person or entity that is not a party to this Agreement; specifically, this Agreement does not entitle any owner of property within the PrivateDevelopment Contributing Area to connect to the Elliptical Pipe or to enforce any provision of this Agreement.
- d. Nothing in this Agreement entitles either Hopkins or Minnetonka individually to any specified portion of the Excess Capacity. Hopkins and Minnetonka understand and agree they will consider applications for connection to the Elliptical Pipe on a first-come-first served basis, as development proposals are submitted and in accordance with the following process: When an application is submitted to either city for the development or redevelopment of a property within the PrivateDevelopment Contributing Area, the city receiving the application will notify the other city that the application is pending. The cities will mutually develop and share a spreadsheet that maintains a running balance of Excess Capacity as originally determined under paragraph 4 above, minus Excess Capacity utilized by developments that have received final approvals. The spreadsheet will show an estimate of the Excess Capacity that would be utilized by any development application that has been received but not yet finally approved, for planning purposes, but allocations of Excess Capacity will require final project approval.
- e. At all times, the extent and availability of Excess Capacity will be determined based upon NMCWD's permit-approval determinations. When NMCWD determines that the Excess Capacity has been fully exhausted, no further connections to the Elliptical Pipe will be allowed.

6. Reimbursement to Minnetonka of Added Costs. Hopkins and Minnetonka will each adopt land use policies or ordinances, as each deems appropriate for its jurisdiction, to require that approved land use applicants pay a development fee equal to their proportionate share of the Added Costs. The amount of the development fee must be calculated as follows for all developments with 80 percent or less of total land area as impervious surface: \$146,988.28 **divided** by the total number of acres in the PrivateDevelopment Contributing Area (as that area is determined under paragraph 4 above) **times** 1.05 (5% administrative fee). The five percent administrative fee is attributable to developments in both Hopkins and Minnetonka, for the purpose of reimbursing Minnetonka for its costs in providing up-front financing and administration of the Added Costs.

For example only, if the final PrivateDevelopment Contributing Area is 11.2 acres, the development fee will be calculated as:

$$\$146,988.28 \div 11.2 = \$13,123.95 \times 1.05 = \$13,780.15 \text{ per acre.}$$

If a development has greater than 80 percent impervious surface area, the development fee will be increased by 10 percent for each 5 percent incremental increase in impervious surface area; for example, a development with 85 percent impervious surface area would pay a fee of \$15,158.17 ($13,780.15 \times 1.1$). Each city is responsible for collecting the development fee from the land use applicant in the manner it deems appropriate. Hopkins agrees to pay Minnetonka the full amount of the development fee within 30 days after Hopkins provides final approval of the application to which the fee is related, regardless of whether Hopkins has received payment from the land use applicant. Hopkins reserves the right to charge a storm water fee or seek reimbursement from the land use applicant or property owner.

7. Revised development fee; city responsibilities. Hopkins and Minnetonka recognize that, based on the development fee formula in paragraph 6 above, any decrease in the amount of Excess Capacity (based on the post-construction determination to be made under paragraph 4 above) will reduce the acreage of the PrivateDevelopment Contributing Area, which will result in an increase in the development fee to be collected. In addition, Hopkins and Minnetonka recognize that, if the Excess Capacity is materially less than estimated, it is possible that the amount of the development fee as calculated under paragraph 6 above could be financially unrealistic for developers, when compared to the cost of constructing on-site stormwater systems. In that event, Hopkins and Minnetonka agree to cooperate in good faith in establishing a development fee that is financially viable, and each city will be responsible for the difference between the revised development fee and the development fee determined under paragraph 6 above. Hopkins and Minnetonka also recognize that the development may not occur for several years. ~~Accordingly, on a date that is seven years after Council provides the notice of Excess Capacity as required in paragraph 4 above, Hopkins must pay to Minnetonka its proportionate share of the Added Cost, minus any development fees that Hopkins has previously paid to Minnetonka. Hopkins' proportionate share shall be determined as a percentage of \$154,337.69 (the Added Cost times 1.05), the percentage being equal to the percentage of the Private Contributing Area that is located within Hopkins.~~

8. Term; Termination of Certain Rights and Obligations. The term of this Agreement shall be perpetual in nature, except that all rights and obligations of the parties that are contained in paragraphs 6 and 7 of this Agreement shall terminate on the earlier of: (a) 30 years after the date

that Council provides the notice of Excess Capacity as required in paragraph 4 above; or (b) when the Excess Capacity has been exhausted, as determined by the NMCWD, and all development fees for the developments that are utilizing the Excess Capacity have been collected and remitted to City of Minnetonka as provided in paragraph 6. For the sake of clarity, if the parties' rights and obligations in paragraphs 6 and 7 of this Agreement terminate, Hopkins shall have no obligation to reimburse Minnetonka for any additional share of the Added Costs. Notwithstanding the foregoing, nothing contained in this Agreement shall preclude the cities from establishing and requiring land use applicants or property owners to pay development fees at any point in time after the rights and obligations in paragraphs 6 and 7 terminate, in accordance with then-current state or local laws and regulations.

~~8.9.~~ Notice. The parties agree that any notice made pursuant to this Agreement must be sent to all parties by:

- a. Email, as long as the recipient acknowledges receipt by e-mail or otherwise in writing; or
- b. Certified mail.

~~9.10.~~ Dispute Resolution. A dispute resolution process shall be used for any unresolved issue, dispute or controversy between the parties before any legal remedies are exercised. The dispute resolution process contains a three-level dispute resolution ladder that escalates a dispute from the project management level through the executive management level.

The City of Minnetonka is represented from level 1 to 3 in the following order: City Engineer, Public Works Director, and City Manager.

The City of Hopkins is represented from level 1 to level 3 in the following order: City Engineer, Public Works Director, and City Manager.

The Council is represented from level 1 to 3 in the following order: Deputy General Manager, General Manager, and Regional Administrator.

At each level, representatives of the Parties shall meet and continue to explore resolution until either party determines, in good faith, that effective resolution is not possible at the current level and notifies the other parties that the process is elevated to the next level. If any party make such a determination at any point during issue resolution at level 3, then the dispute resolution process has been exhausted.

~~10.11.~~ Force Majeure. No party will be responsible to any other party's failure to perform or a delay in performance under this Agreement where such delay or failure to perform is caused by events beyond the performing party's reasonable control, including but not limited to unusually severe weather, fire, floods, or other acts of God, statutory and regulatory changes, labor disputes, acts of war or terrorism, or public health emergencies.

~~11~~.12. Governing Law. This Agreement is entered into and under the laws of the State of Minnesota and shall be interpreted in accordance therewith.

~~12~~.13. Liability. To the extent authorized by law each party is responsible only for its own acts and the results of its acts. The liability of the Council and the Cities is governed by the provisions of Minnesota Statutes, Chapter 466.

~~13~~.14. All parties are authorized to enter into this Agreement and have caused this Agreement to be executed by their duly authorized representatives on the dates indicated below. Furthermore, this Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which, taken together, shall constitute one and the same agreement.

[signature pages follow]

Signature page – Metropolitan Council

METROPOLITAN COUNCIL

By: _____

Its _____

Date: _____

DRAFT

Signature page – City of Hopkins

CITY OF HOPKINS

By: _____ Its
Mayor

By: _____ Its: City
Manager

Date: _____

DRAFT

Signature page – City of Minnetonka

CITY OF MINNETONKA

By: _____ Its
Mayor

By: _____ Its: City
Manager

Date: _____

DRAFT



ATTACHMENT 1: PROJECT CONTRIBUTING AREA

DRAFT

© 2019 Southwest Florida Water Management District. All rights reserved.

DATE: 10/11/2019 1:12 PM K:\2019\SWFWMD\GIS\2019\10\11\2019_10_11_1200\10_11_2019_10_11_1200.dwg SWFWMD\GIS\2019\10\11\2019_10_11_1200.dwg

Legend

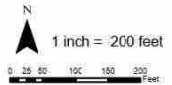
-  SWLRT Alignment
-  Project Contributing Area

Shady Oak
South Pond



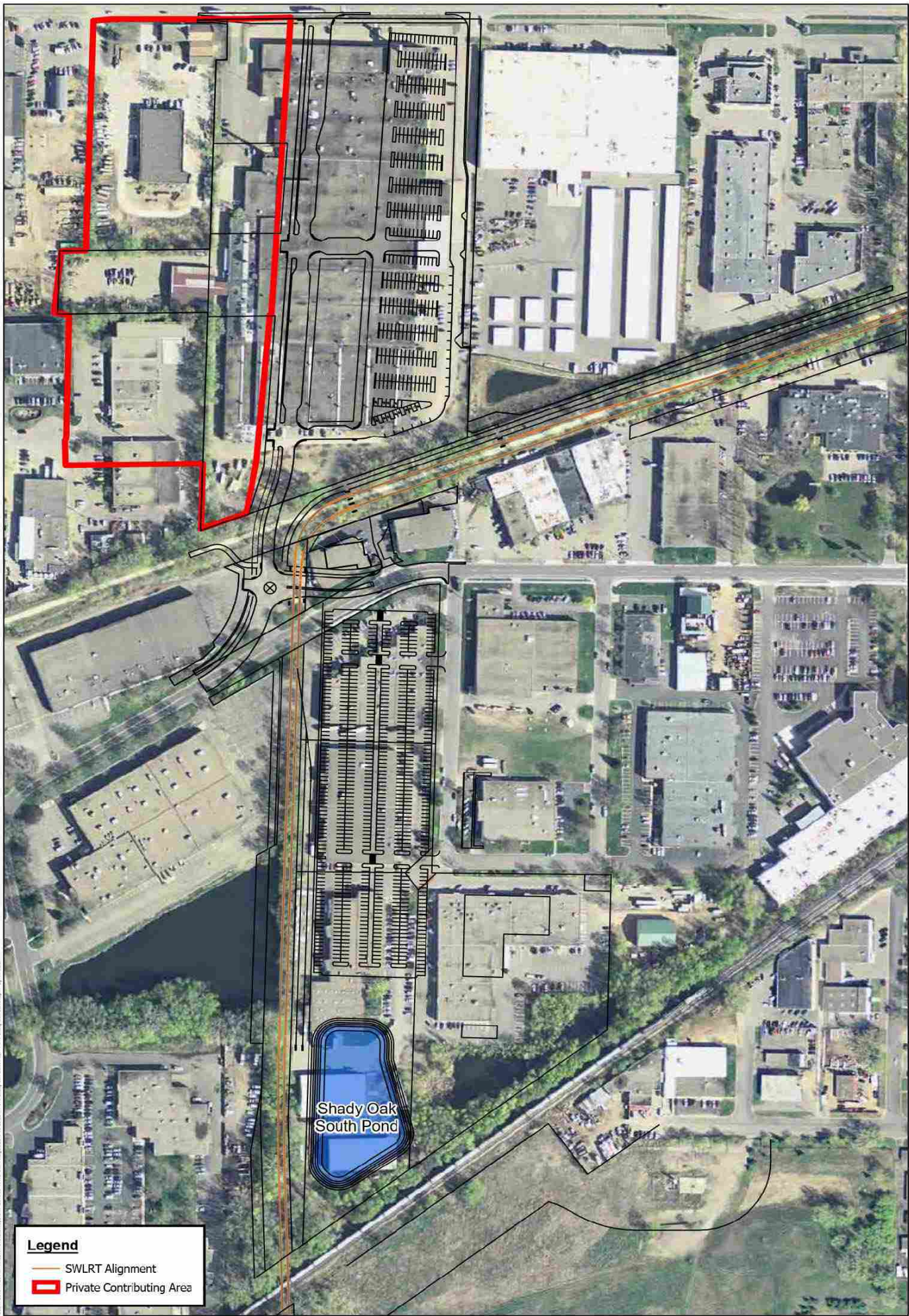
Shady Oak South Pond Project Contributing Area Attachment 1

DATE: 10/11/2019





| ATTACHMENT 2: DEVELOPMENT CONTRIBUTING AREA

Doc 11-2019-132 RW 6-02071-615520388200P-201906-1480 SWP AerialMap2019-10-290217-010.dwg Cox 10/29/2019 By: luvener

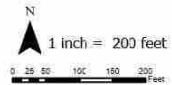


Legend

-  SWLRT Alignment
-  Private Contributing Area

**Shady Oak South Pond
Development Contributing Area
Attachment 2**

DATE: 10/11/2019



City Council Agenda Item #10B
Meeting of Nov. 23, 2020

Brief Description	Building Inspection Services for the Cities of Deephaven, Greenwood, and Woodland
Recommendation	Approve the agreements

Background

For many years, the City of Minnetonka has provided building inspection services for the cities of Deephaven, Greenwood, and Woodland. The main contract has been with Deephaven, which has then executed sub-agreements with the other cities. The significant change is that the City of Greenwood is moving some of its administrative services to another city, causing the main contract with the City of Deephaven to change. It also requires a new, separate agreement with Greenwood. In summary, Minnetonka would still provide building inspection services to all three cities, but the contractual arrangements of how that happens are changing.

Because of the new contracts, staff took the opportunity to update the language in the existing documents to address an increased hourly rate (proposed \$90), changed statutory citations, and updated liability language.

Recommendation

Approve the agreements.

Submitted through:
 Geraldyn Barone, City Manager
 Corrine Heine, City Attorney

Originated by:
 Julie Wischnack, AICP, Community Development Director

AGREEMENT FOR BUILDING INSPECTION SERVICES

This agreement is made and entered into by the City of Deephaven (“Deephaven”) and the City of Minnetonka (“Minnetonka”), both of which are Minnesota municipal corporations.

The ~~cities of Greenwood and~~ City of Woodland ~~has~~have previously contracted with Deephaven for the provision of building inspection services. Deephaven subsequently arranged to contract with Minnetonka for the provision of certain of those services on behalf of itself and ~~the other two cities~~Woodland. This agreement is authorized by ~~Minn. Stat. Sec. 16B.62, Subd. 4~~Minnesota Statutes §326B.121 and Sec. § 471.59, subd. 1.

Accordingly, the parties agree that Minnetonka will provide certain building inspection services for Deephaven, and through Deephaven for ~~the cities of Greenwood and~~ the City of Woodland, subject to the following conditions:

1. **Definition of Building Code.** The “Building Code “ administered and enforced under this agreement means the current edition of the Minnesota State Building Code as adopted by the Minnesota Commissioner of Administration from time to time pursuant to ~~Minn. Stat. 16B.59-16B.73~~ Minnesota Statute §326B, including the rules and codes adopted by reference therein.

2. **Adoption of Building Code.** Deephaven agrees to adopt by ordinance the Building Code as defined above, and to keep the ordinance current as new model code editions are subsequently adopted by the Commissioner of Administration. Deephaven may adopt the standard fee schedule or ~~any alternate schedule as provided by 2MCAR1.1011 (UBC 304a)~~ the schedule as provided under Minnesota Statute §326B.153. Minnetonka will inform Deephaven whenever the ordinances must be revised to include a new or revised code edition.

3. **Building Official Services.** The services to be provided by Minnetonka shall include pre-construction plan review and on-site construction inspection for all residential and non-residential construction, as required for enforcement and administration of the Building Code. Specifically included are all services relating to general construction, plumbing, heating, ventilation, electric, air conditioning and refrigeration work for which a permit is required under the Building Code. Additionally, Minnetonka shall provide electrical inspection services for residential construction. Specifically excluded are any services relating to Housing and Fire code enforcement or any other compliance code inspections not performed in connection with issuance of a Building Code Permit. The services shall be performed by the Minnetonka Building Official (“Building Official”) or by a qualified building inspector (“Building Inspector”) working under the Building Official’s direct supervision.

4. **Administration procedures.** This section is set forth to clarify the responsibilities of each participant and to establish procedures for issuing permits and performing inspection service.

a) Responsibility of Deephaven

1) Administer and enforce all zoning requirements including but not limited to approval of site plan, building size, location and use, and general performance standards.

2) Administer all contractor licensing requirements.

3) Issue all permits and collect local permit fees and state or regional charges including Metropolitan Environmental Services SAC charges and State Building Code surcharges.

4) Maintain permanent records.

5) Complete all periodic reports and governmental surveys.

6) Prosecute all violations.

b) Responsibility of Minnetonka

1) Perform all residential and non-residential pre-construction plan reviews.

2) Perform all residential and non-residential construction and residential electrical inspections required for building code enforcement.

3) Provide inspections reports and other information for the permanent records kept by Deephaven.

4) Assist in all Building Code violation prosecutions with the Building Official's time, records, and expert information. Inspection services provided under paragraph 9-C below shall be compensated separately as provided therein.

5) Assist Deephaven to provide general building code information to citizens.

6) Subject to 9(c) below, provide other inspection services or technical recommendations related to building code matters as may from time to time be requested by Deephaven.

c) Procedure for Building Code Administration

1) Deephaven shall review all architectural drawings, specifications and site plans and certify to the Minnetonka Building Official that the same are in compliance with applicable zoning and land use ordinances.

2) The Building Official or a qualified Building Inspector working under the direct supervision of the Building Official shall review the building construction plans for conformance with the Building Code and approve, or disapprove same indicating reasons for such disapproval.

3) Deephaven, upon approval of the plan by the Minnetonka Building Official and consistent with all local requirements, issues the Building Permit, collects the plan review fee, the local and regional fees and notifies Minnetonka of the permit day, number and other pertinent information.

4) The Building Official or a qualified Building Inspector working under the direct supervision of the Building Official, performs required inspections and notifies Deephaven of monthly progress, any violations, and final completion.

5) Deephaven, upon final approval by the Minnetonka Building Official, and consistent with all local requirements, issues the Certificate of Occupancy.

5. **Administrative Responsibility.** The daily administration of the building inspection services rendered pursuant to this agreement shall be under the sole direction of Minnetonka. The degree of services rendered, the standards of performance and other matters relating to regulations and policies shall remain under the control of Minnetonka. The services rendered under this agreement shall be performed at the City offices of Minnetonka, except for required on-site inspections or as otherwise specifically noted in this agreement. Minnetonka shall submit to Deephaven a monthly report of services rendered and charges due, in such form and detail as Deephaven may reasonably require, as well as periodic suggestions regarding other matters relating to the inspection service.

6. **Communications, Equipment and Supplies.** Minnetonka shall provide the necessary supplies, equipment and vehicles to the Minnetonka Building Official except Deephaven shall provide any necessary supplies which must be specially printed for Deephaven, such as permits, forms, etc.

7. **Personnel, Employees of Minnetonka.** Personnel assigned to perform the building inspection services pursuant to this agreement shall be employees of Minnetonka which shall assume all obligations arising out of the employment relationship, including, but not limited to, salary, worker's compensation, PERA withholding tax and health insurance with respect to such personnel. Deephaven shall not be required to furnish any fringe benefits or compensation whatsoever to Minnetonka employees.

8. **Authority of Inspection Personnel.** The Minnetonka Building Official and Inspector are hereby provided specific authority by Deephaven to administer and enforce the building code as provided by this agreement.

9. **Costs.** For and in consideration of the rendition of the services described herein, Deephaven shall pay Minnetonka as follows:

a) Building Inspection Services. It is agreed Deephaven will pay Minnetonka ~~\$77-\$90~~100 per hour for electrical, plumbing, heating, and building inspections. Minnetonka is responsible for all mileage and fees for the Inspector.

b) Plan Review Services. It is agreed Deephaven will pay Minnetonka ~~\$77-\$90~~100 per hour for its plan review services. This fee will be paid by Deephaven when a plan is required to be submitted by section 302 of the Building Code. In addition, Deephaven agrees to pay Minnetonka an additional fee to cover the costs of any required outside third party structural plan reviews when these outside services are deemed necessary by the Minnetonka Building Official and are approved in advance by Deephaven's City Administrator.

c) Other Inspection Services. Upon request by Deephaven, the Building Official or Building Inspector will assist Deephaven in other inspection services, such as hazardous buildings, fire and residential code enforcement housing code enforcement, compliance inspections, etc. which services will be paid on the hourly basis noted above.

d) Adjustment of Costs. Minnetonka and Deephaven will meet prior to July 1 each year and determine the hourly rate to be paid for building inspection and plan review services for the next calendar year.

10. **Hold Harmless and Indemnification Agreement.** Deephaven shall indemnify and hold harmless Minnetonka, the City Council of Minnetonka and the agents and employees of the City of Minnetonka from and against all claims, damages, losses, liabilities or expenses, including attorney fees arising out of or resulting from the performance of the services to be provided pursuant to this agreement. Nothing in this agreement shall constitute a waiver of the statutory limits of liability set forth in Minnesota Statutes, Chapter 466 or a waiver of any available immunities or defenses. The limits of liability under Minnesota Statutes, Chapter 466 for the parties may not be added together to determine the maximum amount of liability for any party.

11. **Insurance.** During the entire term of this agreement, Deephaven shall maintain comprehensive general liability insurance in amounts sufficient to cover the maximum liability limits provided by state law, to protect Deephaven and Minnetonka from liability, which arises directly or indirectly from the provision of services pursuant to this agreement. This insurance shall include coverage of Deephaven's indemnification obligation in paragraph 10 above.

12. **Terms of Agreement.** Notwithstanding the date of execution, this agreement shall commence on January 1, 2021. Either party may terminate the agreement without cause upon 90 days' prior written notice. Deephaven shall pay for all services rendered after the termination date which might be necessarily incurred to complete work begun before the termination date. All notices shall be sent to the Minnetonka City Manager or the Deephaven City Administrator ~~Clerk~~ at their respective city hall addresses.

CITY OF MINNETONKA

By _____
Brad Wiersum, Mayor

And _____
Geraldyn Barone, City Manager

CITY OF DEEPHAVEN

By _____
Paul A. Skrede, Mayor
~~Its~~ _____

And _____
Dana H. Young, City Administrator
~~Its~~ _____

CONSENT TO AGREEMENT

The ~~cities of Greenwood and~~ City of Woodland, having previously contracted with the City of Deephaven for building inspection services, hereby consents to the City of Minnetonka undertaking some of those duties pursuant to this agreement between the cities of Deephaven and Minnetonka.

CITY OF GREENWOOD

By _____

Its _____

And _____

Its _____

CITY OF WOODLAND

By _____

Vince Suerth, Mayor

Its _____

And _____

Sara Skalle, Clerk

Its _____

AGREEMENT FOR BUILDING INSPECTION SERVICES

This agreement is made and entered into by the City of Greenwood (“Greenwood”) and the City of Minnetonka (“Minnetonka”), both of which are Minnesota municipal corporations.

Greenwood previously contracted with the City of Deephaven for the provision of building inspection services. Greenwood subsequently arranged to contract with Minnetonka for the provision of certain of those services on behalf of itself. This agreement is authorized by Minnesota Statutes §326B.121 and §471.59, subd. 1.

Accordingly, the parties agree that Minnetonka will provide certain building inspection services for Greenwood, subject to the following conditions:

1. **Definition of Building Code.** The “Building Code” administered and enforced under this agreement means the current edition of the Minnesota State Building Code as adopted by the Minnesota Commissioner of Administration from time to time pursuant to Minnesota Statute §326B, including the rules and codes adopted by reference therein.

2. **Adoption of Building Code.** Greenwood agrees to adopt by ordinance the Building Code as defined above, and to keep the ordinance current as new model code editions are subsequently adopted by the Commissioner of Administration. Greenwood may adopt the standard fee schedule or the schedule as provided under Minnesota Statute §326B.153. Minnetonka will inform Greenwood whenever the ordinances must be revised to include a new or revised code edition.

3. **Building Official Services.** The services to be provided by Minnetonka shall include pre-construction plan review and on-site construction inspection for all residential and non-residential construction, as required for enforcement and administration of the Building Code. Specifically included are all services relating to general construction, plumbing, heating, ventilation, electric, air conditioning and refrigeration work for which a permit is required under the Building Code. Additionally, Minnetonka shall provide electrical inspection services for residential construction. Specifically excluded are any services relating to Housing and Fire code enforcement or any other compliance code inspections not performed in connection with issuance of a Building Code Permit. The services shall be performed by the Minnetonka Building Official (“Building Official”) or by a qualified building inspector (“Building Inspector”) working under the Building Official’s direct supervision.

4. **Administration procedures.** This section is set forth to clarify the responsibilities of each participant and to establish procedures for issuing permits and performing inspection service.

a) Responsibility of Greenwood

1) Administer and enforce all zoning requirements including but not limited to approval of site plan, building size, location and use, and general performance standards.

2) Administer all contractor licensing requirements.

3) Issue all permits and collect local permit fees and state or regional charges including Metropolitan Environmental Services SAC charges and State Building Code surcharges.

4) Maintain permanent records.

5) Complete all periodic reports and governmental surveys.

6) Prosecute all violations.

b) Responsibility of Minnetonka

1) Perform all residential and non-residential pre-construction plan reviews.

2) Perform all residential and non-residential construction and residential electrical inspections required for building code enforcement.

3) Provide inspections reports and other information for the permanent records kept by Greenwood.

4) Assist in all Building Code violation prosecutions with the Building Official's time, records, and expert information. Inspection services provided under paragraph 9-C below shall be compensated separately as provided therein.

5) Assist Greenwood to provide general building code information to citizens.

6) Subject to 9(c) below, provide other inspection services or technical recommendations related to building code matters as may from time to time be requested by Greenwood.

c) Procedure for Building Code Administration

1) Greenwood shall review all architectural drawings, specifications and site plans and certify to the Minnetonka Building Official that the same are in compliance with applicable zoning and land use ordinances.

2) The Building Official or a qualified Building Inspector working under the direct supervision of the Building Official shall review the building construction plans for conformance with the Building Code and approve, or disapprove same indicating reasons for such disapproval.

3) Greenwood, upon approval of the plan by the Minnetonka Building Official and consistent with all local requirements, issues the Building Permit, collects the plan review fee, the local and regional fees and notifies Minnetonka of the permit day, number and other pertinent information.

4) The Building Official or a qualified Building Inspector working under the direct supervision of the Building Official, performs required inspections and notifies Greenwood of monthly progress, any violations, and final completion.

5) Greenwood, upon final approval by the Minnetonka Building Official, and consistent with all local requirements, issues the Certificate of Occupancy.

5. **Administrative Responsibility.** The daily administration of the building inspection services rendered pursuant to this agreement shall be under the sole direction of Minnetonka. The degree of services rendered, the standards of performance and other matters relating to regulations and policies shall remain under the control of Minnetonka. The services rendered under this agreement shall be performed at the City offices of Minnetonka, except for required on-site inspections or as otherwise specifically noted in this agreement. Minnetonka shall submit to Greenwood a monthly report of services rendered and charges due, in such form and detail as Greenwood may reasonably require, as well as periodic suggestions regarding other matters relating to the inspection service.

6. **Communications, Equipment and Supplies.** Minnetonka shall provide the necessary supplies, equipment and vehicles to the Minnetonka Building Official except Greenwood shall provide any necessary supplies which must be specially printed for Greenwood, such as permits, forms, etc.

7. **Personnel, Employees of Minnetonka.** Personnel assigned to perform the building inspection services pursuant to this agreement shall be employees of Minnetonka which shall assume all obligations arising out of the employment relationship, including, but not limited to, salary, worker's compensation, PERA withholding tax and health insurance with respect to such personnel. Greenwood shall not be required to furnish any fringe benefits or compensation whatsoever to Minnetonka employees.

8. **Authority of Inspection Personnel.** The Minnetonka Building Official and Inspector are hereby provided specific authority by Greenwood to administer and enforce the building code as provided by this agreement.

9. **Costs.** For and in consideration of the rendition of the services described herein, Greenwood shall pay Minnetonka as follows:

a) **Building Inspection Services.** It is agreed Greenwood will pay Minnetonka \$90 per hour in 2021 and \$100 per hour in 2022 for electrical, plumbing, heating, and building inspections. Minnetonka is responsible for all mileage and fees for the Inspector.

b) **Plan Review Services.** It is agreed Greenwood will pay Minnetonka \$90 per hour in 2021 and \$100 per hour in 2022 for plan review services. This fee will be paid by Greenwood when a plan is required to be submitted by section 302 of the Building Code. In addition, Greenwood agrees to pay Minnetonka an additional fee to cover the costs of any required outside third-party structural plan reviews when these outside services are deemed necessary by the Minnetonka Building Official and are approved in advance by Greenwood's City Administrator.

c) **Other Inspection Services.** Upon request by Greenwood, the Building Official or Building Inspector will assist Greenwood in other inspection services, such as hazardous buildings, fire and residential code enforcement housing code enforcement, compliance inspections, etc. which services will be paid on the hourly basis noted above.

10. **Hold Harmless and Indemnification Agreement.** Greenwood shall indemnify and hold harmless Minnetonka, the City Council of Minnetonka and the agents and employees of the

City of Minnetonka from and against all claims, damages, losses, liabilities or expenses, including attorney fees arising out of or resulting from the performance of the services to be provided pursuant to this agreement.

11. **Insurance.** During the entire term of this agreement, Greenwood shall maintain comprehensive general liability insurance in amounts sufficient to cover the maximum liability limits provided by state law, to protect Greenwood and Minnetonka from liability, which arises directly or indirectly from the provision of services pursuant to this agreement. This insurance shall include coverage of Greenwood's indemnification obligation in paragraph 10 above.

12. **Terms of Agreement.** Notwithstanding the date of execution, this agreement shall commence on January 1, 2021. Either party may terminate the agreement without cause upon 90 days' prior written notice. Greenwood shall pay for all services rendered after the termination date which might be necessarily incurred to complete work begun before the termination date. All notices shall be sent to the Minnetonka City Manager or the Greenwood City Clerk at their respective city hall addresses.

CITY OF MINNETONKA

By _____
Brad Wiersum, Mayor

And _____
Geraldyn Barone, City Manager

CITY OF GREENWOOD

By _____
Debra J. Kind, Mayor

And _____
Dana H. Young, City Clerk

**City Council Agenda Item #10C
Meeting of Nov. 23, 2020**

Brief Description: 2021 fee schedules for consulting engineering services

Recommended Action: Approve the fee schedules

Background

The engineering division of public works solicits proposals from selected consulting engineering firms on a three-year cycle and 2021 is the second year of the current cycle. These firms are chosen to augment staff expertise related to street and utility projects, traffic studies, water resources/environmental engineering and other areas of need. In addition, they are utilized to accommodate demands during peak periods. Fee schedules are established for the first year of the three-year agreements. Revised fee schedules are to be subsequently established for the second and third years.

The fee schedules for 2021, which is the second year of the current three-year cycle, have been submitted. The consultants' contracts include a stipulation requiring that the consultants' average rates not increase by more than 4% per year after the initial contract year of 2020. Each consultant has met this requirement.

In reviewing proposed fee schedules, staff evaluates their appropriateness based on the percentage of increase for each individual rate and the comparative rates between consultants for similar positions.

The city presently retains 13 firms in its consulting pool. The firms are listed below with their respective percentage increases, based on personnel rates that are most typically used on city projects.

Consulting Firm	2021 Adjustment
AE2S	1.6 %
Alliant Engineering, Inc.	2.1 %
American Engineering Testing, Inc.	2.0 %
Barr Engineering Company	3.4 %
Bolton & Menk, Inc.	3.8 %
Braun Intertec Corporation	3.3 %
Damon Farber	-2.0 %
Hansen Thorp Pellinen Olson, Inc.	3.0 %
In-Control, Inc.	0.9 %
ISG, Inc.	3.2 %
Short Elliott Hendrickson, Inc.	3.2 %
SRF Consulting Group, Inc.	2.5 %
WSB & Associates, Inc.	1.5 %

The increases proposed by the consultants can generally be attributed to step salary increases or promotions for the consultant personnel that provide primary services to the City of Minnetonka. Although the increases vary from firm to firm, the comparative hourly charge-out rates are generally consistent.

Recommendation

Approve the revised 2021 fee schedules proposed by the city's general services consulting engineering firms and authorize the mayor and city manager to execute the Addenda to the Agreements for Professional Services with the following firms:

AE2S	Hansen Thorp Pellinen Olson, Inc.
Alliant Engineering, Inc.	In-Control, Inc.
American Engineering Testing, Inc.	ISG, Inc.
Barr Engineering Company	Short Elliott Hendrickson, Inc.
Bolton & Menk, Inc.	SRF Consulting Group, Inc.
Braun Intertec Corporation	WSB & Associates, Inc.
Damon Farber	

Submitted through:
Geraldyn Barone, City Manager
Will Manchester, P.E., Director of Public Works

Originated by:
Phil Olson, P.E., City Engineer

City Council Agenda Item #10D
Meeting of Nov. 23, 2020

Brief Description	Affordable Housing Trust Fund Ordinance
Recommendation	Adopt the ordinance to create a permanent affordable housing trust fund

Background

On April 20, 2020, the city council approved a temporary Affordable Housing Trust Fund (AHTF) to provide emergency rental assistance to households impacted by COVID-19. At that time, the council designated \$150,000 of the existing fund balance from the Development Fund to provide emergency rental and utility housing assistance to Minnetonka households. This amount represented the balance of conduit bond administrative fees that the city collected that are available for this purpose and are not committed to other programs. The revised city budget will indicate any movement of funds that reimburse the development account.

The temporary emergency ordinance provided the city with authority to transfer them to a temporary AHTF and use these funds for emergency rental assistance within a 60-day window. This was the only mechanism available for the city to provide these funds for direct rental assistance in a timely manner.

Staff is requesting that the city consider establishing a permanent AHTF to secure a mechanism to provide rental assistance in the future. The establishment of a permanent AHTF does not obligate the city to provide funding for this purpose. It provides the mechanism for the city to provide the funds, should it consider doing so in the future. The ordinance was introduced at the Nov. 09, 2020, city council meeting.

Affordable Housing Trust Fund

Staff is recommending that the council consider establishing a permanent AHTF as a mechanism to provide rental assistance and potentially other assistance to housing projects in the future. State Statute 462C.16 provides authority for local governments to establish an AHTF for the purposes of:

- Making grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
- Matching other funds from federal, state, or private resources for housing projects;
- Providing down payment assistance, rental assistance, and homebuyer counseling services;
- And to pay for administrative expenses, up to 10 percent of the balance of the fund.

Under the statute, cities can finance the trust fund with any money available to the local government. Sources of these funds include, but are not limited to:

- Donations
- Bond proceeds

- Grants and loans from state, federal, or private sources
- Appropriations by local government to the fund
- Investment earnings of the fund
- Housing and redevelopment authority levies

Financial Consideration

In April, the city council committed \$150,000 of the existing fund balance from the Development Fund to provide emergency rental housing assistance to Minnetonka households. This amount represented the balance of conduit bond administrative fees that the city collected that were available for this purpose and is not committed to other programs.

Through Nov. 10, the city assistance has provided 57 households with \$78,500, and there is a remaining balance of approximately \$71,500 to provide more households with assistance. Out of the \$100 million of assistance through the COVID-19 Housing Assistance Program (CHAP), Minnetonka residents received \$51,698 of the \$157,265 total contribution to ICA to assist a total of 30 households. ICA provided a total of \$159,322 to 88 Minnetonka households from all COVID-19 funding sources (including CDBG, Minnetonka Funds, CHAP, FEMA) for rent, mortgage, and utility assistance. Staff will continue to monitor the need for assistance and provide an update to the council at the Dec. 21, 2020, meeting.

The HRA's 2020 preliminary tax levy, collectible in 2021, identifies a contribution of \$50,000 for continued emergency rental/mortgage assistance. The final levy will be discussed at the city council meeting on Dec. 7, 2020.

Next Steps

If adopted, the ordinance will be effective 30 days after its publication.

Recommendation

Staff recommends the city council adopt the ordinance to create a permanent affordable housing trust fund.

Submitted through:

Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Darin Nelson, Finance Director

Originated by:

Alisha Gray, EDFP, Economic Development and Housing Manager

Supplemental Information

[Nov. 09, 2020 City Council Meeting](#) – (12A) Introduction of the AHTF

[April 20, 2020 City Council Meeting](#) – (14B) Emergency Rental Assistance

[Sept. 21, 2020 City Council Meeting](#) – (14C) 2020 Preliminary Tax Levy

[Sept. 14, 2020 City Council Study Session](#) – (4) Affordable Housing Update

Ordinance No. 2020-

An Ordinance establishing an Affordable Housing Trust Fund in order to provide housing assistance within the City of Minnetonka

Be it ordained by the City Council (the "Council") of the City of Minnetonka, Minnesota (the "City"):

Section 1. Preamble.

1.01. Pursuant to Minnesota Statutes, Section 462C.16, the City of Minnetonka (the "City") is authorized to establish a local housing trust fund.

1.02. The City has determined to create an Affordable Housing Trust Fund to encourage the creation of affordable housing for rental housing and owner-occupied housing, to promote the preservation of existing affordable housing and naturally occurring affordable housing, and to provide rental assistance and homeownership assistance to persons of very low income, low income, and moderate-income.

Section 2. Definitions.

2.01. "Persons of very low income"- means families and individuals whose incomes do not exceed 50 percent of area median income, as median income was most recently determined by the United States Department of Housing and Urban Development for the Minneapolis-St. Paul-Bloomington, Minnesota Metropolitan Statistical Area, as adjusted for smaller and larger families.

2.02. "Persons of low income" means families and individuals whose incomes do not exceed 80 percent of the area median income, as median income was most recently determined by the United States Department of Housing and Urban Development for the Minneapolis-St. Paul-Bloomington, Minnesota Metropolitan Statistical Area, as adjusted for smaller and larger families.

2.03. "Persons of moderate-income" means families and individuals whose incomes exceed 80 percent, but do not exceed 120 percent, of area median income, as median income was most recently determined by the United States Department of Housing and Urban Development for the Minneapolis-St. Paul-Bloomington, Minnesota-Wisconsin Metropolitan Statistical Area, as adjusted for smaller and larger families.

Section 3. Establishing the Affordable Housing Trust Fund.

3.01. Pursuant to the authority granted to the City under Minnesota Statutes, Section 462C.16, an affordable housing trust fund is established to provide the following:

- (a) Grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing.
- (b) Match other funds from federal, state, or private resources for housing projects.
- (c) Rental assistance to persons of very low, low, and moderate-income.

- (d) Down payment assistance.
- (e) Homebuyer counseling services.
- (f) Payment of administrative expenses of the Affordable Housing Trust Fund in the maximum amount of ten percent of the balance of the Affordable Housing Trust Fund.

Section 4. Funding Sources.

4.01. The Affordable Housing Trust Fund shall be initially funded by administrative fees received by the City for the issuance of conduit bonds. The City Council may also pledge other sources of funding, which may include, but are not limited to:

- (a) Private cash donations from individuals and corporations designated for the Affordable Housing Trust Fund.
- (b) Payments in lieu of participation in current or future affordable housing programs.
- (c) Grants or loans from a state, federal or local government or private sources.
- (d) The sale of real and personal property.
- (e) Local government appropriations, development fees, and other funds as designated from time to time by the City Council.
- (f) Investment earnings from the Affordable Housing Trust Fund.
- (g) Tax Increment Finance (TIF) pooled funds.
- (h) Housing and Redevelopment levy funds.
- (i) Other sources of funding approved by the City Council

Section 5. Administration of Affordable Housing Trust Fund.

5.01 The Economic Development Authority in and for the City of Minnetonka (the "Authority") shall administer the Affordable Housing Trust Fund on behalf of the City.

5.02. The Authority shall report annually to the City on the use of the Affordable Housing Trust Fund, including the number of loans and grants made, the number and types of residential units assisted, and the number of households provided rental assistance and down payment assistance.

Section 6. Council Action.

6.01. The implementation of the Affordable Housing Trust Fund is hereby approved.

6.02. This ordinance is effective 30 days after publication.

Adopted by the City Council of the City of Minnetonka, Minnesota, on Nov. 23, 2020.

Brad Wiersum, Mayor

Attest:

Becky Koosman, City Clerk

Action on this ordinance:

Date of introduction: Nov. 9, 2020

Date of adoption:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Ordinance adopted.

Date of publication:

I hereby certify that the foregoing is a true and correct copy of an ordinance adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on Nov. 23, 2020.

Becky Koosman, City Clerk

City Council Agenda Item #13A
Meeting of Nov. 23, 2020

Brief Description On-sale wine and on-sale 3.2 percent malt beverage liquor licenses for Ametrine Inc., dba People’s Organic Coffee and Wine Cafe, 12934 Minnetonka Boulevard

Recommendation Open the public hearing and continue to Dec. 21, 2020

Background

Diane Alexander currently owns Ametrine Inc. dba People’s Organic Coffee and Wine Shop. Ametrine Inc. purchased People’s Organic in November 2015. They offer organic, fair-trade, farm-to-table food along with beer and wine.

Business Ownership

On Oct. 23, 2020, Diane sold 80 of her shares to her son, Michael Swafford. Diane will retain the remaining 20 shares. Michael has been working at the Minnetonka location since March 2016. He will now function as the vice president and treasurer of Ametrine, Inc. Michael will also serve as general manager of People’s Organic overseeing the day-to-day operation of the restaurant. Ametrine Inc. is currently operating under a management agreement until their liquor license can be reviewed.

Business Operations

The change in ownership necessitates the need for a new liquor license. All other operational aspects of the existing restaurant will remain the same, including the menu and establishment name. Currently, the restaurant employs 15 people. Before Covid-19, they employed 27 people. The restaurant is currently open Monday through Saturday from 7:00 a.m. to 8:00 p.m., and 8:00 a.m. to 8:00 p.m. on Sundays. Michael is committed to educating every staff member on alcohol awareness training.

Application Information

Application information and license fees have been submitted. The police department’s investigative report is pending and will be forwarded to the council prior to the continued public hearing.

Recommendation

Staff recommends that the city council open the public hearing and continue it to Dec. 21, 2020.

Submitted through:

Geraldyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director

Originated by:

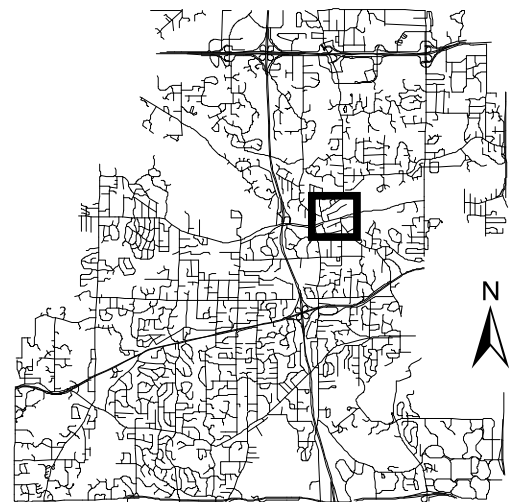
Fiona Golden, Community Development Coordinator



LOCATION MAP



Project & Applicant: People's Organic
Address: 12934 Minnetonka Blvd



This map is for illustrative purposes only.

PEOPLES ORGANIC[®]

COFFEE & WINE CAFÉ



Minnetonka City Council

10.6.20

**Peoples Organic Minnetonka Coffee & Wine Café
12934 Minnetonka Blvd
Minnetonka MN 55305**

**Michael Swafford
Majority Share Holder
Manager & Operations Director**

Business Time Frame: 01.01.2019 I have slowly been buying shares of Peoples Organic to the present. Peoples Organic has been in our community for the last 8 years. Own and operated by my mother Diane Alexander. We appreciate the opportunity to provide healthy organic food, Wine and Beer to our community.

We currently employ 15 people and in normal business around 27. All of which go through alcohol training on the following.

- 1) Intoxicated guest and what actions to take and what to do.**
- 2) Carding all patrons under the age 50.**
- 3) How to read an ID or Passport**
- 4) Every Employee signs our Alcohol Service Policy (see attached for more details)**

My plan prior to Covid this March, was to purchase a Food Truck. Hoping to provide organic food to our community and the twin cities, for different events. After a year of operating this truck and Minnetonka location. My goal was to evaluate and add a second location. Currently we are just trying to manage the business day to day.

My background is architectural engineering. Working for the last 12 years in Los Angeles. Every warehouse started to look the same. As well as every job. I was running out of fire, for that passion in life. At the end of 2015, Diane and I spoke as I shared this with her. She said laughing..... "You should by my Peoples Organic Stores". I replied "why are you laughing" So in March of 2016 I moved back home to Minnesota and after working every position for a couple of years. I made the choice to buy the Minnetonka Location. Or at least a portion of the business. I couldn't be more happy about my decision and living once again in Minnesota.

Charity is a big part of our success. Currently we donate to St. Davids School and church. Along with Jr. League and Holy Name Church. We are blessed to be able to continue doing this as part of our community and partnerships.

Thank you for your consideration of transferring our current liquor license in Diane's name to mine.

Best Regards,

Michael Swafford

PEOPLES ORGANIC[®]

COFFEE & WINE CAFÉ



To All Employees:

Subject: Alcohol Service Policy

- 1) **You Must Card Everyone That Orders an Alcoholic Beverage, under the age 50. If you are not sure about the age, card everyone.**
- 2) **If a guest is intoxicated, please find me or text me and I will be there to help you make a decision on if that guest can continue to drink or not. Most likely if you're wondering, they are over the limit.**

Action:

- A) **Remove Alcohol: Remove Alcohol from sight and reach of the intoxicated person.**
 - B) **Be Non-Judgmental: Don't Say "Your Drunk". Say "We care about your safety" or "I'm Sorry, but I've served you all I can".**
 - C) **Be Firm: As the intoxicated guest will try to make a deal.**
 - D) **Alert Back Up: Let another employee know what's going on.**
 - E) **Text Me So I can record the days video tape and keep personal notes.**
 - F) **Do Not Be Intimidated: We reserve the right to refuse service to anyone.**
 - G) **Call the Intoxicated guest an Uber and let them know we are paying for it.**
- 3) **No Alcohol can be served before 8am M-Sat and 10am on Sunday.**
 - 4) **No Employee in Service is allowed to drink. Drinking while working or serving alcohol to another employee that is working. Are grounds for immediate termination.**
 - 5) **Compliance Checks: The city will perform undercover compliance checks periodically. Anyone who successfully passes a compliance check will receive \$100 in cash. Anyone who fails a compliance check will be terminated.**

Name _____

Date _____

PEOPLES ORGANIC™
COFFEE & WINE CAFE

Alcohol Service Policy

Responsible Alcohol Service

At Peoples Organic Coffee & Wine Café (POC), we genuinely care about our guests and their well-being. This care extends to the service of alcoholic beverages. Alcohol abuse and its repercussions are shocking:

Drunk drivers are responsible for about half of all driving fatalities in the U.S. each year. Alcohol is also implicated in about 30% of all suicides and 70% of all drowning deaths. In addition, alcohol related traffic accidents are the leading cause of death for people between the ages of 16 and 24.

It is our privilege to serve alcohol to our guests. In order to maintain that privilege we must follow certain safety guidelines to insure the safety of our guests and of our establishments.

Avoiding Illegal Alcohol Sales

It is illegal to serve alcoholic beverages to any person who is not 21. Violations of this law may result in arrests, fines to you and the establishment, suspension and/or revocation of our alcohol license.

You must verify legal drinking age by checking any of the following forms of unexpired identifications:

- State issued picture driver's license
- State issued picture identification card
- Military picture identification card
- Foreign government issued picture identification
- Valid passport

If a guest appears under the age of 50, it is your legal responsibility to check the guest's ID:

- Politely ask to see the guest's identification
- Hold the ID in your hand and check for uneven surfaces or alterations.
- Make sure the person is 21 – do the maths! Also please check their birthdate against the birthdate posted by each cash register and on the Big Board. Do not serve anyone born after that date!

All legal IDs must have the following:

- A birth date indicating that the person is of legal drinking age.
- A recognizable picture
- A current expiration date (not expired)
- An indication that the ID has been issued by a government agency

Important note: Look for tampering, altered photos or dates, mismatched typing and ensure that the document has a government seal of hologram. If you receive a false ID, excuse yourself from the table and speak to the manager on duty. No matter how insistent the guest is about their age, you must check their ID if they appear to be under the age of 50. If a guest becomes offended, politely explain that it's Company Policy and invite him/her to speak directly to a manager.

PEOPLES ORGANIC™

COFFEE & WINE CAFE

Alcohol Service Policy Acknowledgment

I understand that Minnesota State Law prohibits the sale of alcohol to minors under 21 and to obviously intoxicated individuals. Illegal alcohol sales may result in the suspension of our license to sell alcohol.

I also understand that I may be personally held liable for any consequences of an illegal sale, both civil and criminal.

I have read this policy and agree to all its terms.

DATE:

EMPLOYEE SIGNATURE:

EMPLOYEE'S NAME PRINTED:

City Council Agenda Item #13B
Meeting of Nov. 23, 2020

Brief Description On-sale intoxicating liquor license for Cedar Hills Ribs, Inc., 11032 Cedar Lake Road

Recommendation Continue the public hearing from Oct. 26, 2020, and grant the license

Background

Cedar Hills Ribs, Inc, owns Lone Spur Grill and Bar at 11032 Cedar Lake Road. Cedar Hills Ribs, Inc., ownership is between Mark Ravich, Cheryl Ravich, David Segal, Andrea Fernston, and Caron Klein. There has been a change in the ownership structure, which requires a new liquor license to be issued for Lone Spur. In September, the ownership group sold all their shares to the current General Manager, Mohammed Ali Mishkee, making him the sole owner of Cedar Hills Ribs, Inc. The current ownership group is operating under a signed management agreement with Mr. Mishkee until a new license has been approved.

Business Ownership

Mr. Mishkee has been the general manager of Lone Spur Grill and Bar since 1994. The restaurant currently employs 30 plus employees. Mr. Mishkee will continue in his role as general manager for the restaurant. There are no plans to change the day-to-day operations of the restaurant. The restaurant is currently open Monday through Friday from 2:00 p.m. to 10:00 p.m. and Saturday and Sunday from 11:00 a.m. to 10:00 p.m.

Business Operations

The change in ownership necessitates the need for a new liquor license. While all other operational aspects of the existing restaurant will remain the same, staff will be retrained in current food safety and alcohol awareness training guidelines.

Application Information

Application information and fees have been submitted. The police department's investigative report on this application is complete and will be forwarded to the council prior to the continued public hearing. Staff has no concerns with the applicant.

Neighborhood Feedback

The city received one comment from a local business owner regarding the proposed liquor license. The comment is attached.

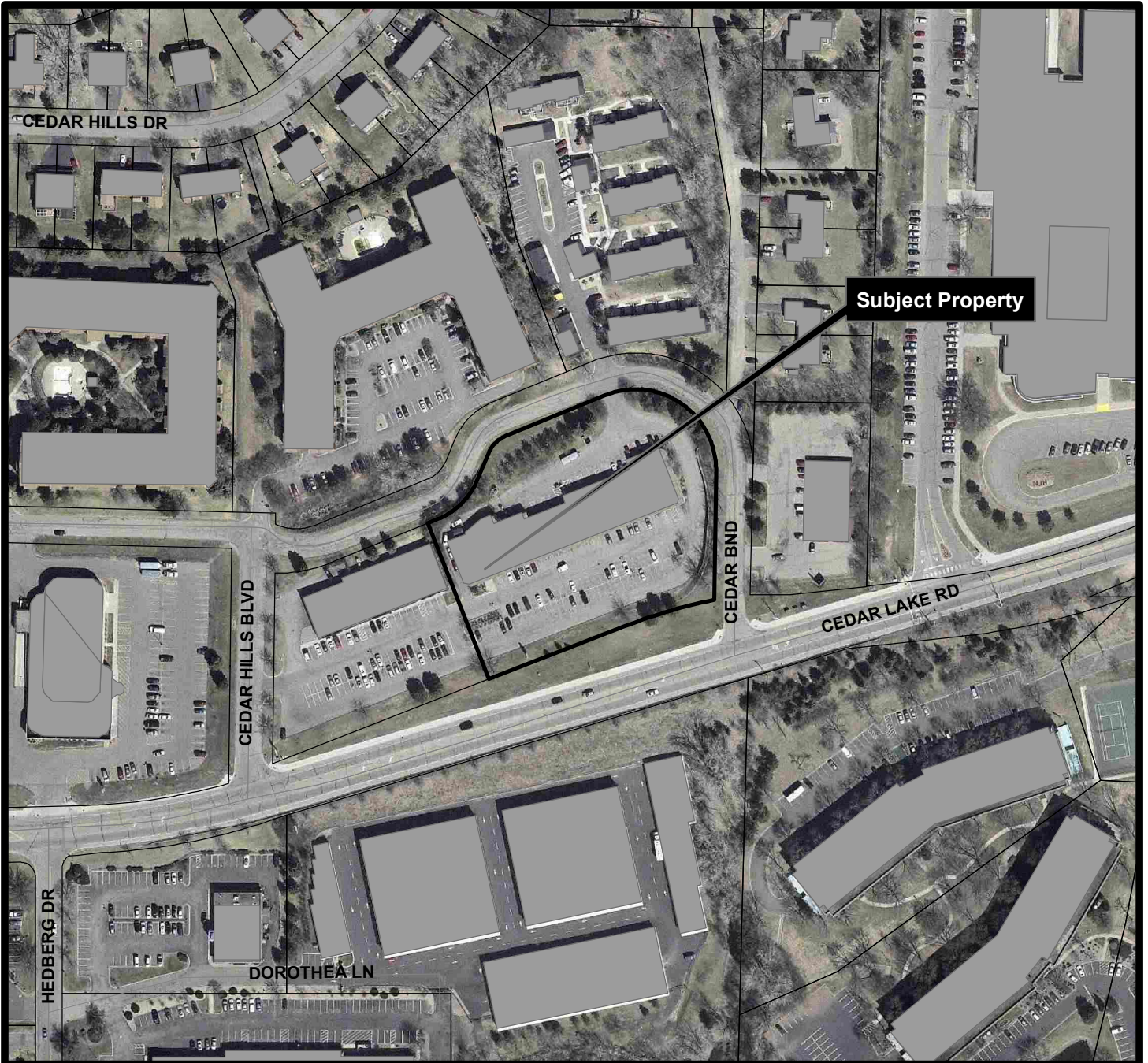
Recommendation

Staff recommends the city council continue the public hearing from Oct. 26, 2020, and grant the license.

Submitted through:

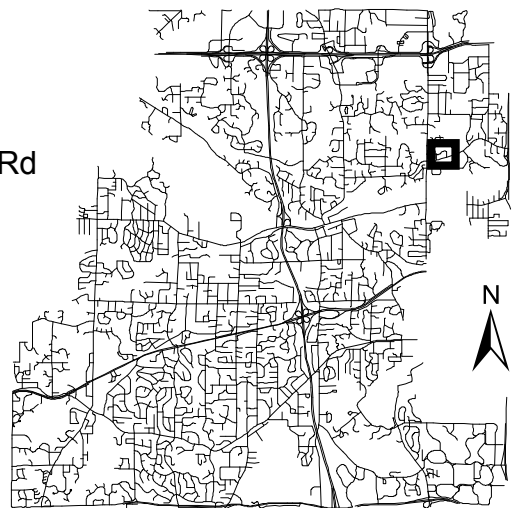
Geraldyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director

Originated by:
Fiona Golden, Community Development Coordinator



LOCATION MAP

Lone Spur Grill and Bar - 11032 Cedar Lake Rd



This map is for illustrative purposes only.



11032 Cedar Lake Road • Minnetonka, Minnesota • 55305
(952) 540-0181 • Fax (952) 546-5211

October 5, 2020

City of Minnetonka
Members of the City Council

I would like to take this opportunity to introduce myself, Mohammed Ali Mishkee as the new owner of Lone Spur Grill & Bar. I have been the general manager since 1994.

Lone Spur has been in business since 1988 and has been an integral part of the City of Minnetonka. We would very much like to continue that tradition.

The last seven months has been very difficult for Lone Spur and all restaurants and bars. I have faith that conditions will improve and we will be able to save the jobs of 30 plus employees. I truly believe the staff and myself can weather the storm and we shall continue to serve great food with great service at a reasonable price. We hope to continue to be an asset to the city of Minnetonka.

We intend to follow all CDC and Minnesota Health department's guidelines to make sure we provide a safe environment for the patrons and employees. Employees will be retrained in all aspects of safe alcohol and food service.

We hope the city of Minnetonka will grant us the liquor license so we could continue staying in business

Thanking You,

A handwritten signature in blue ink that reads "Mohammed Ali Mishkee".

Mohammed Ali Mishkee

From: info.northstarministorage.com
To: [Fiona Golden](#)
Subject: PHN / Cedar Hills Ribs; dba Lone Star Grill & Bar
Date: Friday, October 23, 2020 10:26:56 AM

Hello,

we are the neighbors at North Star Mini Storage 10830 Greenbrier Road, Minnetonka, MN and we fully support this application.

This is a great local restaurant and everyone should help with support, especially hospitality, during these difficult times.

Tim Jordan
Storage Management Inc.
612-827-3847
612-827-3051 (f)
info@northstarministorage.com

City Council Agenda Item #14A
Meeting of Nov. 23, 2020

Brief Description Ordinance approving the rezoning of the existing property at 4144 Shady Oak Road from R-1 to R-2

Recommendation Adopt the ordinance approving the rezoning

Background

On behalf of the property owner (Karissa Borchert), the applicant is proposing to rezone the property at 4144 Shady Oak Road from R-1 to R-2. The zoning change would allow the property owner to construct a two-family dwelling unit on the property sometime in the future.

On Oct. 28, 2019, the city council introduced an ordinance approving the rezoning and referred it to the planning commission.

Planning Commission Review and Recommendation

The planning commission considered the proposal on Nov. 14, 2019. Staff recommended approval, noting that:

- The proposal would exceed all R-2 lot requirements; and
- The rezoning would be consistent with the neighborhood, as the four properties immediately north of the subject are zoned R-2 and have been occupied by duplexes since 1979.

At the meeting, a public hearing was opened to take comments. Three area residents addressed the commission with concerns about the rezoning.

- Rental Use. Staff replied to this concern by noting that the city does not regulate who lives in a home, whether they are a renter or an owner. This choice is left to the individual property owner.
- Neighborhood Character. Residents expressed concern that a two-family dwelling unit on the property would change the character of Lake Street Extension.
- Stormwater. One resident felt uneasy about constructing a dwelling unit so close to the existing floodplain. Staff confirmed that the engineering department had reviewed the proposed rezoning and did not state any stormwater concerns with the rezoning.

The planning commission asked questions similar to those asked during the public testimony. On a 6-0 vote, the commission recommended that the city council approve the rezoning of the property from R-1 to R-2. The planning commission staff report and meeting minutes are attached.

2019 City Council Meeting

This item was initially scheduled to be on the Dec. 2, 2019 city council meeting agenda; however, the applicant requested to move their item to a later city council date to work with the property's neighbors. At that time, the applicant waived the statutory 120-day deadline for a council decision.

Oct. 12, 2020, Council Meeting

The city council considered the proposal on Oct. 12, 2020. Staff recommended approval based on the same findings from the 2019 planning commission meeting.

At the meeting, the mayor opened a public hearing to take comments. Two area residents addressed the council with concerns about the rezoning. Areas of concern involved:

- Tree loss;
- Neighboring views of a potential building on the site; and
- Neighborhood character.

The council expressed a desire for more information from the applicant regarding the architecture of a potential new building on the lot and driveway location. Staff noted that rezoning approvals could not be conditional and, if approved, architectural and driveway location plans would not be enforceable by the city.

The council voted 6-0 to table the item for a future meeting, with the request for architectural and driveway location examples. The city council staff report and meeting minutes are attached.

Applicant Submittal

The applicant has submitted an example site plan and example architectural building plan (see attached) if the property is rezoned to R-2. The site plan shows a building footprint within the required setbacks and driveway access from the Shady Oak Road cul-de-sac. The architectural plans show a 3,040 square foot twin home with multiple front gables and mostly brick front façade. The example twin home has a total of:

- 6 bedrooms;
- 4 bathrooms; and
- 4-car garage.

It is important to note that these plans are not part of the rezoning conditions of approval. The applicant has indicated that these are examples of what they may construct on the site. However, if the rezoning were approved, the applicant is not required to adhere to these plans. Instead, the applicant would be required to meet all R-2 zoning and other applicable city code requirements.

Neighborhood Notification

To ensure public awareness of the proposal, the City of Minnetonka notified the neighborhood by:

- Sending an email notification with the new city council meeting date to all individuals subscribed to the project (29 recipients, sent Nov. 4, 2020)
- Sending email notifications to residents that spoke at the previous planning commission and city council meetings (sent Nov. 16, 2020); and
- Posting a “Future Development” sign on the property.

Staff Recommendation

Staff recommends the city council adopt the ordinance approving the rezoning of 4144 Shady Oak Road from R-1 to R-2.

Submitted through:

Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Loren Gordon, AICP, City Planner

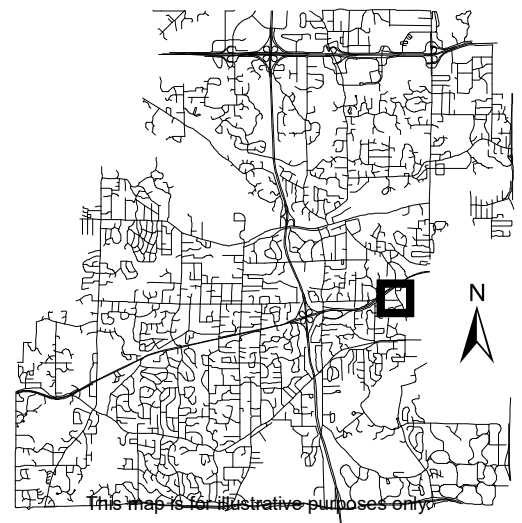
Originated by:

Drew Ingvanson, Planner



Location Map

Project: Olshansky Residence
Address: 4144 Shady Oak Rd



This map is for illustrative purposes only.

Example Twin Home and Driveway Location

EXISTING LEGAL DESCRIPTION:

Tract C, Registered Land Survey No. 1183, Hennepin County, Minnesota.

Subject to the reservation of minerals and mineral rights in favor of the County of Hennepin, per Doc. No. T5515857.

Torrens Property Being registered land as is evidenced by Certificate of Title No. 1459695.

TO BE SUBDIVIDED AS:

PARCEL 1:
That part of Tract C, Registered Land Survey No. 1183, Hennepin County, Minnesota lying northerly of the following described line:

Commencing at the southwest corner of Tract C, Registered Land Survey No. 1183; thence North 30 degrees 00 minutes 24 seconds West an assumed bearing along the west line of said Tract C a distance of 77.22 feet to the point of beginning of the line to be described; thence North 78 degrees 11 minutes 47 seconds East a distance of 232.23 feet, more or less, to the easterly line of said Tract C and there terminating.

PARCEL 2:
That part of Tract C, Registered Land Survey No. 1183, Hennepin County, Minnesota lying southerly of the following described line:

Commencing at the southwest corner of Tract C, Registered Land Survey No. 1183; thence North 30 degrees 00 minutes 24 seconds West an assumed bearing along the west line of said Tract C a distance of 77.22 feet to the point of beginning of the line to be described; thence North 78 degrees 11 minutes 47 seconds East a distance of 232.23 feet, more or less, to the easterly line of said Tract C and there terminating.

SUBDIVISION SUMMARY:

The total number of Lots is equal to 2. The total area is 26,656 square feet.

PROPOSED AREA:

Site Area PARCEL 1: equals 12,519 square feet = 0.287 acres.
Site Area PARCEL 2: equals 14,137 square feet = 0.325 acres.

NOTES CORRESPONDING TO EASEMENTS:

Reservation of minerals and mineral rights in favor of the County of Hennepin, per Doc. No. 5515857. (NOTHING TO GRAPHICALLY SHOW)

7 foot drainage and utility easement per Doc. No. 863078. (AS SHOWN ON SURVEY)

50 foot sanitary sewer easement per Doc. No. 1183554. (AS SHOWN ON SURVEY)

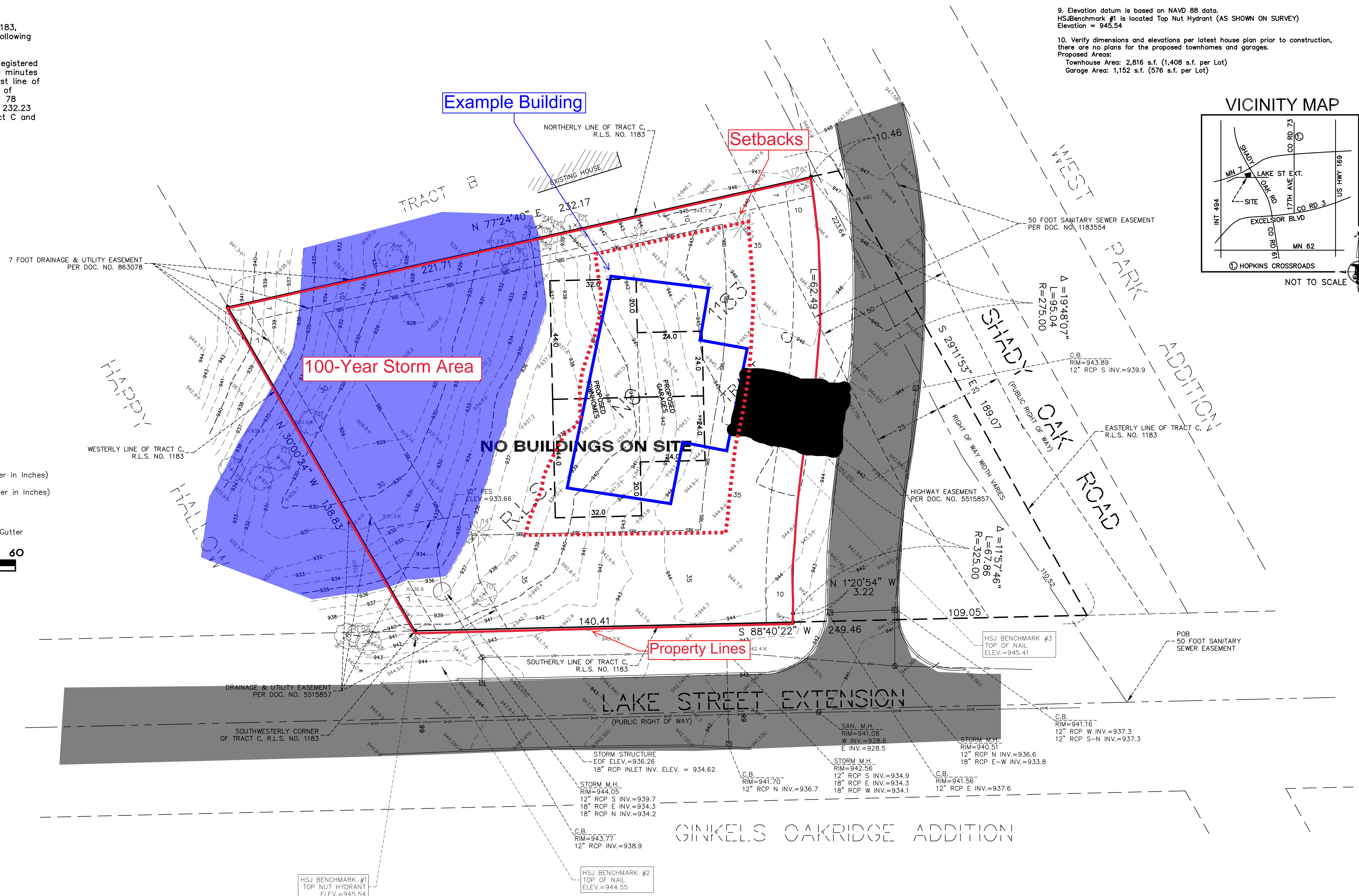
Highway easement per Doc. No. 5515857. (AS SHOWN ON SURVEY)

GENERAL NOTES:

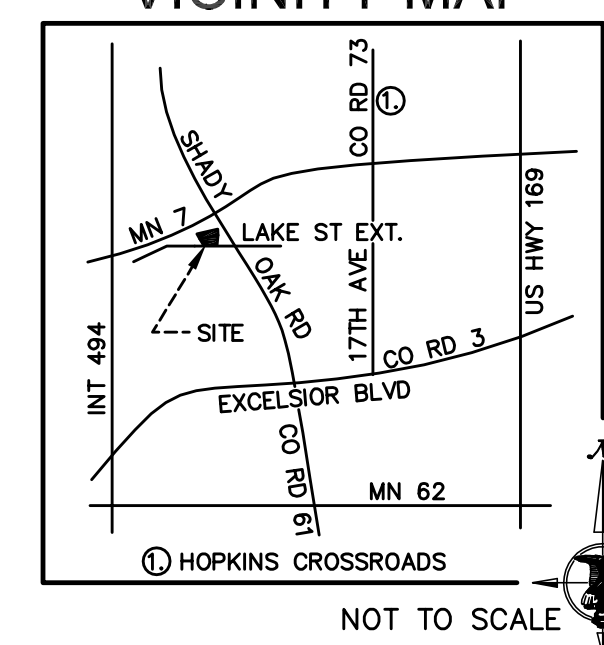
- The bearing system used is assumed.
- The location of the underground utilities shown herein, if any, are approximate only. PURSUANT TO MSA 216D CONTACT GOPHER STATE ONE CALL AT (612) 454-0002 PRIOR TO ANY EXCAVATION.
- Subject property is identified as being in "Zone X, Other Area" on Flood Insurance Rate Map No. 27053C0341F, effective date November 4, 2016.
- Zoning = Presently R-2 (Low Density Residential District) per City of Minnetonka.
- Setback requirements per City of Minnetonka.*
Front = 35 feet.
Rear = 30 feet or 20% of lot depth, whichever is less.**
Side = 10 feet.
Corner Lot = maybe reduced to 10 feet (used 35 feet).**
- The zoning and setback information listed above is per Minnetonka's code. Please contact Minnetonka's zoning office with any questions, and before performing or planning construction.
- * See City Code for full setback descriptions and further requirements.
** Used the greater value in determining proposed buildable areas.
- Total Site Area = 36,224 square feet = 0.832 acres.
Site Area less Highway Easement: 26,656 square feet = 0.612 acres.
- This survey was made on the ground.
- No current title work was furnished for the preparation of this survey. Legal description, recorded or unrecorded easements and encumbrances are subject to revision upon receipt of current title work.
Note: Description and listed easements are per Certificate of Title No. 1459695.
- Elevation datum is based on NAVD 88 data.
HSJ Benchmark #1 is located Top Nut Hydrant (AS SHOWN ON SURVEY)
Elevation = 945.54
- Verify dimensions and elevations per latest house plan prior to construction, there are no plans for the proposed townhomes and garages.
Proposed Areas:
Townhouse Area: 2,816 s.f. (1,408 s.f. per Lot)
Garage Area: 1,152 s.f. (576 s.f. per Lot)

LEGEND

- Property Monument
- ▬ Concrete Curb
- ▬ Underground Electric
- ▬ Underground Telephone
- ▬ Water
- ▬ Gas
- ▬ Sanitary Sewer
- ▬ Storm Sewer
- ▬ Setback Line
- ▬ Hydrant
- ▬ Unknown Manhole
- ▬ Catchbasin
- ▬ Catchbasin
- Deciduous Tree (Diameter in Inches)
- Coniferous Tree (Diameter in Inches)
- Sanitary Manhole
- Storm Manhole
- Existing Contour
- Existing Spot Elevation Gutter
- Existing Spot Elevation



VICINITY MAP



SITE ADDRESS
4144 Shady Oak Road
Minnetonka, Minnesota 55343

OWNER
Roman Olshansky
CONTACT
Roman Olshansky (612) 231-0696
769 County Road Drive
Circle Pines, Minnesota 55014

SURVEYOR
Harry S. Johnson Co., Inc.
CONTACT
Tom Hodorff (952) 884-5341
9063 Lyndale Avenue South,
Bloomington, Minnesota 55420

REVISIONS

Date:	Description:
7/26/19	add proposed townhome and garage

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly Registered Land Surveyor under the laws of the State of Minnesota

Thomas E. Hodorff
Thomas E. Hodorff, L.S.
Minnesota Reg. No. 23677

Date: May 24, 2019

MINOR SUBDIVISION OF TRACT C, R.L.S. NO. 1183

For:
ROMAN OLSHANSKY

SITE:
4144 SHADY OAK ROAD

MINNETONKA, MINNESOTA

HENNEPIN COUNTY

HARRY S. JOHNSON CO., INC.
LAND SURVEYORS

9063 Lyndale Avenue South
Bloomington, MN. 55437
Tele. 952-884-5341 Fax 952-884-5344

www.hsjsurveyors.com

Book 657	File No. 1-3-10039
Page 66	W.O. Number 2019214
CAD Technician CT	

Sheet No. 1 OF 1

Example Twin Home Plans



Example Twin Home Plans



REAR ELEVATION

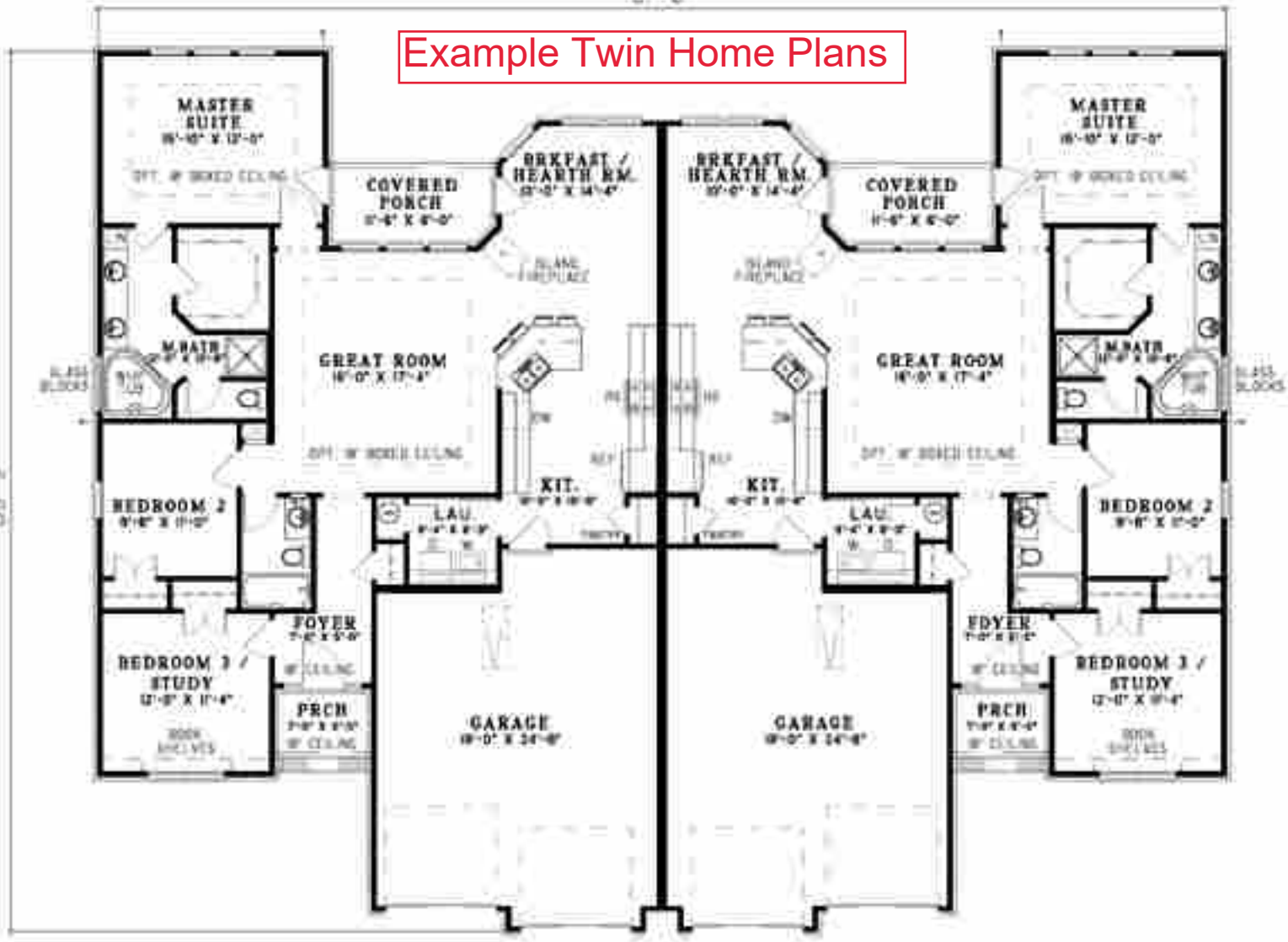


RIGHT ELEVATION



LEFT ELEVATION

Example Twin Home Plans



Main Floor

**City Council Agenda Item #14_
Meeting of Oct. 12, 2020**

Brief Description Ordinance approving the rezoning of the existing property at 4144 Shady Oak Road from R-1 to R-2

Recommendation Adopt the ordinance approving the rezoning

Background

On behalf of the property owner (Karissa Borchert), the applicant is proposing to rezone the property at 4144 Shady Oak Road from R-1 to R-2. The zoning change would allow the property owner to construct a two-family dwelling unit on the property sometime in the future.

On Oct. 28, 2019, the city council introduced an ordinance approving the rezoning and referred it to the planning commission.

Planning Commission Review and Recommendation

The planning commission considered the proposal on Nov. 14, 2019. Staff recommended approval, noting that:

- The proposal would exceed all R-2 lot requirements;
- The subject property has 6,840 square feet of buildable area (3,420 square feet per unit) available to accommodate a two-family dwelling unit. This amount of area exceeds the city code maximum required; and
- The rezoning would be consistent with the neighborhood, as the four properties immediately north of the subject are zoned R-2 and have been occupied by duplexes since 1979.

At the meeting, a public hearing was opened to take comments. Three area residents addressed the commission with concerns about the rezoning.

- **Rental Use.** Residents stated concern regarding the property becoming a rental property. Staff replied to this concern by noting that the city does not regulate who lives in a home, whether they are a renter or an owner. This choice is left to the individual property owner. There are many single-family and multi-family units throughout the city that are renter occupied.
- **Neighborhood Character.** Residents expressed concern that the construction of a two-family dwelling unit on the property would change the character of Lake Street Extension.
- **Stormwater.** One resident felt uneasy about constructing a dwelling unit so close to the existing floodplain (located on the west side of the lot and behind the existing dwelling units to the north). Staff confirmed that the engineering department had reviewed the

proposed rezoning and did not state any concerns regarding the existing floodplain or stormwater infrastructure. In addition, any new construction would be required to meet city code requirements, including stormwater.

The planning commission asked questions similar to those asked during the public testimony. On a 6-0 vote, the commission recommended that the city council approve the rezoning of the property from R-1 to R-2. The staff report and meeting minutes are attached.

City Council Meeting

This item was initially scheduled to be on the Dec. 2, 2019 city council meeting agenda; however, the applicant requested to move their item to a later city council date to work with the property's neighbors. At that time, the applicant waived the statutory 120-day deadline for a council decision.

The applicant has now elected to bring this item back to the council, without changes from their original submittal.

Neighborhood Notification

To ensure public awareness of the proposal, the City of Minnetonka notified the neighborhood by:

- Sending postcard notices to properties within 400 feet (sent Sept. 11, 2020); and
- Sending email notifications to residents that spoke at the previous planning commission meeting (sent Oct. 5, 2020).

Staff Recommendation

Staff recommends the city council adopt the ordinance approving the rezoning of 4144 Shady Oak Road from R-1 to R-2.

Submitted through:

Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Loren Gordon, AICP, City Planner

Originated by:

Drew Ingvalson, Planner



14600 Minnetonka Blvd. | Minnetonka, MN 55345 | 952-939-8200 | eminnetonka.com

TO: City Council
FROM: Julie Wischnack, AICP, Community Development Director
DATE: Oct. 12, 2020
SUBJECT: Change Memo for Oct. 12, 2020 City Council Meeting

ITEM 8 – Citizens Wishing to Discuss Matters Not on the Agenda

The following email was received after the distribution of the packet.

ITEM 14A Other Business – 4144 Shady Oak Road R-1 to R-2 Rezoning

The following emails were received after the distribution of the packet.

ITEM 14B Other Business – Sustainability Commission Ordinance

The following emails were received after the distribution of the packet.

Minnetonka City Council Meeting
Oct. 12, 2020

Agenda Item 14A

Emails received after the packet was created

From: [Fiona Golden](#)
To: [Fiona Golden](#)
Subject: FW: 4144 Shady Oak Road
Date: Monday, October 12, 2020 3:03:31 PM

From: Jen Pilate
Sent: Monday, October 12, 2020 2:20 PM
To: Brian Kirk
Subject: 4144 Shady Oak Road

Hi Brian,

I understand that you'll be discussing the proposed re-zoning of the Olshansky Property at 4144 Shady Oak Road tonight. Before the meeting I want to share my thoughts with you.

I live at 11809 Lake Street Extension, and have been here since 2009. When we moved here I had my hands full with two children under the age and two and both my husband and I worked FT. Today my kids attend West Junior High and learn from home. What a difference 10 years makes!

Anyway, when we purchased this property it had been a rental for about 5 years, and before that it was owned by the Holland family for approximately 30 years. In the 11 years that I've been here we slowly made it back into a home to raise a family in. Renters and the landlord did not treat this place well. The lawn was destroyed. Buckthorn and creeping charlie took over. All of the gardens were overgrown and full of weeds. All of the foundation plantings had to be removed. All of the wallpaper had been painted over. The tile that was installed crumbled at our feet the day we moved in. The home wasn't loved. And it only took 5 years for it to fall into that state. I do not trust landlords to maintain properties well, as they are only looking to make money.

Also, when we moved into the neighborhood the Olshansky home was still on the corner of Shady Oak Road and Lake Street Extension. It was a lovely home and a nice corner property/entrance into the neighborhood. I was sad to see it go, but the improvements to Shady Oak Road were worth it. We can now walk or ride bikes safely to downtown Hopkins or to Lund/Byerlys - Big Willow, etc.

My concerns regarding the rezoning of the property to multifamily are related to the impact to the look and feel of the property than it is to anyone who may reside there. The entrance look and feel to this neighborhood impacts more than just my property and my immediate neighbors, but to the entire greater neighborhood that stretches all the way to Baker Road, and between Hwy. 7 and Excelsior Blvd.

I am currently considering making extensive improvements to my property to better accommodate my family. We really like this location, and as one can see from the rate of turnover in this neighborhood, so do many of the residents. However, if the addition of a multifamily property at 4144 Shady Oak Road degrades my property value it may not make sense for me to make further investments in this property, as the neighborhood may not support it. I should note also that many homes in this neighborhood are nearing the point

of time when they will be either renovated or left to age as-is. A big factor behind that decision is whether or not the neighborhood will support and uphold property values, and therefore justify the investment in improvements. I would hate to see residents choose not to make the investments.

There is a rental just a few houses up the street from us, and it is an eye sore. If that property were the entrance to this neighborhood I would never have purchased this home. And there would be no reason for me to invest further in my own property. I would very likely choose to move rather than invest in this property and this neighborhood

I hope that you will consider voting against the rezoning of this property.

Thank you,
Jennifer Pilate

From: a p [REDACTED]
Sent: Monday, October 12, 2020 1:53 PM
To: Drew Ingvalson <dingvalson@minnetonkamn.gov>
Subject: Re: 4144 Shady Oak Road

Drew,

Please see attached for views from the ground. I am sharing this with the council as well.

Thanks,
Alaun

Sent from mobile.

----- Original message -----

From: Drew Ingvalson <dingvalson@minnetonkamn.gov>
Date: 10/6/20 9:13 AM (GMT-06:00)
To: 'a p' [REDACTED]
Subject: RE: 4144 Shady Oak Road

Alaun,

Good morning. I have provided a link below that will take you to the city webpage that has information regarding the meeting (see highlighted section). The meeting minutes from the meeting last November will be included in the packet submitted to city council (so your comments at that meeting will be provided to the council).

As for the Oct. 12th meeting, a public hearing, or public comment period, is not legally required at the city council meeting; however, the mayor may decide to open a public hearing if desired. Again, you will need to sign up in the highlighted link below if you wish to request to speak.

You may also submit written comments to me. I can then provide them to the city council in the form of a change memo.

Please let me know if you have any additional questions.

Best regards,

Drew Ingvalson | Planner
City of Minnetonka | minnetonkamn.gov
14600 Minnetonka Blvd. | Minnetonka, MN 55345
Office: 952-939-8293

From: a p [REDACTED]
Sent: Tuesday, October 6, 2020 9:00 AM
To: Drew Ingvalson <dingvalson@minnetonkamn.gov>
Subject: Re: 4144 Shady Oak Road

Thanks for the update. My neighbors and I very much oppose this plan. It would change the character of our street from single family to multifamily, something we do not want. The 20-year zoning plan served as our guidance, and we have our life savings tied up here based on that plan. We feel the quality of life of Minnetonka homeowners should be respected above an outside developer's desire for extra profits.

How can we voice our opposition to the council with a virtual meeting?

Thanks,
Alaun

Sent from mobile.

----- Original message -----

From: Drew Ingvalson <dingvalson@minnetonkamn.gov>
Date: 10/5/20 11:23 AM (GMT-06:00)
To: [REDACTED]
Subject: 4144 Shady Oak Road

Mr. Pederson,

Good morning. The applicant at 4144 Shady Oak Road has elected to move forward with their request to rezone the property from R-1 to R-2, allowing a future multi-family home to be constructed on the property. The city council will be reviewing this item at the Oct. 12th virtual city council meeting.

Project information can be found on the [Olshansky project page](#). The report will be posted within the project packet later this week on the [Council Meeting page](#) (see Oct. 12th Agenda).

More information about the Oct. 12th virtual city council meeting (viewing, attending, etc.) can be found at this [link](#).

Feel free to contact me if you have any questions.

Best regards,

Drew Ingvalson | Planner
City of Minnetonka | minnetonkamn.gov
14600 Minnetonka Blvd. | Minnetonka, MN 55345
Office: 952-939-8293

View of property from the West:



View of property from the Neighborhood Entrance:



View of property from the Adjacent single-family home:



Character of existing homes on lake street extension:



?

What type of property fits with the others?

- A. Single family
- B. Commercial Multi-family

14. Other Business:**A. Ordinance approving the rezoning of the existing property at 4144 Shady Oak Road from R-1 to R-2**

City Planner Loren Gordon gave the staff report.

Kirk asked which side of the lot would be used for a driveway. Gordon explained he did not have a set of building plans and therefore was uncertain where a driveway would be located.

Schaeppi reported he visited this property and spoke with some of the neighbors. He requested further information on how this neighborhood would be impacted if the R-2 creep continued. Gordon commented this was a question based on speculation. He stated attached housing products were typically located on roadways with higher traffic volumes or near commercial development. He indicated attached housing products are not typically found in predominantly detached single family neighborhoods. He explained there was nothing to preclude this and noted the final decision to rezone this property would be made by the city council.

Calvert indicated she visited the property and spoke with one of the neighbors. She commented on an article she received that addressed how multi-family housing depresses adjacent single-family home value. She requested staff speak to this issue. Gordon reported he could not speak specifically to the article but noted this issue comes up from time to time in Minnetonka. He stated there was not a downward trend for property values that differed from an adjacent property. He commented on how property values in Minnetonka were on the rise, noting different types of properties had different trajectories with respect to their property value increases. Community Development Director Wischnack added that the location of a property greatly relates to the value of the property.

Calvert discussed a concern she heard from a neighbor with respect to the condition of rentals compared to owner occupied units. Gordon explained the city had nuisance ordinances that addressed property maintenance and building condition concerns for rental and owner-occupied units. Wischnack explained the city had received 500 complaints for property maintenance issues this year and the majority of these complaints were not for rental properties. She reported rental properties do not generate more complaints than owner occupied properties.

Calvert indicated the city had R-2 properties on this cul-de-sac. She questioned if the city could require a future duplex to blend in with and be properly screened from the single-family neighborhood. Gordon discussed the provisions in place

to address the R-2 zoning district and explained additional buffering would not be required. He anticipated additional landscaping could be added over time.

Coakley asked if the developer would be constructing affordable units within the multi-family development. Gordon stated this was a good question for the owner and applicant to answer.

Wiersum opened the meeting to public comment.

Jesse Johnson, the applicant, stated due to the cost of the lot and the price of new construction, he indicated that the multi-family development would not produce affordable units. Rather, the new units would be high end or luxury units.

Lynn Melcher, 11910 Lake Street Extension, explained she lived just west of this property. She stated she appreciated the councilmembers that had come out to speak with her. She indicated she was concerned about the loss of trees and visibility of the new development. She stated she would like to see plans for the site from the developer. She wanted to be reassured that the new units would be keeping in line with the character of the neighborhood.

Roman Olshansky, 14545 7th Avenue North in Plymouth, thanked the council for their efforts. He reported he built his homes from scratch and explained the new units would enhance this beautiful neighborhood. He believed the neighbors would like the new executive twin homes.

Alaun Pederson, 11801 Lake St Extension, explained he did not object to having renters as neighbors. He indicated his issue with the property has more to do with character. He stated he looked at homes in Eden Prairie, St. Louis Park and Plymouth. He reported he appreciated the broad appeal and character of the neighborhoods in Minnetonka. He commented this lot was zoned R-1 within the comprehensive plan and he would like this to remain as is. He stated this was a prominent property located on a corner lot that would set the tone for the adjacent neighborhood. He explained he would like the home on this lot to set the proper tone. He discussed the value of the homes in his neighborhood and was of the opinion a duplex would change the look and feel of the neighborhood. He provided further comment on how the quality and integrity of rental units was less and that this impact the value of the adjacent properties. He requested the council not approve the rezoning.

Wiersum closed the meeting to public comment.

Schack stated she did not appreciate the tone or the implication in some of the comments made by the neighbors. She feared there was an undertone or bias regarding renters and multi-family units. She encouraged the council to be

mindful of this bias. She wanted to see the council change the tone and the tenor when considering opportunities to use transitional properties for affordable housing projects. She indicated the council had to get comfortable with expanding its housing stock in order to reach its lofty housing goals. She stated she supported the rezoning.

Calvert explained the questions she raised were brought to her after meeting with a neighbor to the subject property. She understood change was hard and that change was coming into the community. She indicated she spoke with Mr. Peterson this weekend. She commented rental owners were not a concern to her. She reported the developer was proposing to construct a high-end duplex, which should not be a concern for the neighbors. She reported this project would not have an affordability aspect, but would enhance the city's multi-family housing options. She understood density was not a concern to the neighbors. She explained viewshed was not a property right. She explained this was a lovely single-family neighborhood, and indicated this property was not a bad place for R-2 zoning. She stated she did not share the concerns of the neighbors noting rezoning this one property would not change the character of this neighborhood.

Kirk commented he was on the planning commission when this item came before the city. He feared the conversation for this item was being sidetracked by rental versus ownership. He reported the application before the council was to rezone the property to R-2. He indicated one of the main concerns driving his decision was whether or not R-2 fit into the character of the neighborhood. He stated the property to the north was duplexes but noted the properties along Lake Street Extension were all single-family homes. He explained he was split on this request. He expressed concern with rezoning this property without fully understanding how the site will be replatted. Gordon discussed the two paths this property could take. He explained a variance could be requested for the project going forward, noting a subdivision could be requested to split the property into two separate parcels. He indicated this decision as for the owner to make at some point in the future.

Kirk commented the city could not control if the driveways would be placed along Shady Oak Road. Gordon stated this was correct.

Kirk indicated the property value for the vacant lot was \$150,000. He anticipated the value of the property after the multi-family project was built would be two or three times that value. Gordon estimated this to be the case.

Coakley explained she visited the property today, along with the adjacent neighborhood. She commented the homes along Shady Oak Road were single-family in nature, but noted there were also bungalows in close proximity. She

stated she understood why the neighbors wanted this property to remain R-1 and for this reason she recommended the rezoning not be approved.

Schaeppi reported he lived in a duplex with his son. He commented rental versus ownership was not an issue. He explained he did not have an issue with the fact the developer was proposing high end units given the fact this was a smaller development. He stated he was supportive of the rezoning and the incremental density that would be created. He indicated his only concern was with the location of the driveway. He discussed how continuing to approve rezonings for corner lots carries into single-family neighborhoods. He suggested the city discuss what segments of the city were close to commercial streets and were appropriate pockets for R-2. He commented he struggled with the fact the council only had a rezoning to consider, without an actual plan for the property.

Calvert shared the same level of discomfort given the fact the council only had a rezoning to consider and not the entire development. She stated this was an uncomfortable situation. She wanted to understand how the property would be accessed.

Wiersum stated he was concerned with the fact this item would not come back to the city council for further consideration. He indicated the location of the driveway was a concern to him and noted he would like to see the driveway exiting onto the cul-de-sac roadway. He questioned if the council could require the developer to pick a driveway location. Gordon stated the rezoning does not allow the city to dictate driveway location. He commented the best the council could do at this time would be to further engage the applicant.

City Manager Geralyn Barone reported if the council was going to deny the rezoning, the council would have to put together reasons for denial. She explained the other option would be to ask the applicant for a delay in order to request the applicant to bring further information back to the council.

Kirk believed there was a clear conflict between the character of the neighborhood on the Lake Street Extension side of the property versus the Shady Oak Road side. He questioned which neighborhood this property would belong to. Because of the conflict, he stated he would support delaying action on this request until the council could review an application for the development.

Schack asked if the applicant would have to support the delay.

Wiersum stated the applicant could support the delay or risk the rezoning being denied. Gordon reported the applicant has waived and would allow the city full discretion regarding this matter.

Calvert commented she would be very comfortable delaying a decision on this until the council can get more information from the applicant.

Wiersum indicated this lot was an appropriate place to consider R-2 zoning. He appreciated the valid points that had been made. He explained he lived in a twinhome surrounded by a high-quality single-family development. He reported the twinhomes in his neighborhood had not ruined the value of the single-family homes in his neighborhood. He stated property values in Minnetonka do well. He indicated he would support the rezoning if a vote were taken tonight, but he understood the council was lacking information. He believed it would be in the developer's best interest to table action on this item and allow the developer to provide the council with additional information on the proposed development.

Wischnack reported staff could work with the applicant to get more drawings and information regarding the plans for this property but noted the rezoning could not be conditional. She commented further on how this rezoning differed from other subdivisions and redevelopment projects.

Coakley stated if the council cannot set the location of the driveway through a condition for approval, it may be in the council's best interest to vote on the rezoning at this time. Wischnack explained this was true, unless the future developer would like to subdivide the property because this would require additional review from the council.

Kirk commented he would not support the rezoning at this time, but could agree to the rezoning if the developer were to provide the council with additional information. He believed the most logical way to develop this lot would be for the duplex to face Shady Oak Road. He recommended the item be tabled.

Calvert stated she agreed with Councilmember Kirk.

Coakley indicated she would vote no on the rezoning if a vote were taken tonight.

Schaeppi explained he did not support the rezoning at this time.

Kirk moved, Calvert seconded a motion to table action on Ordinance 2020-xx to a future city council meeting. All voted "yes." Motion carried.

Wiersum recessed the city council meeting.

Wiersum reconvened the city council meeting.

B. Sustainability Commission Ordinance

Community Development Director Wischnack gave the staff report.

MINNETONKA PLANNING COMMISSION
Nov. 14, 2019

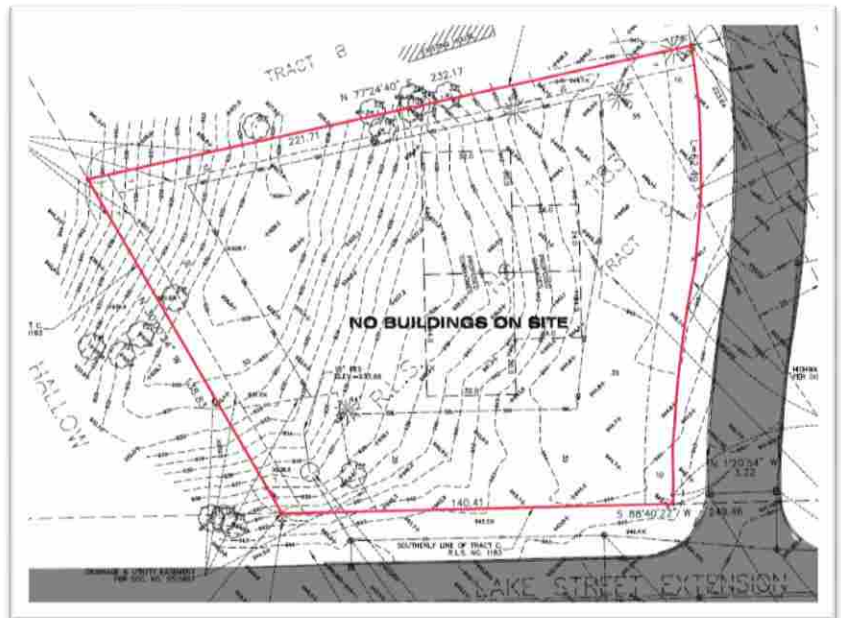
Brief Description	Rezoning from R-1 to R-2 at 4144 Shady Oak Road
Recommendation	Adopt the ordinance approving the proposal

Proposal

The applicant, on behalf of the property owner (Roman Olshansky), is proposing to rezone the property at 4144 Shady Oak Road from R-1 to R-2. The zoning change would allow the property owner to construct a duplex on the subject property sometime in the future.

Existing Property

- Lot Size: 26,656 acres
- Zoning/Land Use: R-1, Single Family Residential, Low-Density Residential
- Existing Use: Vacant Lot
- Frontage: Shady Oak Road (frontage road) and Lake Street Extension
- Sewer and Water Services: There are sewer and water line access available to the south of the property (Lake Street Extension) and to the east of the property (Shady Oak Road).



- Natural Features
 - Topography: The subject property has a low elevation in the northwest corner of the property. The property rises as one travels away from this area in all directions (see survey above). The high point of the property is generally along the roadways to the east and south. While there is significant elevation change on the property, elevation changes do not meet the city code criteria to be classified as a “steep slope.”

- 100-year storm (shown in pink to the right): The low point of the property has a 100-year stormwater area. This low area extends from the subject property and continues north, behind the existing two-family homes. This area collects drainage from the subject property, but also collects stormwater from the properties to the north and west.



Requirements

The proposal requires:

- **Rezoning.** To allow a two-family home on the subject lot, the property must be rezoned to R-2, low-density residential. No land use changes are necessary for this request, as the property would remain guided for low-density development.

Primary Questions and Analysis

A land use proposal is comprised of many details. In evaluating a proposal, staff first reviews these details and then aggregates them into a few primary questions or issues - the following outlines both the primary questions and staff findings associated with the proposal.

- **Does the property meet the minimum lot size requirements for a two-family dwelling unit?**

Yes. The subject site exceeds all R-2 lot requirements. The table below outlines the various lot size requirements and displays how the subject site's dimensions would meet those standards.

	Lot Area per Unit	Lot Width at Right-of-Way	Lot Width at Setback	Lot Depth	Buildable Area (per unit)	Buildable Area Dimension (per unit)
Required	12,500 sq. ft.	55 ft.	55 ft.	125 ft.	2,400 sq. ft.	Four sides with min. of 30 feet per side
Property	13,328 sq. ft.	83/83 ft.	73/85 ft.	186 ft.	3,786 sq. ft. 3,420 sq. ft.	Four sides with min. of 50 feet per side

- **Would the rezoning be consistent with the neighborhood?**

Yes. While the properties to the south and west are single-family homes, rezoning the subject property to R-2 would be an appropriate continuation of the development to the north of the site. The four properties north of the subject site are accessed via the same road as the subject property, all zoned R-2, and all contain two-family dwelling units. The homes to the north were originally constructed in 1979. As such, staff finds that the rezoning of the subject property would be consistent with the neighborhood character.

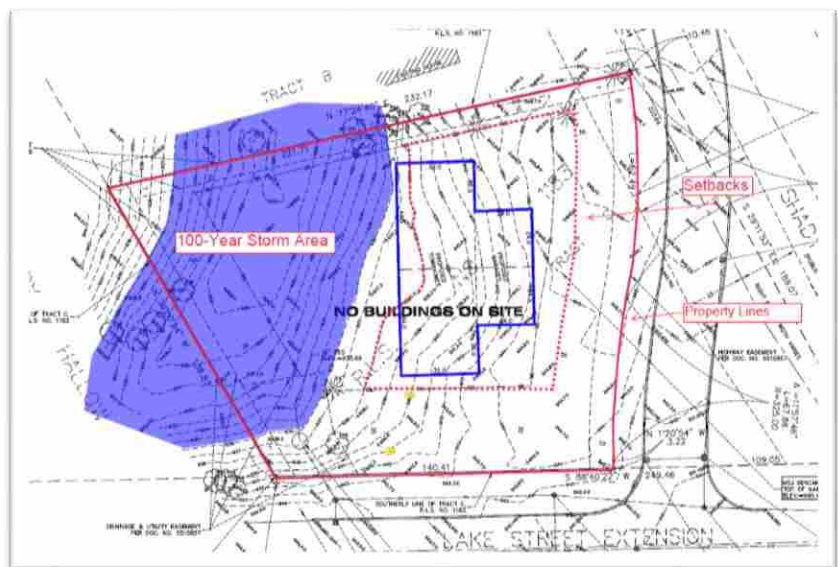


- **Is the buildable area appropriate for a two-family building?**

Yes. The subject site has ~~7,572~~ 6,840 square feet of buildable area available to accommodate a new two-family dwelling unit on the vacant lot or ~~3,786~~ 3,420 square feet per unit. This amount is significantly more than the amount required by city code. (See table above).

The rezoning request for the property does not require the applicant to provide building or grading plans. In addition, if approved, the rezoning approval is not conditioned on a home location or grading plan. (Just as a single-family home could be constructed on a single-family lot with thorough review and approval of a building permit, so can a two-family home.)

However, the applicant did show a proposed townhome location on their submitted survey. This proposed building location is within the required 100-year storm setback (see below). If the rezoning is approved, and if the applicant then applies for a building permit to construct a two-family dwelling, the home location and proposed subject to setback and grading requirements outlined in city code.



Summary Comments

The rezoning of the subject property from R-1 to R-2, which would allow a two-family dwelling on the property, would be consistent with the four properties to the north of the site and, in

staff's opinion, would not negatively impact the character of the area. Further, the proposal would be consistent with the zoning code and comprehensive plan.

Staff Recommendation

Recommend the city council adopt the ordinance rezoning the property at 4144 Shady Oak Road from R-1, low-density residential, to R-2, low-density residential.

Originator: Drew Ingvalson, Planner
Through: Loren Gordon, AICP, City Planner

Supporting Information

Surrounding Land Uses

North: Two-family residential homes, zoned R-2
South: Single family residential homes, zoned R-1
East: Shady Oak Road (City of Hopkins)
West: Single family residential home, zoned R-1

Planning

Guide Plan designation: low-density residential
Existing Zoning: R-1

Steep Slopes

The low point of the subject property is situated in the northwest corner of the site. The property slopes upward in all directions from this point.

By city code, a steep slope is one in a slope that: (1) has an average grade of 20 percent or more; (2) that covers an area at least 100 feet in width; and (3) that rises at least 25 feet above the toe – or bottom – of the slope to the top of the slope. The code goes on to define how the toe and top of slope are determined, which may or may not correspond to the visual bottom and top of the slope.

Despite a rather sharp drop-off into the 100-year storm area in the northwest corner of the lot, this area is not defined as a steep slope as:

1. Portions of the site have a grade of 20 percent, but the vast majority of the site is under this slope percentage.
2. The area that is above 20 percent grade is not 100 feet in width.
3. The maximum slope rise is only 18 feet and is only 13 percent grade over that area.

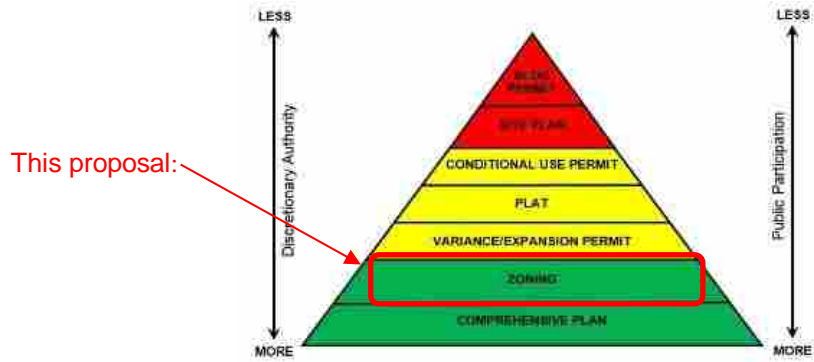
Grading

The subject application is for a rezoning only and does not require a site and building plan review. As such, the applicant has not submitted any building or grading plans. If approved, these plans would be submitted with any future building permit application and would be reviewed by city staff for compliance with city code requirements. Please note, any building constructed for the subject site would need to meet all city code requirements, including stormwater management.

Utilities

Public sewer and water facilities are available in Shady Oak Road (frontage road) or Lake Street Extension. Final sewer and water connection will be determined at the time of building permit submittal and will be reviewed by city staff.

Pyramid of Discretion



Motion Options

The planning commission has three options:

1. Concur with the staff recommendation. In this case a motion should be made recommending the city council adopt the ordinance approving the request.
2. Disagree with staff's recommendation. In this case, a motion should be made recommending the city council deny the request. This motion must include a statement as to why denial is recommended.
3. Table the requests. In this case, a motion should be made to table the item. The motion should include a statement as to why the request is being tabled with direction to staff, the applicant, or both.

Voting Requirement

The planning commission will make a recommendation to the city council. The city council's final approval requires an affirmative vote of four members.

Neighborhood Comments

The city sent notices to 21 property owners and has received no written comments to date.

Deadline for Action

Dec. 16, 2019

EXISTING LEGAL DESCRIPTION:

Tract C, Registered Land Survey No. 1183, Hennepin County, Minnesota.

Subject to the reservation of minerals and mineral rights in favor of the County of Hennepin, per Doc. No. T5515857.

Torrens Property Being registered land as is evidenced by Certificate of Title No. 1459695.

TO BE SUBDIVIDED AS:

PARCEL 1:
That part of Tract C, Registered Land Survey No. 1183, Hennepin County, Minnesota lying northerly of the following described line:

Commencing at the southwest corner of Tract C, Registered Land Survey No. 1183; thence North 30 degrees 00 minutes 24 seconds West an assumed bearing along the west line of said Tract C a distance of 77.22 feet to the point of beginning of the line to be described; thence North 78 degrees 11 minutes 47 seconds East a distance of 232.23 feet, more or less, to the easterly line of said Tract C and there terminating.

PARCEL 2:
That part of Tract C, Registered Land Survey No. 1183, Hennepin County, Minnesota lying southerly of the following described line:

Commencing at the southwest corner of Tract C, Registered Land Survey No. 1183; thence North 30 degrees 00 minutes 24 seconds West an assumed bearing along the west line of said Tract C a distance of 77.22 feet to the point of beginning of the line to be described; thence North 78 degrees 11 minutes 47 seconds East a distance of 232.23 feet, more or less, to the easterly line of said Tract C and there terminating.

SUBDIVISION SUMMARY:

The total number of Lots is equal to 2. The total area is 26,656 square feet.

PROPOSED AREA:

Site Area PARCEL 1: equals 12,519 square feet = 0.287 acres.
Site Area PARCEL 2: equals 14,137 square feet = 0.325 acres.

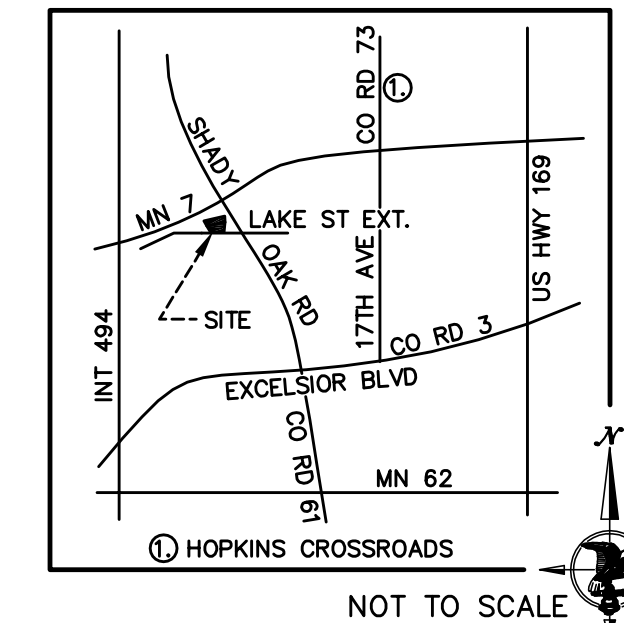
NOTES CORRESPONDING TO EASEMENTS:

- Reservation of minerals and mineral rights in favor of the County of Hennepin, per Doc. No. 5515857. (NOTHING TO GRAPHICALLY SHOW)
- 7 foot drainage and utility easement per Doc. No. 863078. (AS SHOWN ON SURVEY)
- 50 foot sanitary sewer easement per Doc. No. 1183554. (AS SHOWN ON SURVEY)
- Highway easement per Doc. No. 5515857. (AS SHOWN ON SURVEY)

GENERAL NOTES:

- The bearing system used is assumed.
- The location of the underground utilities shown herein, if any, are approximate only. PURSUANT TO MSA 216D CONTACT GOPHER STATE ONE CALL AT (612) 454-0002 PRIOR TO ANY EXCAVATION.
- Subject property is identified as being in "Zone X, Other Areas" on Flood Insurance Rate Map No. 27053C0341F, effective date November 4, 2016.
- Zoning = Presently R-2 (Low Density Residential District) per City of Minnetonka.
- Setback requirements per City of Minnetonka.*
Front = 35 feet.
Rear = 30 feet or 20% of lot depth, whichever is less.**
Side = 10 feet.
Corner Lot = maybe reduced to 10 feet (used 35 feet).**
- The zoning and setback information listed above is per Minnetonka's code. Please contact Minnetonka's zoning office with any questions, and before performing or planning construction.
- * See City Code for full setback descriptions and further requirements.
** Used the greater value in determining proposed buildable areas.
- Total Site Area = 36,224 square feet = 0.832 acres.
Site Area less Highway Easement: 26,656 square feet = 0.612 acres.
- This survey was made on the ground.
- No current title work was furnished for the preparation of this survey. Legal description, recorded or unrecorded easements and encumbrances are subject to revision upon receipt of current title work.
Note: Description and listed easements are per Certificate of Title No. 1459695.
- Elevation datum is based on NAVD 88 data.
HSJ Benchmark #1 is located Top Nut Hydrant (AS SHOWN ON SURVEY)
Elevation = 945.54
- Verify dimensions and elevations per latest house plan prior to construction, there are no plans for the proposed townhomes and garages.
Proposed Areas:
Townhouse Area: 2,816 s.f. (1,408 s.f. per Lot)
Garage Area: 1,152 s.f. (576 s.f. per Lot)

VICINITY MAP



SCALE: 1 INCH = 20 FEET

REVISIONS

Date:	Description:
7/26/19	add proposed townhome and garage

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly Registered Land Surveyor under the laws of the State of Minnesota

Thomas E. Hodorff
Thomas E. Hodorff, L.S.
Minnesota Reg. No. 23677

Date: May 24, 2019

MINOR SUBDIVISION OF TRACT C, R.L.S. NO. 1183

For:
ROMAN OLSHANSKY

SITE:
4144 SHADY OAK ROAD

MINNETONKA, MINNESOTA
HENNEPIN COUNTY

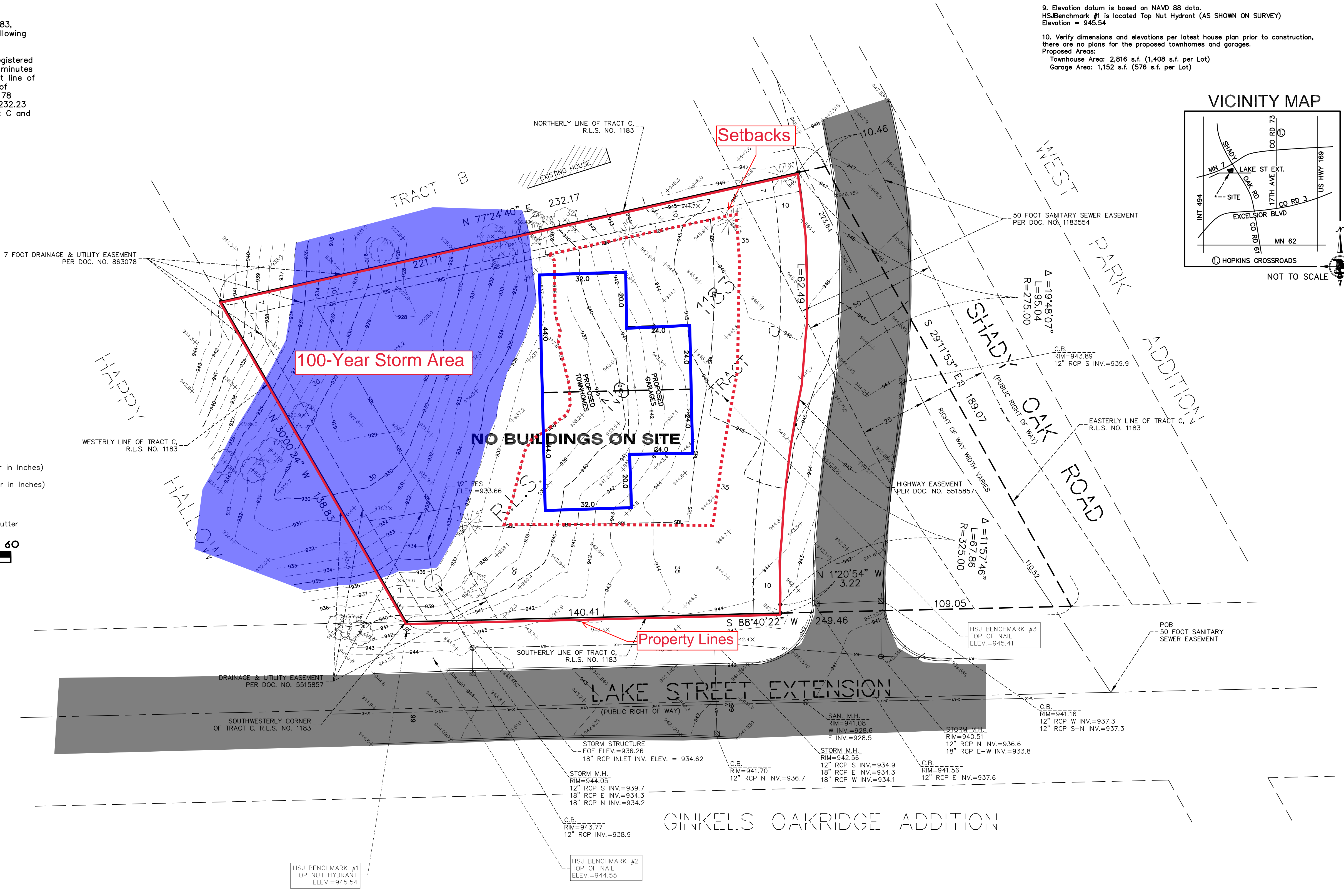
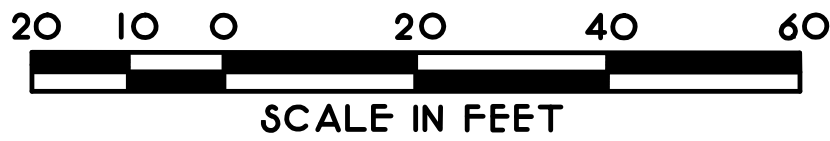
HARRY S. JOHNSON CO., INC. LAND SURVEYORS

9063 Lyndale Avenue South
Bloomington, MN. 55437
Tele. 952-884-5341 Fax 952-884-5344
www.hsjsurveyors.com

Book 657	File No. 1-3-10039
Page 66	W.O. Number 2019214
CAD Technician CT	Sheet No. 1 OF 1

LEGEND

- Property Monument
- Concrete Curb
- Underground Electric
- Underground Telephone
- Water
- Gas
- Sanitary Sewer
- Storm Sewer
- Setback Line
- Hydrant
- Unknown Manhole
- Catchbasin
- Catchbasin
- Deciduous Tree (Diameter in Inches)
- Coniferous Tree (Diameter in Inches)
- Sanitary Manhole
- Storm Manhole
- Existing Contour
- Existing Spot Elevation Gutter
- Existing Spot Elevation



SITE ADDRESS 4144 Shady Oak Road Minnetonka, Minnesota 55343
OWNER Roman Olshansky
CONTACT Roman Olshansky (612) 231-0696 769 County Road Drive Circle Pines, Minnesota 55014
SURVEYOR Harry S. Johnson Co., Inc. CONTACT Tom Hodorff (952) 884-5341 9063 Lyndale Avenue South Bloomington, Minnesota 55420

Existing Zoning



R-3

R-2

R-1

City of Hopkins

Subject Property

Land Use



Low Density Residential

Low Density Residential

City of Hopkins

Subject Property

Lake Street Extension

Shady Oak Road

Wyndham Hill Drive

Park Rd W

2nd St N

7

61

11920

11910

4114

4120

4122

4130

4132

4144

11903

11809

11801

11711

4200

4066

4064

34

4061

4043

4045

4063

34

34

249

250

241

236

235

226

225

218

217

210

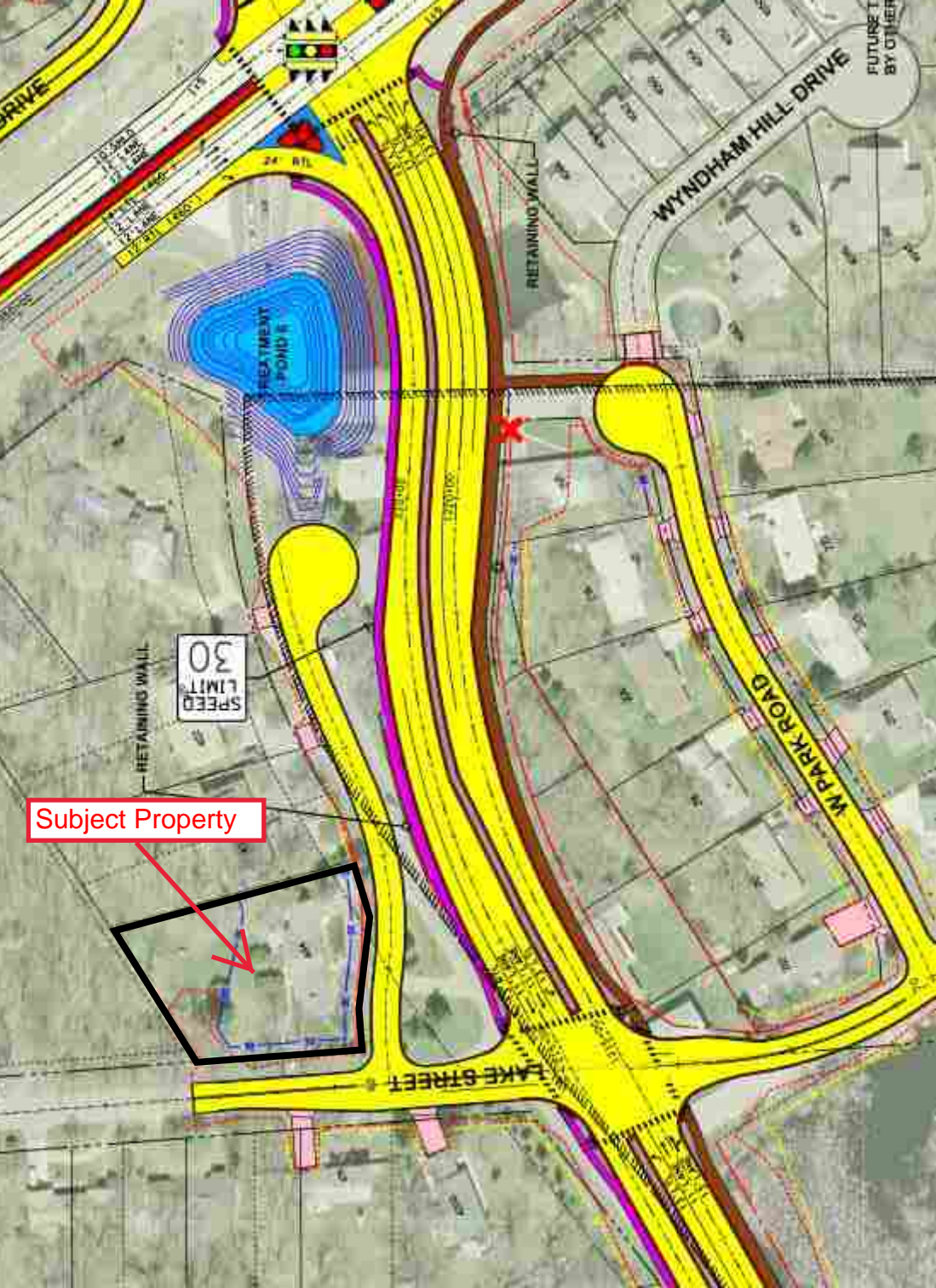
205

202

211

30

201



FUTURE T
BY OTHER

DRIVE

WYNDHAM HILL DRIVE

PRAIRIEWAY
POND #1

30
SPEED
LIMIT

RETAINING WALL

RETAINING WALL

W PARK ROAD

LAKE STREET

Subject Property





14600 Minnetonka Blvd. | Minnetonka, MN 55345 | 952-939-8200 | eminnetonka.com

To: Planning Commission
From: Loren Gordon, AICP, City Planner
Date: Nov. 14, 2019
Subject: Change Memo for the Nov. 14th Planning Commission Agenda

ITEM 8B – Olshansky Rezoning, 4144 Shady Oak Road

On pages 2 and 3 of the staff report, the buildable area per lot should be changed from 3,786 square feet to 3,420 square feet. In addition, on page 3, the total buildable area for the subject site should be changed from 7,572 square feet to 6,840 square feet.

Henry thought the proposal would look better aesthetically than the current sign. He asked for the reasoning for using black lettering with a white background. Mr. Bjelland stated that Target's graphic on the sign would be Target's final graphic. The individual letters would be four inches in height. The letter colors may change. The coloring is what Target, Inc. was willing to accept. Henry thought different colors would make the sign look better and help drivers find where they are going.

Luke asked if there are similar signs in other locations. Mr. Bjelland stated that there are similar signs in Plymouth, Stillwater, and Fargo. Luke appreciates signs like the proposed one. The way-finding signs are a lifesaver. The proposal is very user friendly and needed in the retail area.

The public hearing was opened. No testimony was submitted and the hearing was closed.

Powers liked the previously-proposed sign, but likes this sign better.

Sewall supports staff's recommendation.

Henry appreciated the thought that went into the proposal. The previous sign was too big. He supports staff's recommendation.

Chair Kirk agreed.

Luke moved, second by Sewall, to adopt the resolution approving an amendment to the 7-Hi Shopping Center sign plan as it pertains to the monument sign at 17790 Hwy 7.

Knight, Luke, Powers, Sewall, Henry, and Kirk voted yes. Hanson was absent. Motion carried.

Chair Kirk stated that an appeal of the planning commission's decision must be made in writing to the planning division within 10 days.

C. Rezoning from R-1 to R-2 at 4144 Shady Oak Road.

Chair Kirk introduced the proposal and called for the staff report.

Ingvalson reported. He recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

Knight confirmed with Ingvalson that changes were made to the right-of-way boundary and property lines during the Shady Oak Road project.

Jessie Johnson, representing the applicant, stated that:

- There was an improvement to the floodplain area which added pipes that continue under the road to the south. The area that the two pipes drain into is 10 feet lower. He visited the site in the spring and there was no water in the bottom of the depression.
- Hennepin County has a new plat of the area, but it does not include the road.
- The land where the structure would be located is flatter than shown from being smoothed out during the Shady Oak Road project.
- He would like to have it built summer of 2020.

The public hearing was opened.

Alaun Pederson, 11801 Lake Street Extension, stated that:

- He opposed the rezoning.
- He wants a single-family house to be constructed, not a duplex.
- The proposal would change the character of Lake Street Extension.
- He was o.k. with development of the vacant lot, but he wants a single-family house with owners who live there and are invested in the area.

Steve Miller and Lynn Melcher, residents of 11910 Lake Street Extension, introduced themselves. Mr. Miller agreed with Mr. Pederson. He stated that:

- They were concerned with the trees and the impact of the building on the watershed.
- This proposal would be closer to their house than the rental properties north of Lake Street Extension.

Ms. Melcher stated that:

- They preferred to keep the neighborhood with single-family residences.
- A rental property would decrease their property value.
- They opposed the rezoning.

No additional testimony was submitted and the hearing was closed.

Wischnack clarified that the city does not prohibit or regulate the rental of a single-family house. Any single-family house owner can rent his or her house. Commissioners are tasked with determining whether it would be appropriate to rezone a property from R-1 to R-2 to allow a single-family dwelling or a two-family dwelling, not whether it would be appropriate to rent a house or not on the site.

Luke confirmed with Ingvalson that the city engineers visited the site and talked with the applicant regarding the stormwater drainage pipes and determined that the buildable area would be adequate.

Henry asked where stormwater would drain. Wischnack noted that the site was landlocked before the pipes were installed. The pipes work as an overflow.

Sewall noted that the neighbors' objections were not about density. Restricting the type of resident who might live there is not in the commission's purview. He supports staff's recommendation.

Luke concurred. She supports staff's recommendation. Whether the dwelling would be rented or not is not within the commission's purview.

Powers stated that the proposal would fit with the characteristics of the area. There is no perfect solution. He supports staff's recommendation.

Henry empathized that change is hard. He could see the Lake Street Extension area being a cohesive neighborhood. The site is located near a major artery, Hwy 7.

Chair Kirk stated that he rented for 12 years and always felt like he was part of the neighborhood. Renting a residence in Minnetonka provides an affordable housing opportunity. He saw two duplexes on a cul-de-sac on Shady Oak Road and it made sense that this site would have a duplex. He supports staff's recommendation.

Knight moved, second by Powers, to recommend that the city council adopt the ordinance rezoning the property at 4144 Shady Oak Road from R-1 to R-2 zoning with modifications provided in the change memo dated Nov. 14, 2019.

Knight, Luke, Powers, Sewall, Henry, and Kirk voted yes. Hanson was absent. Motion carried.

D. Conditional use permit with parking variances for a dental clinic at 14525 Hwy 7.

Chair Kirk introduced the proposal and called for the staff report.

Cauley reported. She recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

Ryan Coleman, representing Park Dental, the applicant, stated that:

- Park Dental has been a doctor-owned, dental practice since 1972.
- The new space would allow more dental care to take place for the next 30 or more years.

The public hearing was opened. No testimony was submitted and the hearing was closed.

Sewall has always found the site to have ample parking.

Ordinance No. 2020-

**Ordinance rezoning the existing property at 4144 Shady Oak Road from
R-1, low density residential, to R-2, low density residential**

The City Of Minnetonka Ordains:

Section 1.

1.01 The property at 4144 Shady Oak Road is hereby rezoned from R-1, low-density residential, to R-2, low-density residential.

1.02 The property is legally described as:

Tract C, Registered Land Survey No. 1183, Hennepin County, Minnesota.

Section 2.

2.01 This ordinance is based on the following findings:

1. The rezoning would be consistent with the intent of the zoning ordinance and comprehensive guide plan.
2. The rezoning would be consistent with the public health, safety, and welfare.

2.02 Any future development is subject to current code requirements, including, in particular, stormwater rules.

Section 3. This ordinance is effective upon payment of any assessments or overdue taxes pending, levied, or delinquent.

Adopted by the city council of the City of Minnetonka, Minnesota, on Nov. 23, 2020.

Brad Wiersum, Mayor

ATTEST:

Becky Koosman, City Clerk

ACTION ON THIS ORDINANCE:

Date of introduction: Oct. 28, 2019

Date of adoption:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Ordinance adopted.

Date of publication:

I certify that the foregoing is a correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota at a regular meeting held on Nov. 23, 2020.

Becky Koosman, City Clerk

City Council Agenda Item #14B
Nov. 23, 2020

Brief Description Conditional use permit for a licensed residential care facility at 12701 Lake Street Extension

Recommendation Adopt the resolution denying the conditional use permit

Background

On Nov. 9, 2020, the city council considered a proposal from Plateau Healthcare to operate a 12-person licensed residential care facility on the property at 12701 Lake Street Extension. ([Nov. 9, 2020 Agenda Packet](#).) At the meeting, the applicant, property owners, and area residents were given the opportunity to address the council. The council then asked questions and discussed the proposal. On a 4-2 vote, the council directed staff to prepare a resolution to deny the request.

By State Statute §15.99 Subd.2(c), “if a multimember governing body denies a request, it must state the reasons for denial on the record and provide the applicant in writing a statement of the reasons for the denial.” Based on the council findings expressed during the Nov. 9, 2020 meeting, staff has prepared the attached resolution denying the Plateau Healthcare request.

Council Action

To formally document the council’s decision, the city council should adopt the resolution denying a conditional use permit for a licensed residential care facility at 12701 Lake Street Extension.

Through: Geralyn Barone, City Manager
 Julie Wischnack, AICP, Community Development Director
 Loren Gordon, AICP, City Planner

Originator: Susan Thomas, AICP, Assistant City Planner

Resolution No. 2020-

Resolution denying a conditional use permit, and final site and building plans, for a 12-resident licensed residential care facility at 12701 Lake Street Extension

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 The subject property is located at 12701 Lake Street Extension. It is legally described as:

That part of Lot 10, BRENLYN PARK SECOND DIVISION, lying West of the East 300 feet thereof.

AND

That part of the abandoned right-of-way of the Chicago Milwaukee and St. Paul Railway Company in the Northwest Quarter of the Southwest Quarter lying North of the State Highway No. 7, except road, Section 23, Township 117, Range 22. The Westerly line of said right-of-way being a line drawn parallel with and 100 feet Westerly from the Westerly line or BRENLYN PARK SECOND DIVISION.

Subject to mineral and mineral rights reserved by the State of Minnesota.

1.02 Barry Stock, on behalf of Plateau Properties, LLC, has requested a conditional use permit to operate a 12-person licensed residential care facility on the subject property. As proposed, an existing home on the property would be removed, and the new facility, parking lot, and stormwater management facility would be constructed.

1.03 On Oct. 22, 2020, the planning commission held a hearing on the request. The applicant was provided the opportunity to present information to the commission. The commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council approve the permit.

1.04 On Nov. 9, 2020, the city council considered the request. The applicant was provided the opportunity to present information to the council. The council considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The city council directed staff to

prepare a resolution of denial for consideration at the Nov. 23, 2020 council meeting.

Section 2. Standards.

2.01 By City Code §300.16 Subd. 2, no conditional use permit may be granted unless the city council determines that the following general standards are met.

1. The use is consistent with the intent of this ordinance;
2. The use is consistent with the goals, policies, and objectives of the comprehensive plan;
3. The use does not have an undue adverse impact on governmental facilities, utilities, services, or existing or proposed improvements; and
4. The use does not have an undue adverse impact on the public health, safety, or welfare

2.02 By City Code §300.16 Subd.3(g) licensed residential care facilities or community-based residential care facilities serving 7 to 12 residents must meet the following standards:

1. 3,000 square feet of lot area for each overnight resident, based on proposed capacity;
2. 300 square feet of residential building area for each overnight resident, based on proposed capacity;
3. In R-1 and R-2 districts, for new construction including additions, a floor area ratio (FAR) that is no more than 100% of the highest FAR of the homes within 400 feet of the lot lines and within 1,000 feet of the lot along the street where it is located, including both sides of the street. The FAR applies to an existing structure only if it seeks to expand. The city may exclude a property that the city determines is not visually part of the applicant's neighborhood and may add a property that the city determines is visually part of the applicant's neighborhood. The city may waive or modify the floor area requirement where:
 - a) The proposed use would be relatively isolated from the rest of the neighborhood by slopes, trees, wetlands, undevelopable land, or other physical features; or
 - b) The applicant submits a specific building design and site plan, and the city determines that the proposed design would not adversely impact the neighborhood character because of such things as setbacks, building orientation, building height, or building mass. In this case, the approval is contingent upon the implementation of the specific site and building plan.

4. No external building improvements undertaken in R-1 and R-2 districts which alter the original character of the home unless approved by the city council. In R-1 and R-2 districts, there must be no exterior evidence of any use or activity that is not customary for typical residential use, including no exterior storage, signs, and garbage and recycling containers;
5. Traffic generation: a detailed documentation of anticipated traffic generation must be provided. In order to avoid unreasonable traffic impacts to a residential neighborhood, traffic limitations are established as follows:
 - a) In R-1 and R-2 districts, the use is not be permitted on properties that gain access by private roads or driveways that are used by more than one lot;
 - b) The use must be located on, and have access only to, a collector or arterial roadway as identified in the comprehensive plan;
 - c) The use must prepare, and abide by, a plan for handling traffic and parking on high traffic days, such as holidays, that has been reviewed and approved by city staff.
6. No on-street parking to be allowed. Adequate off-street parking will be required by the city based on the staff and resident needs of each specific facility. In R-1 and R-2 districts, the parking area must be screened from the view from other R-1 and R-2 residential properties. Private driveways must be of adequate width to accommodate effective vehicle circulation and be equipped with a turnaround area to prevent backing maneuvers onto public streets. Driveways must be maintained in an open manner at all times and be wide enough for emergency vehicle access. Driveway slope must not exceed 8 percent unless the city determines that site characteristics or mitigative measures to ensure safe vehicular circulation are present. Adequate sight distance at the access point must be available;
7. All facilities to conform to the requirements of the Minnesota state building code, fire code, health code, and all other applicable codes and city ordinances;
8. Landscape buffering from surrounding residential uses to be provided consistent with the requirements contained in section 300.27 of this ordinance. A privacy fence of appropriate residential design may be required to limit off-site impacts. Landscape screening from surrounding residential uses may be required by the city depending on the type, location, and proximity of residential areas to a specific facility;
9. Submission of detailed program information including goals, policies, activity schedule, staffing patterns, and targeted capacity, which may result in the imposition of reasonable conditions to limit the off-site impacts;

10. Submission of a formal site and building plan review if a new building is being constructed, an existing building is being modified, or the city otherwise determines that there is a need for such review; and
11. Additional conditions may be required by the city in order to address the specific impacts of a proposed facility

2.03

By City Code §300.27 Subd.5, in evaluating site and building plans, the planning commission and city council should consider its compliance with the following:

1. Consistency with the elements and objectives of the city's development guides, including the comprehensive plan and water resources management plan;
2. Consistency with this ordinance;
3. Preservation of the site in its natural state to the extent practicable by minimizing tree and soil removal and designing grade changes to be in keeping with the general appearance of neighboring developed or developing areas;
4. Creation of a harmonious relationship of buildings and open spaces with natural site features and with existing and future buildings having a visual relationship to the development;
5. Creation of a functional and harmonious design for structures and site features, with special attention to the following:
 - a) An internal sense of order for the buildings and uses on the site and provision of a desirable environment for occupants, visitors, and the general community;
 - b) The amount and location of open space and landscaping;
 - c) Materials, textures, colors, and details of construction as an expression of the design concept and the compatibility of the same with the adjacent and neighboring structures and uses; and
 - d) Vehicular and pedestrian circulation, including walkways, interior drives, and parking in terms of location and number of access points to the public streets, width of interior drives and access points, general interior circulation, separation of pedestrian and vehicular traffic and arrangement and amount of parking.
6. Promotion of energy conservation through design, location, orientation, and elevation of structures, the use and location of glass in structures and the use of landscape materials and site grading; and
7. Protection of adjacent and neighboring properties through reasonable provision for surface water drainage, sound and sight buffers,

preservation of views, light, air, and those aspects of design not adequately covered by other regulations which may have substantial effects on neighboring land uses.

Section 3. Findings.

3.01 The proposal would not meet specific standard City Code §300.16 Subd.3(g)(8). The proposal does not include adequate and viable landscape buffering from surrounding residential uses. In particular:

1. The proposed structure would be located just 15 feet from the east property line. Although the applicant proposed planting arbor vitae to provide screening from the property to the east, the available area is not adequate to ensure viability of the trees.
2. The staff's proposal to plant medium to short shrubs would not provide an adequate visual buffer, given the height of the proposed structure and its proximity to the neighboring single family dwelling.

3.02 The proposal would not meet site and building plan standard §300.27 Subd.5(3). Specifically, the location of the proposed structure and the grading necessary to accommodate the structure would result in removal or significant damage to three, code-defined high priority trees, including a 20-inch Ohio buckeye, a 29-inch white oak, and 33-inch white oak.

3.03 The proposal would not meet site and building plan standard §300.27 Subd.5(5)(c). The details of construction and design concept would not be compatible with the adjacent and neighboring structures. Specifically, the structure would have a footprint and total square footage significantly larger than surrounding residential properties.

3.04 The proposal would not meet site and building plan standard §300.27 Subd.5(7). Specifically, the proposal does not adequately protect adjacent and neighboring properties:

1. The proposed structure would have a substantial visual impact on neighboring lands uses, as it would have a footprint nearly three times the size of area single family dwellings. The proposed structure would have a footprint of 5,965 square feet in area. Based on available information, the footprint of the neighboring dwellings are 2,160 square feet (immediately to the east), 2,020 square feet (immediately to the west), and 1,560 square feet (immediate immediately to the north).
2. The proposed use would result in more average daily vehicle trips and overall "site activity" than the surrounding residential properties, affecting neighboring land uses.

Section 4. City Council Action.

4.01 The above-described conditional use permit is hereby denied. Denial is based on the findings outlined in section 3 of this resolution.

Adopted by the City Council of the City of Minnetonka, Minnesota, on Nov. 23, 2020.

Brad Wiersum, Mayor

Attest:

Becky Koosman, City Clerk

Action on this resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

Abstained:

Absent:

Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a meeting held on Nov. 23, 2020.

Becky Koosman, City Clerk

City Council Agenda Item #14C
Meeting of Nov. 23, 2020

Brief Description TIF Management Report

Recommendation Receive the report

Background

The City of Minnetonka first used Tax Increment Financing (TIF) about 30 years ago, and over the past three decades has made limited use of this common financing tool. Compared with most other communities, Minnetonka has taken a relatively conservative approach in the use of TIF to accomplish housing, redevelopment, and economic development goals, which add a public benefit to the community.

In July 2014, the city council formally adopted a TIF/Tax Abatement policy (attached,) which established a framework to address development inquiries. The policy also provides consistent criteria to analyze the city's potential use of various financing tools.

TIF Management Report

In 2009, Ehlers and Associates, the city's financial consultant, started preparing a TIF Management Report for the city. While there are separate TIF reports prepared for the state auditor, this TIF management report offers a more comprehensive look at the city's TIF districts (and tax abatement), their performance, and insight for each district. As a result of information provided by this report in previous years, the Beacon Hill TIF district was kept in place to extend the affordable housing units, rather than to decertify the district. Nearly \$1 million in revenue from the Beacon Hill District could be used for additional affordable housing if the owner continues to meet and extends its affordability requirements. Additionally, Pooled TIF funds from multiple districts can be utilized for the use of affordable housing and redevelopment. A summary of the pooled TIF funds is outlined in the report.

This report is updated every other year. The 2020 report is attached.

Summary

Stacie Kvilvang from Ehlers and Associates will be at the Nov. 23 city council meeting to present the 2020 report. Staff recommends the city council and EDAC commissioners receive the report and identify any additional information the council members wish to receive. Staff will prepare any follow-up items as a result of this report.

Staff will review the report with the EDAC and forward any action items to the city council.

Recommendation

Receive the report.

Submitted through:

Geraldyn Barone, City Manager
Darin Nelson, Finance Director

Originated by:

Julie Wischnack, AICP, Community Development Director
Alisha Gray, Economic Development and Housing Manager

Attachments

- 2020 TIF Management Report
- TIF Policy
- TIF Pooling Policy
- Affordable Housing Policy

Supplemental Information

- [League of MN Cities \(Handbook for MN Cities\) – Community Development and Redevelopment Chapter \(pages 15-18\) – Tax Increment Financing and Tax Abatement](#)
- [TIF and Tax Abatement Basics](#) - Ehlers Seminar

November 23, 2020

MANAGEMENT REVIEW & ANALYSIS:

City of Minnetonka, MN

Tax Increment Financing Districts



Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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EXECUTIVE SUMMARY

OVERVIEW

Revenue from tax increment financing (TIF) districts is a financial asset of the City of Minnetonka. This revenue must be used primarily to address blight, contamination, affordable housing or redevelopment needs for the parcels in the TIF district within a specified period of time. TIF revenue is first used to pay debt service on developer pay-as-you-go notes (PAYGO), interfund loans and any outstanding bonds. A portion (but not all) of the remaining revenues may be used to participate in other eligible development projects subject to certain statutory restrictions. Over the past few years, the City has utilized unobligated revenues from TIF district 1-2 to assist the following affordable housing projects:

- St. Therese Housing - \$100,000
- The Ridge - \$1,025,000 Loan

TIF from Boulevard Gardens for the following projects:

- Storm water pipe upgrade at Shady Oak Station Area - \$146,988

Due to legislative and market changes and oversight of TIF districts by the Office of the State Auditor (OSA), the management of TIF districts is an ongoing activity. TIF requires administrative oversight for reporting, tracking parcel information, compliance with use restrictions in the TIF law and the development agreements, and annual income and debt service. The factors that produce tax increment revenues such as tax rates, assessor's values, and class rates change every year.

The OSA has a TIF division which is mandated by state law to collect annual reporting forms and, if necessary, audit the use of TIF. Such audits could result in a letter to the county attorney or attorney general for enforcement actions. To date, the City has not been audited. Ehlers has worked with City staff to create the following plan for the management of TIF districts and the related obligations. We prepared the financial projections for revenues and repayment of obligations based on actual activity to date. The payments were calculated based on known values and upon terms contained in development agreements, all of which are subject to change depending upon tax rates and market values.

TIF FINANCIAL PLAN: HISTORY

1. The City has established several TIF districts in its history. All closed districts to date, except one, were decertified earlier than their maximum term.
2. The City currently has nine (9) tax increment financing districts, with the earliest district established in 1994. Six (6) districts are collecting increment and three (3) districts haven't received their first increment (Marsh Run, Dominion and Shady Oak Crossing).
3. The 2001 State Legislature enacted significant changes in the property tax system. Reductions in class rates decreased the taxable (tax capacity) value of property in all TIF districts from pay 2001 to pay 2002 by over 25%. This change has an ongoing effect on commercial properties tax capacity and thus the amount of increment generated. This class compression created some situations where increment generated was insufficient to pay principal balances on some pay-as-you-go notes.
4. While the State regulates what conditions must exist to create a new TIF district and what TIF can be spent on, there is no current penalty or cap in place by the State limiting the amount of tax base that can be captured in tax increment districts.
5. The City's TIF districts are self-supporting. No general fund dollars have been used to supplement TIF obligations to date, nor are they expected to.

ASSUMPTIONS

Before discussing the findings of the current TIF analysis, it is important to understand the assumptions used in making these projections:

1. Fund balances shown are based on actual amounts for December 31, 2019.
2. Pay 2020 revenues are based upon projections from Hennepin County tax capacity and tax rate data.
3. Projected revenues account for additional development and a 1% inflation of existing values. Projected revenues do not account for decreases or increases in the tax rate.
4. Interest income is projected at 1.0% of beginning fund balance.

TIF DISTRICT SUMMARY

Currently, there are six (6) active TIF districts in the City. Three (3) districts (Dominium, Marsh Run and Shady Oak Crossing) have been approved and certified but have not received their first increment. Overall, the types of districts are as follows:

Type of District	Number
Redevelopment	3
Renewal and Renovation	1
Housing	5
TOTAL	9

These Districts are outlined in the following chart (a more detailed explanation of each district may be found starting on page 27):

District	Housing District No. 2 Beacon Hill	TIF 1-2 Boulevard Gardens	Glenhaven	Tonka on the Creek	Rowland Housing	Applewood Pointe	Marsh Run (Doran)	Dominium	Shady Oak Crossing (Ron Clark)
TIF Authority	EDA								
District Type	Housing	Redevelopment	Renewal and Renovation	Housing	Housing	Redevelopment	Housing	Housing	Redevelopment
Project Area	Development Dist #1								
Approved	2/14/1994	12/11/1995	1/23/2006	2/10/2014	4/20/2015	8/25/2014	3/18/2019	6/18/2018	2/24/2020
Certification Date	4/19/1994	7/2/1996	6/2/2006	4/22/2014	7/2/2015	7/2/2015	7/26/2019	TBD	7/17/2020
Legal MaxTerm	12/31/2021	12/31/2022	12/31/2029	12/31/2041	12/31/2043	12/31/2043	12/31/2046	12/31/2046	12/31/2047
Anticipated Term	12/31/2020	12/31/2022	12/31/2029	12/31/2034	12/31/2036	12/31/2025	12/31/2032	12/31/2046	12/31/2037
First Increment	1996	1997	2007	2016	2018	2018	2021	2021	2022
Current Obligations	None. TIF can be used for affordable rental and owner-occupied projects	35% pooling for tax credit rental projects \$1,025,000 Loan to The Ridge	\$4,515,000 TIF Revenue Bonds, Series 2017 and \$502,588 IFL	\$2,283,000 PAYGO TIF Note to Tonka on the Creek LLC PAYGO	\$2,500,000 PAYGO TIF Note to Rowlands Investments LLC	\$1,290,000 PAYGO TIF Note to United Properties	\$4,800,000 PAYGO TIF Note	\$4,161,000 PAYGO TIF Note for Sr. housing and \$3,648,000 PAYGO TIF Note for workforce housing	\$1,900,000 PAYGO TIF Note
2020 Estimated TIF Revenue	\$254,848	\$1,908,969	\$743,064	\$251,839	\$255,279	\$259,132	\$0	\$0	\$0
Fiscal Disparites Option	Option A (outside)			Option B (inside)					
County Number	1458	1460	1463	1464	1465	1466	1467	TBD	1468

Note 1: Estimated TIF revenue is based on the increment reports from the County

Note 2: For TIF 1-2, approximately \$1,240,000 of the annual TIF is returned to the County for redistribution and the remainder is utilized for affordable housing projects.

OBLIGATIONS OF THE TIF DISTRICTS

Revenues from TIF districts are largely site specific, meaning that the revenues are restricted by law and by contracts with developers. The revenues must be used primarily to address blight, contamination, housing or redevelopment needs for the parcels within the TIF district.

Summary of Outstanding Obligations (after the 8/1/2020 payment)

Pay As You Go Obligations			
District	Note	Amount	Outstanding After 8/1/2020
Tonka on the Creek	Tonka on the Creek LLC	\$ 2,283,000	\$ 2,231,922
Applewood Pointe	United Properties Residential LLC	\$ 1,290,000	\$ 960,359
Rowland Housing	Rowland Investments LLC	\$ 2,500,000	\$ 2,397,902
Dominium Sr. Housing	Dominium	\$ 4,161,000	\$ 4,161,000
Dominium Non Restricted Housing	Dominium	\$ 3,648,000	\$ 3,648,000
Marsh Run	Doran	\$ 4,800,000	\$ 4,800,000
Shady Oak Crossing	Ron Clark	\$ 1,900,000	\$ 1,209,000
TOTAL		\$ 13,882,000	\$ 13,399,183

Bonds and Interfund Loans				
District	Issue	Amount	Outstanding After 8/1/2020	Term
Glenhaven	TIF Revenue Bonds, Series 2017	\$ 4,515,000	\$ 3,995,000	2/1/2030
Glenhaven	Interfund Loan	\$ 502,588	\$ 419,392	2/1/2026
N/A	TOTAL	\$ 5,017,588	\$ 4,414,392	N/A

FISCAL DISPARITIES AND TIF

Fiscal disparities is a Twin Cities metropolitan area wide tax base sharing pool. The sharing pool is thought to reduce competition between cities for development and to allow for development of non-tax paying land uses such as parks. A portion of the tax capacity from commercial and industrial properties is contributed to the pool. The administrator for the fiscal disparities pool then calculates the amount of tax capacity to distribute back to each municipality in the seven-county metro area. The amount of tax capacity contributed to the pool and the amount distributed back to the municipality affects the city's local tax rate. Some municipalities are net contributors to the pool, and some are net recipients of the pool. The following table is the 2020 top 10 net contributors to the fiscal disparities pool in the metro area. The table below shows that Minnetonka is the fifth largest net contributor to the pool.

Twin Cities Fiscal Disparities Summary Data	Taxes Payable 2020		
	Contribution Tax Base	Distribution Tax Base	Net Change Tax Base
Minneapolis	83,291,299	59,918,256	(23,373,043)
Bloomington	26,095,476	10,585,357	(15,510,119)
Eden Prairie	17,538,211	6,492,201	(11,046,010)
Edina	14,369,737	3,700,282	(10,669,455)
Minnetonka	15,396,403	5,076,458	(10,319,945)
Plymouth	17,837,270	8,568,279	(9,268,991)
* Eagan	14,345,095	8,715,950	(5,629,145)
Golden Valley	7,678,701	2,091,318	(5,587,383)
* Roseville	10,117,064	4,614,257	(5,502,807)
St. Louis Park	10,942,108	5,708,551	(5,233,557)

* Eagan and Roseville are based upon 2019 data

The City Council has a choice of how to fund the fiscal disparities contribution from commercial/industrial property in a TIF district. If the Council chooses to pay the contribution from "inside" the district, the TIF is reduced by the contribution. For example, if the annual gross TIF from a 100% commercial project is \$100,000, the actual net TIF would be approximately \$60,000 while \$40,000 is contributed to the pool. If the choice is made to fund the fiscal disparities from "outside" the TIF district, the tax base of the whole City would be reduced by \$40,000 which slightly increases taxes for taxpayers during the life of the district. Since 2006, with the establishment of the Glenhaven TIF District, it has been the practice of the City to fund fiscal disparities from within the TIF districts so there is not financial impact on the rest of the taxpayers in the City. The only TIF District where fiscal disparities was paid outside the TIF district was Boulevard Gardens, which expires in 2022.

ADMINISTRATIVE EXPENSES

Minnesota TIF Law defines certain costs to administer and maintain the district, as an allowable cost, that may be paid from tax increment revenues. These types of allowable administrative expenses include City staff time, legal expenses, financial advisory expenses and publication and reporting costs. City staff time would typically include finance staff and community development staff. Documented staff time allows a city to use TIF rather than general fund expenditures to pay for redevelopment and housing activities.

For Districts which certification was requested after June 30, 1982 and before August 1, 2001, the allowable administration is the lesser of 10% of the total estimated tax increment expenditure authorized by the TIF Plan or 10% of the total tax increment expenditures for the project. This limitation applies to the Beacon Hill and Boulevard Gardens Districts.

For Districts which certification was requested after July 31, 2001, the allowable administrative is the lesser of 10% of the total estimated tax increment expenditures authorized by the TIF Plan or 10% of the total tax increment.

The table below compares the allowable administrative costs versus the projected actual administrative costs for Districts currently generating TIF. The projections are of actual administration costs to date and projected, at an amount less than the 10% threshold to maintain compliance with limits regarding administrative expenses and the City's ability to document actual expenditures.

LEGAL MAXIMUM OF ADMINISTRATION TEST						
Administrative Costs Tests	Beacon Hill	Boulevard Gardens	Glenhaven	Tonka on the Creek	Applewood Pointe	Rowland
TEST 1: Estimated TIF Admin Allowable (10%)	\$ 390,600	\$ 2,431,458	\$ 1,897,000	\$ 734,367	\$425,906	\$680,955
Estimated Total TIF Expenditures per Plan	3,906,000	24,314,578	18,970,000	7,343,674	4,259,057	6,809,549
TEST 2: Cumulative Projected TIF Admin (10%)	377,751	1,785,822	456,121	235,139	176,247	342,073
Total TIF Expenditures (or Revenues) for the Project as applicable	3,777,529	17,823,413	9,700,669	6,215,717	6,719,894	6,597,232
Projected End of District Percentage	9.67%	7.34%	4.70%	3.78%	4.14%	5.19%

TIF AS A DEVELOPMENT TOOL

The City has utilized TIF for key redevelopment and housing projects in the City. Utilizing this tool to accomplish the various goals of the City has strengthened the overall diversity of housing options, land uses and tax base, while increasing employment opportunities and cleaning up contaminated sites. One immediate benchmark of the benefit in utilizing TIF is the overall increase in the market value from when the district was created to when it is fully developed. As illustrated in the following table, the City's overall market value for the specific TIF districts has increased by **over 1600%**:

District	County Number	Original Market Value	Payable 2020 Market Value	Percent Increase in Value	Anticipated Decertification Date
Housing District 2 Beacon Hill	1458	864,700	18,457,000	2134.50%	12/31/2021
TIF 1-2 Boulevard Gardens	1460	5,732,400	131,037,800	2285.92%	12/31/2022
Glenhaven	1463	6,894,700	62,046,200	899.91%	12/31/2029
Tonka on the Creek	1464	478,000	20,036,000	4191.63%	12/31/2034
Rowland Housing	1465	300,000	20,341,000	6780.33%	12/31/2036
Applewood Pointe	1466	1,544,600	26,255,000	1699.79%	12/31/2025
		15,814,400	278,173,000	1658.99%	
Dominium	TBD	7,346,000	9,640,000	131.23%	12/31/2046
Marsh Run (Doran)	1467	3,530,000	3,530,000	0.00%	12/31/2032
Shady Oak Crossing (Ron Clark)	TBD	1,141,967	1,141,967	0.00%	12/31/2037
		N/A	N/A	N/A	

Even though there are many benefits to utilizing TIF as a development tool, cities still wonder if they are utilizing the tool too much or not enough. One good way to measure a city's use of TIF is to compare the use of TIF with similar cities. A common measure for this is the percentage of gross tax base captured in TIF districts. The chart on the following page demonstrates Minnetonka's current and projected tax base which is captured in TIF districts with similar cities. The City is at the low to mid-point average compared to other cities today.

City of Minnetonka	Actual					Projected				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current TIF Districts										
Beacon Hill	181,742	204,542	205,203	218,166	222,806	225,034	0	0	0	0
Boulevard Gardens	1,550,874	1,569,943	1,656,514	1,666,726	1,688,869	1,705,758	1,722,815	0	0	0
Glenhaven	423,836	461,057	498,456	637,551	649,668	656,165	662,726	669,354	676,047	682,808
Tonka on the Creek	323	171,691	211,932	214,850	219,452	221,647	223,863	226,102	228,363	230,646
Rowland Housing	0	0	211,268	215,841	223,193	225,425	227,679	229,956	232,256	234,578
Applewood Pointe	0	0	222,900	226,029	225,807	228,065	230,346	232,649	234,976	237,325
Marsh Run	0	0	0	0	0	138,719	437,313	441,686	446,102	450,564
Dominium	0	0	0	0	0	384,313	460,378	464,982	469,632	474,328
Shady Oak	0	0	0	0	0	0	136,050	137,411	138,785	140,172
Captured TIF Tax Capacity	2,156,775	2,407,233	3,006,273	3,179,163	3,229,795	3,785,124	4,101,170	2,402,138	2,426,160	2,450,421
Base Gross Tax Capacity	104,371,403	107,498,529	112,236,479	119,368,272	125,045,402	132,738,821	134,066,209	135,406,871	136,760,940	138,128,549
Percentage of Tax Base in TIF	2.07%	2.24%	2.68%	2.66%	2.58%	2.85%	3.06%	1.77%	1.77%	1.77%

* Assumes 1% annual increase in tax base and TIF

Captured TIF Tax Capacity Comparison with Other Cities for Payable 2020

Comparable City	Captured As a % of Tax Base	City Tax Rate	City Bond Rating
Woodbury	0.11%	32.49%	AAA
Maple Grove	0.39%	32.89%	AAA
Lakeville	0.81%	34.62%	Aa1
Golden Valley	1.03%	53.40%	Aa1
Burnsville	1.34%	43.15%	AAA
Plymouth	1.35%	26.21%	Aaa/AAA
Eden Prairie	1.76%	31.68%	Aaa/AAA
Brooklyn Park	2.03%	49.76%	AA+
Minnetonka	2.68%	36.77%	Aaa
Edina	3.19%	22.49%	Aaa/AAA
Eagan	3.35%	35.26%	Aaa/AAA
Bloomington	7.96%	41.08%	Aaa/AAA
Minneapolis	8.72%	57.92%	AA+/AAA
St Louis Park	10.67%	45.07%	AAA

BOND RATINGS

Minnetonka has been a “Aaa” rated community since June 1991. The “Aaa” rating is the highest rating for communities. The City’s first bond rating was requested in September 1964 with a Baa rating from Moody’s Investors Service.

Moody’s U.S. Local Government General Obligation Debt rating methodology provides a scorecard system to assign an indicative rating to each municipality it rates. This indicative rating serves as the starting point and is then internally adjusted using various qualitative factors before assigning a final rating. The rating considers economy/tax base; finances; management; and debt/pensions. For the review of tax base, rating agencies look at the total tax base and do not differentiate between the tax base for the general fund and the tax base captured by tax increment.

Generally, rating agencies have a positive view of responsible use of tax increment. They recognize that TIF encourages market value growth and reinvestment in the community. Continued responsible use of TIF as a development tool will not adversely affect the City’s bond rating.

Although this is a small sample of municipalities, the amount of TIF used by a City does not seem to correlate directly with a City’s tax rate or bond rating. In conversations with rating agencies, we do know that market value growth is an important factor in maintaining Minnetonka’s Aaa bond rating. Redevelopment plays an important factor in market value growth. The tables on the following page demonstrates the historical market value growth of the City and compares it to comparable communities.

Tax Year Payable	City of Minnetonka		City of Woodbury		City of Edina		City of St Louis Park	
	Taxable Market Value	Percent Change From Prior Year	Taxable Market Value	Percent Change From Prior Year	Taxable Market Value	Percent Change From Prior Year	Taxable Market Value	Percent Change From Prior Year
2020	10,089,008,623	5.08%	9,917,514,400	8.25%	12,785,797,501	4.19%	7,619,717,196	8.27%
2019	9,601,668,583	7.10%	9,162,013,300	7.68%	12,271,672,648	6.27%	7,037,442,189	8.50%
2018	8,965,391,893	4.87%	8,508,840,300	8.14%	11,547,519,732	7.07%	6,486,028,398	5.65%
2017	8,549,418,319	3.36%	7,868,553,600	3.41%	10,785,198,454	4.75%	6,138,955,694	8.47%
2016	8,271,102,488	6.09%	7,609,333,100	3.40%	10,296,341,540	6.13%	5,659,666,031	7.95%
2015	7,796,498,758	6.63%	7,358,820,300	16.94%	9,701,676,898	8.86%	5,242,685,184	6.68%
2014	7,311,630,277	0.22%	6,292,668,500	5.30%	8,911,694,683	1.29%	4,914,404,312	0.48%
2013	7,295,340,723	-2.70%	5,976,028,900	-5.45%	8,798,600,609	-3.32%	4,891,018,550	-2.94%
2012	7,498,117,689	-4.26%	6,320,360,700	-5.37%	9,100,691,235	-3.51%	5,039,081,096	-5.22%
2011	7,831,970,800	-5.21%	6,679,079,200	-7.95%	9,431,940,900	-5.20%	5,316,617,000	-4.40%
2010	8,262,391,200	-3.41%	7,255,959,800	-4.58%	9,949,807,100	-1.29%	5,561,557,200	-1.39%
% Change from 2010-2020	22.11%		36.68%		28.50%		37.01%	

Tax Year Payable	City of Eden Prairie		City of Eagan		City of Shoreview	
	Taxable Market Value	Percent Change From Prior Year	Taxable Market Value	Percent Change From Prior Year	Taxable Market Value	Percent Change From Prior Year
2020	10,983,795,023	4.52%	9,471,701,205	7.48%	3,542,781,700	8.30%
2019	10,509,048,316	4.67%	8,812,902,291	9.51%	3,271,366,800	6.62%
2018	10,040,396,281	3.62%	8,047,243,551	7.44%	3,068,151,200	7.23%
2017	9,690,009,546	2.59%	7,489,885,227	3.28%	2,861,312,100	6.04%
2016	9,445,754,858	6.47%	7,251,703,445	5.32%	2,698,385,600	2.18%
2015	8,872,051,073	5.65%	6,885,706,015	9.40%	2,640,693,400	9.44%
2014	8,397,428,821	1.79%	6,294,228,692	1.81%	2,412,883,200	0.33%
2013	8,249,538,473	-3.04%	6,182,131,693	-5.75%	2,404,938,000	-6.37%
2012	8,508,154,908	-5.14%	6,559,565,128	-6.29%	2,568,566,800	-9.51%
2011	8,969,173,900	-6.99%	6,999,712,500	-6.39%	2,838,577,100	-5.87%
2010	9,643,005,800	-4.28%	7,477,507,100	-5.01%	3,015,578,000	-3.50%
% Change from 2010-2020	13.90%		26.67%		17.48%	

IMPACT OF DECERTIFIED TIF DISTRICTS

As shown on Page 6 in the District Summary Table, the City will see the gradual decertification of TIF districts from December 31, 2021 to 2045. These districts, when decertified, will return value to the tax rolls for general taxing purposes, and the City will see a corresponding increase in its tax base. When Beacon Hill decertifies at the end of 2021 and Boulevard Gardens decertifies at the end of 2022, based on Pay 2020 tax rates, the City will see an additional \$81,930 and \$621,000 returned to its tax rolls in 2022 and 2023 respectively. One frequent question we receive is what are the additional levy dollars the City can expect to receive for the other future TIF districts? The table below shows how much more the City could levy and still maintain a stable tax rate.

City of Minnetonka

Projected Additional Tax Levy Dollars As A Result of Decertified TIF Districts

TIF District	Decertifies	Projected								
		2022	2023	2026	2030	2033	2034	2036	2037	2046
Beacon Hill	12/31/2021	222,806	-	-	-	-	-	-	-	-
Boulevard Gardens	12/31/2022	-	1,688,869	-	-	-	-	-	-	-
Applewood Pointe	12/31/2025	-	-	225,807	-	-	-	-	-	-
Glenhaven	12/31/2029	-	-	-	649,668	-	-	-	-	-
Shady Oak Crossings	12/31/2033	-	-	-	-	-	136,050	-	-	-
Tonka on the Creek	12/31/2035	-	-	-	-	-	-	219,452	-	-
Rowland Housing	12/31/2036	-	-	-	-	-	-	-	223,193	-
Marsh Run	12/31/1932	-	-	-	-	437,313	-	-	-	-
Dominium	12/31/2045	-	-	-	-	-	-	-	-	460,378
Total Annual Captured Net Tax Capacity Returned to Tax Rolls		222,806	1,688,869	225,807	649,668	437,313	136,050	219,452	223,193	460,378
City Tax Rate for Taxes Payable in 2020 ⁽¹⁾		36.772%								
Estimated Additional Annual Tax Levy Available ⁽¹⁾		\$ 81,930	\$ 621,031	\$ 83,034	\$ 238,896	\$ 160,809	\$ 50,028	\$ 80,697	\$ 82,073	\$ 169,290

(1) - Assumptions:

- Calculates additional dollars the City could levy and still maintain the same tax rate as Pay 2020.
- Assumes no change in existing tax base from prior year
- Assumes no change in the Fiscal Disparities Distribution Dollars from Pay 2020

PROPERTY TAX ABATEMENT AS A DEVELOPMENT TOOL

The City of Minnetonka has utilized tax abatement to redevelop the Ridgedale Mall. Tax abatement may be utilized for existing buildings and may also be used to reimburse existing or new taxes. As is true with tax increment, property owners pay their full share of property taxes. A portion of the taxes are then abated, or repaid, to the developer to reimburse them for specific costs related to the development. The difference is that the City will include a line item in its general fund budget for a tax abatement payment equal to the estimated increase in taxes for the City's portion of the taxes for the following year. While tax abatement is ultimately a tax levy, the increase in the levy is off set by the increase in tax capacity from the new development, resulting in no impact to the taxpayers. The example below illustrates how this works. For this scenario, it is assumed that a project is constructed in the City that contributes an additional \$125,000 in tax capacity. The new City taxes from this project, based on pay 2020 rates, are estimated at \$45,965. The table below assumes these new taxes are abated and returned to the property owner for the approved development costs.

City Tax Capacity	\$ 106,439,194	\$ 106,564,194	\$ 125,000
Tax Rate	36.772%	36.772%	0%
Levy	\$ 39,139,820	\$ 39,185,785	\$ 45,965
(less Tax Abatement)	<u>\$0.00</u>	<u>\$ (45,965)</u>	<u>(\$45,965)</u>
Total Levy	\$ 39,139,820	\$ 39,139,820	\$0

As the table indicates, the increase in tax capacity from the project allows the City to raise the additional \$44,965 without raising the City's tax rate. In this way, the City is able to provide tax abatement for the project without affecting other taxpayers in the community.

Tax abatements are not accompanied by the multitude of rules that pervade tax increment. Even though tax abatements are included in the City's budget, they are generally outside of levy limits, should levy limits be reintroduced by the Legislature in future years. Generally, tax abatements cannot be used for a property in a TIF district and cannot be used for municipal buildings where the City does its primary business. Tax abatements also are considered business subsidies, if the project does not meet one of the exemptions to business subsidies such as housing or redevelopment purposes.

TIF FOR AFFORDABLE HOUSING

The rules for utilizing TIF for affordable housing are complex. Minnetonka has used TIF from several sources to assist affordable housing developments. The statutory authorities for each case are outlined below:

1. **Temporary Pooling Rules Pursuant to the “Jobs Bill” passed by the Legislature.** In 2010 and in 2011, the Legislature authorized cities to pool (spend outside the TIF district boundaries) cash balances from existing TIF districts to any type of private, new development for the purpose of creating construction or long-term employment. The City utilized this provision to pool \$100,000 from TIF 1-2 to the St. Therese housing development in the Glenhaven district. The authority to use this provision expired June 30, 2012.
2. **Special Pooling Provision for Tax-Credit Eligible Rental Housing.** Minnesota Statutes, Section 469.1763, subdivision 2(d), allows the City to pool up to an additional 10% above the standard allowable limit for rental housing that meets low-income housing tax credit requirements, but does not have 100% of its credit-eligible costs funded by tax credits. For a redevelopment district the total pooling may be up to 35%. This is detailed in a memo dated October 26, 2010, from the City’s tax increment attorney. This provision does not apply if all the eligible expenses are funded through tax credits. In addition, the projects do not need to receive tax credits, they just need to be tax credit eligible, meaning they are both rent and income restricted. This pooling, pursuant to Minnesota Statutes, Section 469.176 subdivision 4k, can be done without regard to project area/development district limitations. The City used this provision to assist The Ridge (located on I-394).
3. **Pooling from Housing Districts.** A housing district is established for either rental or owner-occupied housing. The rental housing developments are income limited to either 20% of the units at 50% or less of area median income, or 40% of the units at 60% or less of area median income, adjusted for family size. The owner-occupied housing is limited to 100% of area median income for families of two or less, or 115% for families of three or more. The rental housing restrictions remain for the life of the TIF district while the owner-occupied restrictions apply only to the first occupants. If excess funds from a housing district are realized, then 100% of the tax increment may be pooled for other housing projects that meet the income limitations listed above. This pooling can be done without regard to project area and development district limitations.

Currently, the main tax increment sources, from which the City could fund affordable housing, are the Beacon Hill (housing), Boulevard Gardens (redevelopment with 10% election), Tonka on the Creek (housing), Rowland (Housing) and Marsh Run (Housing). ***In addition, the City could also make the additional 10% election to the Applewood Pointe and Shady Oak Crossing Districts.*** Beacon Hill, Tonka on the Creek, Rowland and Marsh Run can be used in accordance with #3 above and Boulevard Gardens can be utilized in accordance with #2 above (as could Applewood Pointe and Shady Oak Crossings). The table on the following page summarizes the amounts that could be available and as noted, Applewood Pointe and Shady Oak Crossing are highlighted because the Council has not made the decision to keep those districts open and retain 35% for affordable housing:

Pooling for Affordable Housing									Pooling for Tax Credit Eligible Rental Housing (#2)	Pooling for Affordable Housing (#3)
Year	Beacon Hill (Housing)	Boulevard Gardens (Redevelopment)	Tonka on the Creek (Housing)	Applewood Pointe (Redevelopment)	Rowland (Housing)	Marsh Run (Housing)	Shady Oak Crossing (Redevelopment)	Total	Boulevard Gardens, Applewood and Shady Oak Crossing (Redevelopment)	Beacon Hill, Tonka, Rowland and Marsh Run (Housing)
To Date	\$ 677,365	\$ 3,753,602	\$ 147,196	\$ -	\$ 124,242	\$ -	\$ -	\$ 4,702,406	\$ 3,753,602	\$ 948,804
2020	\$ 235,311	\$ 599,432	\$ 48,442	\$ -	\$ 21,221	\$ -	\$ -	\$ 904,406	\$ 599,432	\$ 304,974
2021	\$ -	\$ 665,734	\$ 19,522	\$ -	\$ 21,433	\$ 78,466	\$ -	\$ 785,154	\$ 665,734	\$ 119,420
2022		\$ 665,734	\$ 19,717	\$ -	\$ 21,647	\$ 177,531	\$ -	\$ 884,629	\$ 665,734	\$ 218,895
2023			\$ 19,914	\$ -	\$ 21,864	\$ 40,289	\$ -	\$ 82,066	\$ -	\$ 82,066
2024			\$ 20,113	\$ -	\$ 22,082	\$ 42,641	\$ -	\$ 84,836	\$ -	\$ 84,836
2025			\$ 20,314	\$ -	\$ 22,303	\$ 45,113	\$ -	\$ 87,731	\$ -	\$ 87,731
2026			\$ 20,517	\$ -	\$ 22,526	\$ 47,713	\$ -	\$ 90,757	\$ -	\$ 90,757
2027			\$ 20,723	\$ -	\$ 22,751	\$ 50,446	\$ -	\$ 93,920	\$ -	\$ 93,920
2028			\$ 20,930	\$ 85,206	\$ 22,979	\$ 53,320	\$ -	\$ 182,434	\$ 85,206	\$ 97,228
2029			\$ 21,139	\$ 85,206	\$ 23,209	\$ 56,340	\$ -	\$ 185,893	\$ 85,206	\$ 100,688
2030			\$ 21,351	\$ 85,206	\$ 23,441	\$ 59,515	\$ -	\$ 189,512	\$ 85,206	\$ 104,306
2031			\$ 21,564	\$ 85,206	\$ 23,675	\$ 62,852	\$ -	\$ 193,297	\$ 85,206	\$ 108,092
2032			\$ 21,780	\$ 85,206	\$ 23,912	\$ 66,360	\$ -	\$ 197,257	\$ 85,206	\$ 112,052
2033			\$ 21,997	\$ 85,206	\$ 24,151	\$ 70,047	\$ -	\$ 201,401	\$ 85,206	\$ 116,196
2034			\$ 46,604	\$ 85,206	\$ 24,393	\$ 871,422	\$ -	\$ 1,027,624	\$ 85,206	\$ 942,419
2035			\$ 248,522	\$ 85,206	\$ 24,636	\$ 924,468	\$ -	\$ 1,282,832	\$ 85,206	\$ 1,197,627
2036			\$ 251,008	\$ 85,206	\$ 58,825	\$ 980,260	\$ -	\$ 1,375,299	\$ 85,206	\$ 1,290,093
2037			\$ 253,518	\$ 85,206	\$ 247,135	\$ 1,038,938	\$ -	\$ 1,624,797	\$ 85,206	\$ 1,539,591
2038			\$ 256,053	\$ 85,206	\$ 249,606	\$ 1,100,647	\$ 64,961	\$ 1,756,472	\$ 150,166	\$ 1,606,306
2039			\$ 258,613	\$ 85,206	\$ 252,103	\$ 1,165,538	\$ 67,026	\$ 1,828,486	\$ 152,232	\$ 1,676,254
2040			\$ 261,200	\$ 85,206	\$ 254,624	\$ 1,233,773	\$ 69,154	\$ 1,903,955	\$ 154,359	\$ 1,749,596
2041			\$ 263,812	\$ 85,206	\$ 257,171	\$ 1,305,519	\$ 71,345	\$ 1,983,052	\$ 156,551	\$ 1,826,501
2042				\$ 85,206	\$ 259,743	\$ 1,380,953	\$ 73,602	\$ 1,799,504	\$ 158,808	\$ 1,640,697
2043				\$ 85,206	\$ 262,342	\$ 1,460,260	\$ 75,927	\$ 1,883,735	\$ 161,133	\$ 1,722,602
2044				\$ 85,206	\$ -	\$ 1,543,635	\$ 78,321	\$ 1,707,162	\$ 163,527	\$ 1,543,635
2045				\$ 85,206	\$ -	\$ 1,631,283	\$ 80,788	\$ 1,797,276	\$ 165,993	\$ 1,631,283
2046				\$ -	\$ -	\$ 1,723,417	\$ 83,328	\$ 1,806,746	\$ 83,328	\$ 1,723,417
2047				\$ -	\$ -	\$ -	\$ 85,945	\$ 85,945	\$ 85,945	\$ -
Total	\$ 912,676	\$ 5,684,502	\$ 2,304,548	\$ 1,533,700	\$ 2,332,014	\$ 17,210,749	\$ 750,397	\$ 30,728,586	\$ 7,968,599	\$ 22,759,987

RECOMMENDATIONS

The financial analysis of the City's Tax Abatement and TIF Districts offers the following recommendations for key decisions and/or issues for careful administrative oversight:

1. **Ridgedale Tax Abatement:** All Tax Abatement payments to date have been withheld since February 1, 2017 pending receipt of cost certification documentation and the Principal Advance Certificates, which the City has now received. The total amount of payments that would have been made between February 1, 2017 and August 1, 2020 is \$194,405.85 (This includes withholding for tax court petitions). We recommend paying this amount on the note along with the February 1, 2021 payment amount.
2. **Withhold 10% of Future Abatement Payments Related to the Macy's Improvements:** Macy's filed a Tax Petition contesting their valuation for taxes payable in 2019 and 2020. Until resolution of this petition, we recommend continuing to deduct 10% from all future semi-annual payment calculations related to this component. This will help ensure there is not an over-payment of abatement during the appeal period. Per the Agreement, The City will pay any withheld amount, without interest, promptly after the Tax Petition is fully resolved and the amount of Available Abatement attributable to the disputed tax payments is finalized.
3. **Early Decertification of District.** If Beacon Hill indicates they will not retain affordability for Pay 2021 (end term of the District), we recommend adopting a resolution decertifying the district early by the end of 2020.
4. **Return of Increment from TIF 1-2 Boulevard Gardens on an Annual Basis.** TIF District 1-2 (Boulevard Gardens) has elected the additional 10% for affordable housing projects. However, the in-district obligation is over so the EDA will need to annually monitor, calculate and return any increment in excess of the 35% it is retaining for affordable housing purposes in the District (can retain up to 45% if additional 10% for admin is documented and spent on tax credit eligible projects). If the City isn't utilizing its proportionate share of the 65% of increment that is returned for redistribution (approximately \$434,712 in 2020) to balance General Fund activities, the City should look to retain these funds for the EDA for use on other redevelopment activities and/or affordable housing initiatives.

5. **Legal Pooling For Redevelopment.** The City needs \$146,988 to pay for a stormwater pipe upgrade at the Shady Oak Transit Station to serve the area for future redevelopment. We recommend utilizing legal pooling dollars from Boulevard Gardens to pay for these costs in 2020.
6. **Future Legal Pooling in Districts.** Following is a chart outlining the districts and their dollars available for pooling:

Pooling for Renewal and Renovation	
Year	Glenhaven (Renewal and Renovation)
To Date	\$ 9,067
2020	\$ 87,939
2021	\$ 151,254
2022	\$ 160,204
2023	\$ 165,176
2024	\$ 166,059
2025	\$ 173,060
2026	\$ 176,090
2027	\$ 144,603
Total	\$ 1,233,455

7. **TIF 1-2 Boulevard Gardens Pooling for Affordable Rental (Tax Credit) Housing.** This District has approximately \$3,753,602 currently available (as of December 31, 2019) for use on tax credit eligible rental projects. In addition, it is anticipated to generate approximately \$1,930,900 in TIF from 2020 - 2022. We recommend that the City monitor and update the pooling analysis on an annual basis as actual increment is received and pooling expenditures are made. These

funds do not need to be expended by December 31, 2022, rather they can be retained in the TIF fund for use on eligible projects until they are depleted.

8. **Pooling for Rental or Ownership Affordable Housing - Housing TIF Districts.** There are five (5) housing district that have the potential to have resources not needed to pay obligations for use on other affordable housing projects within the City. Currently, only one (1), Beacon Hill, has resources available (the others were certified in 2014, 2015, 2019 and 2020 so no TIF available yet as they are paying or will be paying 90% of the TIF on obligations). This allows the EDA to utilize the TIF from this district for other affordable housing projects. This District has a cash balance of approximately \$677,365 at the end of 2019 and is anticipated to generate approximately \$472,975 in TIF from 2020 - 2021. The obligation was paid in full at the end of 2017, so the City will need to obtain reports from them for 2018 through the term of the District (2021) to document that they are meeting the 20/50 affordability requirements. If they are not, the City will need to return that year's increment to the County for redistribution, which will affect the above referenced numbers.

Overall, the existing TIF balance and future TIF projected (if they retain the affordability) may be used to pay eligible costs for "housing projects" as defined by MS 469.174, Subd. 11, located anywhere within the City limits. A housing project is a rental or owner-occupied housing development intended for occupancy by low and moderate-income families. The income guidelines are defined in MS 469.1761 as follows:

Rental Housing: 20% of the units occupied by families at 50% of median income (20/50) or 40% of the units occupied by families at 60% of median income (40/60).

Owner Occupied: Assistance to homeowners with an income at or below 100% of the median income for a family of two or less or 115% of the median income for a family of three or more.

Typically, TIF is utilized for capital expenditures, but may be used for non-capital expenditures on a limited basis. Examples of potential rental housing projects would include:

- a. New affordable rental housing as part of redevelopment (20/50 or 40/60 election)
- b. Renovation of an existing rental housing development (20/50 or 40/60 election)

- c. Providing subsidy to an existing project that is earmarked for additional affordability (20/50 or 40/60 election)

Examples of potential owner-occupied projects would include:

- a. Site acquisition and demolition for infill lots that will be sold for new housing construction
- b. Acquisition of foreclosed homes for resale to income qualified buyers
- c. Rehabilitation loans for home improvements (including HIA owners)
- d. Second mortgages to qualified home buyers

9. **Pooling for Rental or Ownership Affordable Housing - Redevelopment TIF Districts.** Besides Boulevard Gardens noted in #4 above, the City has two (2) other redevelopment TIF districts (Applewood Pointe and Shady Oak Crossing). These districts will not go the full term since the obligations will be paid off well in advance of their 26-year terms (8 years and 16 years respectively). We recommend modifying these TIF plans to elect the additional 10% for tax credit eligible rental housing projects, similar to what the City did for Boulevard Gardens. Essentially, when the obligations in these districts are paid off, the City will return 65% of the increment to the County for redistribution and retain 35% for affordable housing projects.

10. **Legislative Initiative.** We recommend the City seek to obtain special legislation that would allow the City to create a special affordable housing fund where they could at a minimum, transfer all TIF dollars from any district the City elects the additional 10% for housing (annual 35% for tax credit eligible projects) and have the percent of income restrictions lowered to match the City's affordable housing policy requirements to be able to integrate more affordable housing into market rate rental projects.

11. **Income Verification.** The City receives and keeps income verification reports for its five (5) housing TIF districts (Beacon Hill, Tonka on the Creek, Rowland, Marsh Run and Dominion). The EDA will need to obtain income verification reports in the future for its one (1) redevelopment TIF district as well (Shady Oak Crossings). If the income requirements are not met on any given year for the five (5) housing districts, then the EDA may need to return that year's increment to the County for redistribution. If the EDA is unable to administer this process on an annual basis, we recommend utilizing an outside consultant to complete this on behalf on the EDA.

12. **Six Year Rule.** MN Statute 469.1763 subdivision 4 requires that beginning in year 6 of the district, the City must utilize 75% of the tax increment generated to pay obligations. We have accounted for this in all districts, except for Marsh Run and Shady Oak Crossing as it is not yet required. We recommend reviewing this requirement when it is required to assure 75% is utilized to pay any outstanding obligations.
13. **Use of 10% Administrative Funding.** We recommend that the City continue to track/ document any staff time and direct billings from consultants related to projects eligible for TIF assistance, redevelopment and affordable housing in the City and administration of any TIF Districts. Finance can then annually transfer only the documented amounts from the various TIF districts to the EDA and/or City General Fund. Any dollars not allotted for administration in the TIF Districts are available for housing and redevelopment needs within the City.

DEVELOPMENT DISTRICT NO. 1

A Project Area or a Development District is a geographic area in which the City and its Economic Development Authority is empowered to act according to certain state statutes. TIF Districts are established within a Project Area/Development Districts. There may be multiple TIF districts within the Project Area/Development District. TIF may be spent within a TIF district and also within the geographic confines of a Project Area/Development District, but not across project area lines except for certain affordable housing and Jobs Bill opportunities.

Description:

Development District No. 1 was established on June 28, 1983. This Development District originally included TIF District 1-3, Ridgebury (decertified), and the Boulevard Gardens TIF District.

Modifications:

- January 3, 1984: The District was modified to include Economic Development Tax Increment District No. 1.
- December 13, 1993: The District was modified to increase the budgetary authority and expand the geographic boundaries.
- December 11, 1995: The District was modified to include the Redevelopment Tax Increment Financing District No. 2, Boulevard Gardens.
- January 27, 1997: The District was modified to increase the budgetary authority and shorten the duration of Housing District No. 1.
- April 13, 1998: The District was modified to identify additional parcels for acquisition and for the establishment of Redevelopment Tax Increment Financing District No. 1-3, Ridgebury.

March 18, 2019: The District was modified to expand the boundaries to be coterminous with the corporate boundaries of the City and to incorporate the following, existing project areas into Development District No. 1:

1. Glen Lake Station Redevelopment project
2. Development District No. 2
3. Housing Development and Redevelopment Project
4. Tonka on the Creek Redevelopment Project
5. Applewood Point Redevelopment Project
6. Rowland Housing Redevelopment Project; and
7. Opus Housing Redevelopment Project

TAX INCREMENT FINANCING DISTRICTS

TIF DISTRICT NO. 2 – BEACON HILL (PRESBYTERIAN HOMES)

Description:

TIF District No. 2 – Beacon Hill (County number 1458) is a Housing District established in 1994 and is located within Development District No. 1. Originally the District encompassed nine (9) parcels and was established to facilitate the construction of a development of a 110-unit rental housing facility for seniors and a 42-unit assisted living facility for seniors by Beacon Hill Housing. On January 31, 1994 the City and EDA entered into a development agreement with PHS/Beacon Hill which required that at least 61 of the units (40%) to be occupied by persons at or below 60% of the Area Median Income (AMI) through the term of the TIF Note and that the units also be rent restricted at this level. In 1994, the City issued the \$11,600,000 Housing Facilities Revenue Bonds for the project, which were subsequently refunded by the \$10,710,000 Housing Facilities Revenue Refunding Bonds. The Revenue Bonds are repayable through revenues from the project and tax increment is not pledged. In 1995, the City/EDA issued the developer a \$1,300,000 pay-as-you-go (PAYGO) TIF Note, which was paid in full in August 2009.



On April 19, 2010 the City/EDA amended the agreement to extend the affordability term and to provide a PAYGO TIF Note for \$1,184,000 for renovations to the property, which was paid in full in 2017.

Adopted:	02/14/1994
Requested Date:	04/19/1994
Certified Date:	09/19/1994
Modified:	10/05/2009
Decertifies:	12/31/2021

Parcels:

Former PID #	Former Use	New PID #	New Use
28-117-22-44-0011	Single Family Home	28-117-22-44-0366	Beacon Hill Apartments
28-117-22-44-0013	Single Family Home	28-117-22-44-0369	Beacon Hill Vacant Land
28-117-22-44-0014	Single Family Home	28-117-22-44-0370	Beacon Hill Parking
28-117-22-44-0016	Single Family Home	28-117-22-44-0371	Beacon Hill Parking
28-117-22-44-0017	Single Family Home	N/A	N/A
28-117-22-44-0018	Single Family Home		
28-117-22-44-0020	Single Family Home		
28-117-22-44-0021	Single Family Home		
28-117-22-44-0021	Single Family Home		
28-117-22-44-0038	Single Family Home		

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from outside (A election) the District.

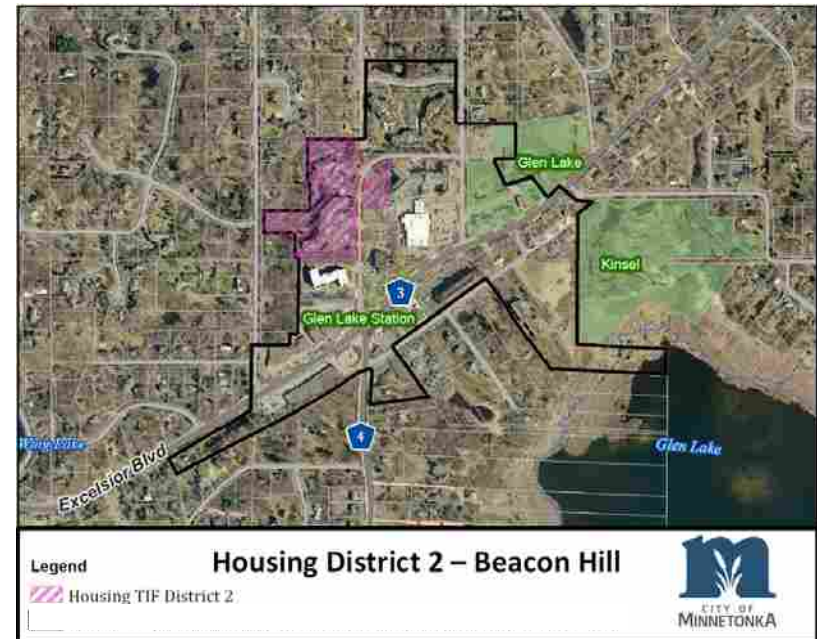
Original and Current Tax Rate:

Original (Pay 1994/95): 132.577%

Current (Pay 2020): 114.376%

TIF Plan Modifications:

The Modification adopted in 2009 authorized additional affordable housing improvements for Presbyterian Homes and extended the time required for the units to remain affordable.



Allowable Uses:

MN Statute 469.176 sub 4d specifies the activities on which tax increment from a housing district may be spent. Allowable uses include the cost of improvements directly related to the housing project, and allowable administrative expenses.

Obligations:

None at this time.

Income Compliance Requirements:

Income limitations are required to be monitored on an on-going basis for a Housing District. The City is required to substantiate that the applicable income limitations and rent restrictions are being met on an annual basis for rental. The compliance must be completed regardless of whether the project receives tax credits or not, pursuant to 469.174 sub 11. For this development, they will need to certify that 20% of the units (31) are affordable to persons and families at or below 50% of the area median income (AMI). The Developer must continue to report on compliance with affordability each January 15th.

Other Development Agreement Compliance:

None at this time.

Four Year Rule:

MN Statute 469.176 sub 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law, does, however allow for reinstatement procedures should the required activity later occur on the parcel. The Housing TIF 2 Four Year Rule deadline was September 1998. All parcels qualified and remain in the District.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. As a housing district, the five-year rule does not apply. The City can add new obligations at any time as long as the use is another affordable housing development that meets the requirements of the TIF statute.

Geographic Enlargements:

MN Statute 469.175 sub 4(f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. Housing TIF 1-2 may not be enlarged after September 1999.

Recommendations:

1. **Income Verification.** The City will need to continue to receive and keep income verification reports for the project to assure that 20% of the units are affordable to persons at or below 50% of the AMI. If the income requirements are not met on any given year, then the EDA will need to return that year's increment to the County for redistribution.
2. **Use of Increment.** The City/EDA can continue to collect TIF from the District for use on affordable housing projects if the original project remains affordable. The obligation was paid in full at the end of 2017 so the City will need to obtain reports from them for 2018 through the term of the District (2021) to document that they are meeting the 20/50 affordability requirements. Currently there is a fund balance of \$677,365 at the end of 2019. It is estimated that the balance available at the end of 2020 will be approximately \$912,676.

Overall, the existing TIF balance and future TIF projected (if they retain the affordability) may be used to pay eligible costs for "housing projects" as defined by MS 469.174, Subd. 11, located anywhere within the City limits. A housing project is a rental or owner-occupied housing development intended for occupancy by low and moderate-income families. The income guidelines are defined in MS 469.1761 as follows:

Rental Housing: 20% of the units occupied by families at 50% of median income (20/50) or 40% of the units occupied by families at 60% of median income (40/60).

Owner Occupied: Assistance to homeowners with an income at or below 100% of the median income for a family of two or less or 115% of the median income for a family of three or more.

Typically, TIF is utilized for capital expenditures, but may be used for non-capital expenditures on a limited basis. Examples of potential rental housing projects would include:

1. New affordable rental housing as part of redevelopment (20/50 or 40/60 election)
2. Renovation of an existing rental housing development (20/50 or 40/60 election)
3. Providing subsidy to an existing project that is earmarked for additional affordability (20/50 or 40/60 election)

Examples of potential owner-occupied projects would include:

1. Site acquisition and demolition for infill lots that will be sold for new affordable housing construction
 2. Acquisition of foreclosed homes for resale to income qualified buyers
 3. Rehabilitation loans for home improvements
 4. Second mortgages to qualified home buyers
3. ***Early Decertification of District.*** If Beacon Hill does not retain affordability for Pay 2021 (end term of the District), we recommend adopting a resolution decertifying the district by the end of 2020.

TIF 1-2 BOULEVARD GARDENS

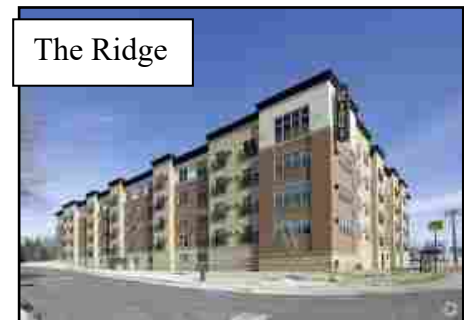
Description:

Boulevard Gardens (County number 1460) is a Redevelopment District established in 1995 and is located in Development District No. 1. Originally the district encompassed twenty-seven (27) parcels and was established in order to facilitate a mixed-use development including retail, affordable family and senior rental units, and condominium/townhomes. In 2010 the TIF Plan was modified to provide for additional pooling for affordable housing and to adjust the budget and the bonded debt authorization. Pursuant to the “Jobs Bill” for special pooling. The EDA also took action to adopt a Spending Plan for the District at the same time the TIF Plan was modified in 2010. The spending plan authorized \$100,000 to pay for a portion of City utility costs associated with the senior housing building constructed in the Glenhaven District by St. Therese.



The initial obligation was paid in 2011. Since then, 65% of the increment is returned annually to the County and the remaining increment is available to pay for affordable rental housing developments in the City that meet tax credit requirements. The EDA utilized this authority when it entered into an agreement the following agreement so a new TIF district would not need to be established:

1. May 2, 2011 - Minnetonka Heights Limited Partnership (The Ridge) and provided a \$1,025,000 loan, at 1% simple interest, for a 64-unit apartment building built on I-394. Forty-eight (48) units (75%) are affordable to persons/families at or below 60% of the area median income and must certify this annually to the EDA.



In addition, the EDA utilized \$146,988 in 2020 for legal pooling for redevelopment expenses for a required stormwater pipe

upgrade at the Shady Oak Transit Station to serve the area for future redevelopment

Adopted:	12/11/1995
Requested Date:	06/11/1996
Certified Date:	07/02/1996
Modified:	12/20/2010
Decertifies:	12/31/2022

Parcels:

Former PID #	Former Use	New PID #	New Use
02-117-22-11-0026	Single Family Home	02-117-22-11-0061	Oak Knoll Lutheran Church
02-117-22-11-0027	Single Family Home	02-117-22-11-0062	Oak Knoll Lutheran Church Parking
02-117-22-11-0029	Single Family Home	02-117-22-11-0063	City Park
02-117-22-11-0030	Single Family Home	02-117-22-12-0032	City Park (tennis, ball fields)
02-117-22-11-0031	Single Family Home	02-117-22-13-0035	City Owned Wetland
02-117-22-11-0032	Single Family Home	02-117-22-13-0085 thru 0369	Condos
02-117-22-11-0033	Single Family Home	02-117-22-14-0066 thru 0085	Condos
02-117-22-11-0034	Single Family Home	02-117-22-14-0054	West Ridge Retail
02-117-22-11-0035	Single Family Home	02-117-22-14-0055	West Ridge Sr. Housing
02-117-22-11-0036	Single Family Home	02-117-22-14-0057	West Ridge Retail
02-117-22-11-0039	Single Family Home	02-117-22-14-0060	West Ridge Retail (ROW)
02-117-22-11-0057	Single Family Home	02-117-22-14-0064	Boulevard Gardens Sr. Housing
02-117-22-11-0058	Single Family Home	02-117-22-14-0065	Crown Ridge Apartments
02-117-22-11-0059	Vacant Land Residential		
02-117-22-11-0060	Single Family Home		
02-117-22-12-0026	Residential Exempt		
02-117-22-13-0050	Office	Same as Former	Office
02-117-22-13-0061	Office	Same as Former	Office
02-117-22-13-0062	Office	Same as Former	Office
02-117-22-13-0063	Office	Same as Former	Office
02-117-22-13-0064	Single Family Home		
02-117-22-14-0015	Vacant Land	Same as Former	ROW
02-117-22-14-0017	Vacant Land Exempt		
02-117-22-14-0018	Vacant Land Exempt		
02-117-22-14-0042	Residential Exempt		
02-117-22-14-0052	Single Family Home		
02-117-22-14-0053	Single Family Home		

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from outside (A election) the District.

Original and Current Tax Rate:

Original (Pay 1996):	134.726%
Current (Pay 2020):	114.387%

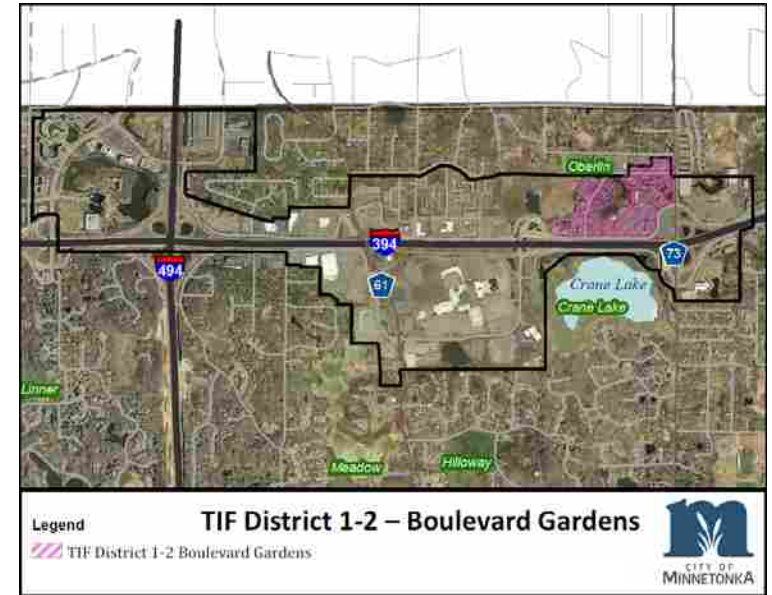
TIF Plan Modification:

The 2010 TIF plan modification provided for additional pooling for affordable housing and adjusted the budget and the bonded debt authorization. Pursuant to the “Jobs Bill” for special pooling, the EDA also took action to adopt a Spending Plan for the District at the same time.

Allowable Uses:

TIF 1-2 - Redevelopment Funds. MN Statute 469.176 sub 4j specifies the activities on which tax increment from a redevelopment district may be spent. In general, tax increment must be spent on correcting those conditions which caused the area to be designated a redevelopment district. Allowable uses include property acquisition, demolition, soils correction, environmental remediation, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.

TIF 1-2 - Affordable Housing. Minnesota Statutes, Section 469.1763, subdivision 2(d), allows the City to pool up to an additional 10% above the standard allowable limit for rental housing that meets low-income housing tax credit requirements, but does not have 100% of its credit-eligible costs funded by tax credits. Eligible uses include acquisition and site preparation, construction, rehabilitation and public improvements directly relate to the housing. This provision does not apply if all of the eligible expenses are funded through tax credits. This pooling, pursuant to Minnesota Statutes, Section 469.176 subdivision 4k,



can be done without regard to project area/development district limitations. The 10% calculation begins with the first TIF received after the TIF Plan was modified to allow for this provision (December 20, 2010).

Obligations:

There is currently one (1) obligation for the District as follows:

1. **\$1,025,000 30-year deferred loan, at 1% simple interest.** The loan was issued to Minnetonka Heights Limited Partnership (The Ridge) and is secured by a mortgage on the property. The loan is payable from revenues and/or sale/refinancing proceeds of the project.

Other Development Agreement Compliance:

The Ridge

1. **Repayment of TIF Loan** - The entire unpaid balance of principal and interest shall be due and payable in full on the earlier of the following: (1) thirty (30) days after written notification by the EDA to Borrower of the occurrence of an Event of Default as defined in Section 9.1 of the Agreement; or (2) ten days after the Developer makes or allows to be made any Transfer of the project; or (3) thirty (30) years after the Loan Closing Date.
2. **Affordable Housing Covenants.** The project is required to have at least 48 (75%) of the units to be rent and income restricted. These restrictions shall remain in effect for 30-years (per the Declaration).

Four Year Rule:

MN Statute 469.176 sub 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law does however allow for reinstatement procedures should the required activity later occur on the parcel. The Boulevard Gardens Four Year Rule deadline was July 2000. All parcels qualified and remain in the district.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for a redevelopment district, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. The five-year deadline was July 2001, by which time the development agreement was signed, the construction completed, and first increment was paid to the developer (March 1999).

Geographic Enlargements:

MN Statute 469.175 sub 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. Boulevard Gardens may not be enlarged after July 2001.

Recommendations:

1. **Additional 10% TIF for Affordable Housing.** On December 20, 2010, the EDA modified the TIF plan to allow an additional 10% pooling for affordable housing projects. Since the obligation of the District was paid off in 2011, the City/EDA will need to annually monitor, calculate and return to the County for redistribution, any increment in excess of the 35% for affordable housing purposes (the City/EDA can retain up to 45% if the additional 10% is for admin and the admin is documented and spent on tax credit eligible projects). For pay 2020, it is assumed the City will receive \$1,902,097 in tax increment and will retain approximately \$665,734 (35%) for affordable housing projects (return approximately \$1.236 million).

These funds can be used to pay credit-eligible costs for tax credit eligible rental projects. Eligible uses include acquisition and site preparation, construction, rehabilitation and public improvements directly related to the housing, as long as these costs were not funded through tax credits (does not apply if all eligible expenses are funded through tax credits). The funds can be spent anywhere within the City and do not need to be located within a Project Area. The income and rent guidelines are defined as follows:

Rental Housing: 20% of the units occupied by families at 50% of median income (20/50) or 40% of the units occupied by families at 60% of median income (40/60) and rents for all the income-restricted units must not exceed 30% of the applicable income limit

2. **Future Affordable Housing Loan Repayment(s)**. The EDA has advanced one (1) loan (The Ridge). Any loan proceeds that are repaid from this project will need to be deposited back into the TIF account and used for affordable, rental tax credit eligible projects.
3. **Use of Legal Pooling for Redevelopment**. It is estimated that there is approximately \$542,877 available for legal pooling within Development District No. 1 (25% net of admin plus interest earnings). The City/EDA is utilizing \$146,988 of this in 2020 to pay for a portion of a stormwater pipe upgrade required for the Shady Oak Transit Station area to support future redevelopment.

GLENHAVEN

Description:

Glenhaven (County number 1463) is a Renewal and Renovation District established in 2006 and is located in Development District No. 1. Originally the District encompassed twenty-two (22) parcels and was established to facilitate the redevelopment of the Glen Lake area with housing and mixed-use development. On January 31, 2006, the City and EDA entered into a development agreement with Glen Lake Redevelopment LLC for a development consisting of three (3) phases. Phase I was to consist of 32-units of condominiums and approximately 18,000 sq/ft of commercial space; Phase II was to consist of approximately 45 condominiums and phase III was to consist of approximately 100 condominiums. The first amendment to the



development agreement was on May 15, 2007 and the second amendment was on January 4, 2010 to restate the prior two (2) contracts in their entirety. This amendment changed what was to be constructed in each phase. Phase I was to now consist of 52-units of rental housing and approximately 20,500 sq/ft of commercial space (The Exchange), Phase II is approximately 150 units of senior rental housing, with 65 to 70 independent living units and 80 to 85 assisted living/memory care units (The Glenn - St. Therese) and Phase III is 45 senior cooperative units (Zvago). The development was amended three more times to incorporate various changes for a total of five amendments.

On November 4, 2010, the City/EDA issued two obligations; (i) \$2,380,000 TIF Revenue Bonds, Series 2010; and (ii) \$2,128,802 Taxable TIF Revenue Note, Series 2010B (to Glen Lake Redevelopment LLC) to reimburse the developer for qualified costs related to the developments. In addition, the City/EDA had two interfund loans (i) \$813,586 (public improvements); and (ii) \$502,588 (Alano Parcel). The first interfund loan was repaid in 2016.

On December 15, 2017, the City/EDA replaced both of the developer obligations with its \$4,515,000 TIF Revenue Refunding Bonds, Series 2017. This refunding result in debt service savings for the City/EDA and allowed the Developer to be reimbursed

for its costs related to Phase I and Phase II of the Project. Excess tax increment not needed to pay debt service on the Bonds and not needed to meet a 120% debt service coverage test will be returned to the City/EDA to pay their outstanding interfund loan (\$502,588 - Alano Parcel).

Adopted:	01/23/2006
Requested Date:	04/03/2006
Certified Date:	06/02/2006
Modified:	10/05/2009
Decertifies:	12/31/2029

Parcels:

Former PID #	Former Use	New PID #	New Use
27-117-22-33-0034	SF Home	Same as Former	Same as Former
28-117-22-44-0027	Glenhaven Center	27-117-22-44-0526	Glen Lakes Mall
28-117-22-44-0370	Gideon Pond Center	27-117-22-44-0527	St. Therese Sr. Housing
33-117-22-11-0003	Northern States Power	Same as Former	Same as Former
33-117-22-11-0004	Northern States Power	Same as Former	Same as Former
33-117-22-11-0005	SF Home	Same as Former	Same as Former
33-117-22-11-0021	Northern States Power	Same as Former	Same as Former
33-117-22-11-0022	Northern States Power	Same as Former	Same as Former
33-117-22-11-0023	Northern States Power	Same as Former	Same as Former
33-117-22-11-0024	Crox Oil Company	Same as Former	Same as Former
33-117-22-11-0020	Commercial and Apartment	33-117-22-11-0065	The Exchange
33-117-22-11-0025	Commercial and Apartment		
33-117-22-11-0026	Alano Club		
33-117-22-11-0027	Vacant Land		
33-117-22-11-0028	Vacant Land		
33-117-22-11-0029	Vacant Land		
34-117-22-22-0020	Vacant Land		
34-117-22-22-0021	Luloff Inc.		
34-117-22-22-0022	Vacant Land		
33-117-22-11-0042	Northern States Power	Same as Former	Same as Former
34-117-22-22-0002	SF Home	Same as Former	Sr. Cooperative
34-117-22-22-0003	SF Home	Same as Former	

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from inside (B election) the District.

Original and Current Tax Rate:

Original (Pay 2006): 99.282%
Current (Pay 2020): 114.376%

Modification:

The Modification adopted in 2009 to approve Special Legislation that was granted to the City in order to extend the duration of the District. The District now expires on 12/31/2029.

Special Legislation:

The City was granted special legislation for this district by the Legislature in the Laws of Minnesota 2009, Chapter 88, Article 5, Section 15. In it, the City was authorized to extend the duration of the district by 7 years and to modify the budget.

Allowable Uses:

MN Statute 469.176 sub 4j specifies the activities on which tax increment from a renewal and renovation district may be spent. In general, tax increment must be spent correcting those conditions which caused the area to be designated a renewal and renovation district. Allowable uses include property acquisition, demolition, rehabilitation, installation of public utilities, road, sidewalks, public parking facilities, and allowable administrative expenses.



Obligations:

There is currently two (2) obligations in this District as follows:

1. **\$4,515,000 TIF Revenue Bonds, Series 2017.** The Bonds were issued on December 15, 2017, is payable from 95% of the TIF and is payable from August 1, 2018 through February 1, 2030. After the August 1, 2020 payment the current balance is \$3,995,000.
2. **\$502,588 Interfund loan (Alano).** This loan is at 4% interest and is payable from non-obligated parcel TIF, the City/EDA's 5% admin and any TIF not needed to pay debt service on the Series 2017 Bonds. After the August 1, 2020 payment the current balance is \$419,392. It is anticipated that this loan will be repaid on February 1, 2026 and that there will be approximately \$1,010,441 available at the end of the District (2029) for use by the EDA on other redevelopment projects.

Other Development Agreement Compliance:

None.

Four Year Rule:

MN Statute 469.176 subd. 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. However, the slowdown in the real estate economy prompted the Legislature to extend the deadline to six years. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law, does, however allow for reinstatement procedures should the required activity later occur on the parcel. The Glenhaven Four Year Rule deadline (with the extension) was June 2012. Certain parcels were removed, but they can be reinstated if development later occurs.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for a renewal and renovation district, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. However, the slowdown in the real estate economy prompted the Legislature to extend the five-year deadline to ten years. The deadline was June 2016.

Geographic Enlargements:

MN Statute 469.175 sub 4 (f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. The Glenhaven District may no longer be enlarged.

Recommendations: None at this time

City of Minnetonka
Glenhaven Interfund Loan
County District #1463

Start Date (Int. Accrues from):	5/27/2008	Par Amount	502,588
First Compounding Interest Date:	8/1/2008		
Final Payment Date:	2/1/2030		
Interest Rate:	4.00%		
Interest Calculation:	Simple Interest - Interest Accrues		

EDA Interfund Loan									
Payment Date	Begin Balance	Period Interest Due	Period Int + Accrued Int	Revenue	100% % of Rev Used	Interest Payment	Principal Payment	Accrued Interest	Ending Balance
5/27/2008	502,588.00	-							502,588.00
8/1/2008	502,588.00	3,573.96	3,573.96		-	-	-	3,573.96	502,588.00
2/1/2009	502,588.00	10,051.76	13,625.72	-	-	-	-	13,625.72	502,588.00
8/1/2009	502,588.00	10,051.76	23,677.48	-	-	-	-	23,677.48	502,588.00
2/1/2010	502,588.00	10,051.76	33,729.24	-	-	-	-	33,729.24	502,588.00
8/1/2010	502,588.00	10,051.76	43,781.00	-	-	-	-	43,781.00	502,588.00
2/1/2011	502,588.00	10,051.76	53,832.76	-	-	-	-	53,832.76	502,588.00
8/1/2011	502,588.00	10,051.76	63,884.52	-	-	-	-	63,884.52	502,588.00
2/1/2012	502,588.00	10,051.76	73,936.28	-	-	-	-	73,936.28	502,588.00
8/1/2012	502,588.00	10,051.76	83,988.04	-	-	-	-	83,988.04	502,588.00
2/1/2013	502,588.00	10,051.76	94,039.80	-	-	-	-	94,039.80	502,588.00
8/1/2013	502,588.00	10,051.76	104,091.56	-	-	-	-	104,091.56	502,588.00
2/1/2014	502,588.00	10,051.76	114,143.32	-	-	-	-	114,143.32	502,588.00
8/1/2014	502,588.00	10,051.76	124,195.08	-	-	-	-	124,195.08	502,588.00
2/1/2015	502,588.00	10,051.76	134,246.84	-	-	-	-	134,246.84	502,588.00
8/1/2015	502,588.00	10,051.76	144,298.60	-	-	-	-	144,298.60	502,588.00
2/1/2016	502,588.00	10,051.76	154,350.36	-	-	-	-	154,350.36	502,588.00
8/1/2016	502,588.00	10,051.76	164,402.12	-	-	-	-	164,402.12	502,588.00
2/1/2017	502,588.00	10,051.76	174,453.88	-	-	-	-	174,453.88	502,588.00
8/1/2017	502,588.00	10,051.76	184,505.64	-	-	-	-	184,505.64	502,588.00
2/1/2018	502,588.00	10,051.76	194,557.40	-	-	-	-	194,557.40	502,588.00
8/1/2018	502,588.00	10,051.76	204,609.16	107,288.46	107,288.46	(107,288.46)	-	97,320.70	502,588.00
2/1/2019	502,588.00	10,051.76	107,372.46	35,648.21	35,648.21	(35,648.21)	-	71,724.26	502,588.00
8/1/2019	502,588.00	10,051.76	81,776.02	21,379.10	21,379.10	(21,379.10)	-	60,396.91	502,588.00
2/1/2020	502,588.00	10,051.76	70,448.67	140,074.54	140,074.54	(70,448.67)	(69,625.87)	-	432,962.13
8/1/2020	432,962.13	8,659.24	8,659.24	22,229.03	22,229.03	(8,659.24)	(13,569.79)	-	419,392.34
2/1/2021	419,392.34	8,387.85	8,387.85	58,457.92	58,457.92	(8,387.85)	(50,070.08)	-	369,322.26
8/1/2021	369,322.26	7,386.45	7,386.45	22,229.03	22,229.03	(7,386.45)	(14,842.59)	-	354,479.67
2/1/2022	354,479.67	7,089.59	7,089.59	62,862.92	62,862.92	(7,089.59)	(55,773.33)	-	298,706.34
8/1/2022	298,706.34	5,974.13	5,974.13	22,229.03	22,229.03	(5,974.13)	(16,254.91)	-	282,451.43
2/1/2023	282,451.43	5,649.03	5,649.03	62,912.92	62,912.92	(5,649.03)	(57,263.90)	-	225,187.53
8/1/2023	225,187.53	4,503.75	4,503.75	22,229.03	22,229.03	(4,503.75)	(17,725.28)	-	207,462.25
2/1/2024	207,462.25	4,149.25	4,149.25	58,780.42	58,780.42	(4,149.25)	(54,631.18)	-	152,831.07
8/1/2024	152,831.07	3,056.62	3,056.62	22,229.03	22,229.03	(3,056.62)	(19,172.41)	-	133,658.66
2/1/2025	133,658.66	2,673.17	2,673.17	60,480.42	60,480.42	(2,673.17)	(57,807.25)	-	75,851.41
8/1/2025	75,851.41	1,517.03	1,517.03	22,229.03	22,229.03	(1,517.03)	(20,712.01)	-	55,139.40
2/1/2026	55,139.40	1,102.79	1,102.79	58,430.42	58,430.42	(1,102.79)	(55,139.40)	-	-
Year Term				799,689.56	799,689.56	(294,913.32)	(502,588.00)		-

City of Minnetonka, Minnesota

\$4,515,000 Tax-Exempt Tax Increment Refunding Bonds, Series 2017

Current Refunding of Series 2010 EDA

Assumes Current Market BQ Not Rated Rates

Net Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	DSR	Net New D/S	Fiscal Total
12/15/2017	-	-	-	-	-	-	-
08/01/2018	-	-	97,074.85	97,074.85	-	97,074.85	-
02/01/2019	200,000.00	2.500%	77,316.25	277,316.25	-	277,316.25	374,391.10
08/01/2019	-	-	74,816.25	74,816.25	-	74,816.25	-
02/01/2020	320,000.00	2.750%	74,816.25	394,816.25	-	394,816.25	469,632.50
08/01/2020	-	-	70,416.25	70,416.25	-	70,416.25	-
02/01/2021	330,000.00	2.850%	70,416.25	400,416.25	-	400,416.25	470,832.50
08/01/2021	-	-	65,713.75	65,713.75	-	65,713.75	-
02/01/2022	335,000.00	3.000%	65,713.75	400,713.75	-	400,713.75	466,427.50
08/01/2022	-	-	60,688.75	60,688.75	-	60,688.75	-
02/01/2023	345,000.00	3.150%	60,688.75	405,688.75	-	405,688.75	466,377.50
08/01/2023	-	-	55,255.00	55,255.00	-	55,255.00	-
02/01/2024	360,000.00	3.250%	55,255.00	415,255.00	-	415,255.00	470,510.00
08/01/2024	-	-	49,405.00	49,405.00	-	49,405.00	-
02/01/2025	370,000.00	3.500%	49,405.00	419,405.00	-	419,405.00	468,810.00
08/01/2025	-	-	42,930.00	42,930.00	-	42,930.00	-
02/01/2026	385,000.00	3.500%	42,930.00	427,930.00	-	427,930.00	470,860.00
08/01/2026	-	-	36,192.50	36,192.50	-	36,192.50	-
02/01/2027	395,000.00	3.700%	36,192.50	431,192.50	-	431,192.50	467,385.00
08/01/2027	-	-	28,885.00	28,885.00	-	28,885.00	-
02/01/2028	410,000.00	3.700%	28,885.00	438,885.00	-	438,885.00	467,770.00
08/01/2028	-	-	21,300.00	21,300.00	-	21,300.00	-
02/01/2029	425,000.00	4.000%	21,300.00	446,300.00	-	446,300.00	467,600.00
08/01/2029	-	-	12,800.00	12,800.00	-	12,800.00	-
02/01/2030	640,000.00	4.000%	12,800.00	652,800.00	(236,077.71)	416,722.29	429,522.29
Total	\$4,515,000.00		\$1,211,196.10	\$5,726,196.10	(236,077.71)	\$5,490,118.39	

TONKA ON THE CREEK

Description:

Tonka on the Creek (County number 1464) is a Housing District established in 2014 and is located in Development District No. 1. Originally the District encompassed twelve (12) parcels and was established to facilitate development of Overlook on the Creek, a 100-unit apartment complex, with 20% of the units made affordable to families at or below 50% of the area median income. On June 11, 2014 the City and EDA entered into a development agreement with Tonka on the Creek LLC. On August 13, 2014, the TIF Note was issued to Tonka on the Creek LLC and on the same date assigned to Bridgewater Bank.



Adopted:	02/10/2014
Requested Date:	03/24/2014
Certified Date:	04/22/2014
Decertifies:	12/31/2041

Parcels:

Former PID #	Former Use	New PID #	New Use
13-117-22-14-0067	Vacant Land	13-117-22-14-0138	Overlook on the Creek Apartments
13-117-22-14-0069			
13-117-22-14-0070			
13-117-22-14-0071			
13-117-22-14-0072			
13-117-22-14-0073			
13-117-22-14-0074			
13-117-22-14-0101			
13-117-22-14-0102			
13-117-22-14-0103			
13-117-22-14-0104			
13-117-22-14-0105			

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from inside (B election) the District.

Original and Current Tax Rate:

Original (Pay 2014): 132.203%
Current (Pay 2020): 114.758%

Allowable Uses:

MN Statute 469.176 sub 4d specifies the activities on which tax increment from a housing district may be spent. Allowable uses include the cost of improvements directly related to the housing project, and allowable administrative expenses.

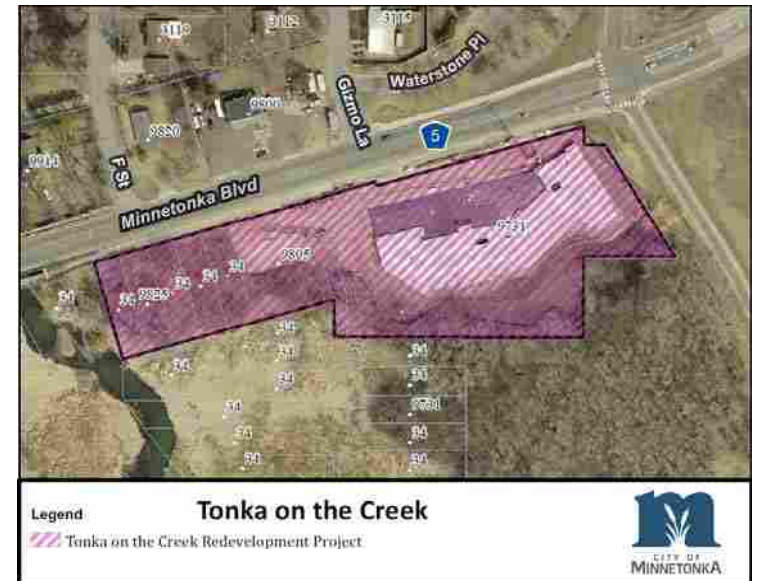
Obligations:

There is currently one (1) PAYGO Note in this District as follows:

1. **\$2,283,000** PAYGO Note at 5% interest. The Note was issued on August 13, 2014 to Tonka on the Creek LLC and on the same date assigned to Bridgewater Bank. The Note is payable from 90% of the increment collected and is payable from August 1, 2016 through February 1, 2042. After the 8/1/20 payment, the current balance is \$2,231,922 and the project final payment is on August 1, 2034.

Income Compliance Requirements:

Income limitations are required to be monitored on an on-going basis for a Housing District. The City is required to substantiate that the applicable income limitations and rent restrictions are being met on an annual basis for rental. The compliance must be completed regardless of whether the project receives tax credits or not, pursuant to 469.174 sub 11. For



this development, they will need to certify that 20% of the units are affordable to persons and families at or below 50% of the area median income (AMI).

Other Development Agreement Compliance:

1. **Affordable Housing Requirement.** The Developer agreed to make 20% of the units affordable to persons/families at 50% of the area median income. In addition, the units are rent restricted to these income levels as well. This requirement is outlined in the recorded Declaration and is in place for a 30-year term.
2. **Disbursement of Affordable Units.** Developer agrees to distribute the affordable units among the different unit types by setting aside 20% of each unit type or a larger unit.
3. **Charge for Underground Parking.** Developer will rent parking space for \$90 to \$100 per space per month. The rent restricted tenants will be required to rent parking as needed and will receive a 10% discount.

Four Year Rule:

MN Statute 469.176 sub 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law, does, however allow for reinstatement procedures should the required activity later occur on the parcel. The Tonka on the Creek Four Year Rule deadline was April 2018.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. As a housing district, the five-year rule has only limited applicability. The City can add new obligations for five years after the certification date, or April 2019.

Geographic Enlargements:

MN Statute 469.175 sub 4(f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. The Tonka on the Creek district may not be enlarged after April 2019.

Recommendations:

1. ***Income Verification.*** The City will need to annually receive, verify and keep income verification reports for the project to assure that 20% of the units are affordable to persons at or below 50% of the AMI (both income and rent restricted).

City of Minnetonka
Tonka on the Creek
County District #1464

Maximum amount: \$2,283,000		Interest Rate: 5.00%							
Accrual Date: 5/13/2015		Interest Computation: Actual/360							
Final Payment: 2/1/2042									
Date	Interest Due	Total Tax Increment	Tax Increment Available at 90%	Withholding for Tax Petition	Principle Paid	Cumulative Unpaid Interest	Cumulative Tax Increment Paid	Note Balance	Year
								\$ 2,283,000.00	
8/1/2015	25,366.67	0.00	0.00		0.00		0.00	\$ 2,308,366.67	
2/1/2016	58,991.59	0.00	0.00		0.00		0.00	\$ 2,367,358.26	
8/1/2016	59,841.56	194.67	175.20		0.00	0.00	175.20	\$ 2,427,024.61	0.5
2/1/2017	62,023.96	194.67	175.20		0.00	61,848.76	350.41	\$ 2,427,024.61	1
8/1/2017	61,012.70	100,350.57	90,315.51		0.00	32,545.95	90,665.92	\$ 2,427,024.61	1.5
2/1/2018	62,023.96	100,350.57	90,315.42		0.00	4,254.49	180,981.34	\$ 2,427,024.61	2
8/1/2018	61,012.70	125,091.69	112,582.52	(11,571.71)	35,743.63	0.00	281,992.15	\$ 2,391,280.98	2.5
2/1/2019	61,110.51	125,091.67	112,582.50	(11,571.71)	39,900.28		394,574.66	\$ 2,351,380.70	3
8/1/2019	59,111.10	121,983.04	109,784.74	(11,130.91)	109,784.74		504,359.39	\$ 2,311,837.97	3.5
2/1/2020	59,080.30	121,982.67	109,784.40	(11,130.91)	39,573.19		614,143.80	\$ 2,272,264.78	4
8/1/2020	57,437.80	93,661.19	84,295.07	13,485.69	40,342.96		698,438.87	\$ 2,231,921.83	4.5
2/1/2021	57,038.00	125,466.05	112,919.45		55,881.45		811,358.31	\$ 2,176,040.38	5
8/1/2021	54,703.24	125,466.05	112,919.45		58,216.22		924,277.76	\$ 2,117,824.16	5.5
2/1/2022	54,122.17	125,466.05	112,919.45		58,797.28		1,037,197.21	\$ 2,059,026.89	6
8/1/2022	51,761.65	125,466.05	112,919.45		61,157.80		1,150,116.66	\$ 1,997,869.09	6.5
2/1/2023	51,056.65	125,466.05	112,919.45		61,862.79		1,263,036.11	\$ 1,936,006.29	7
8/1/2023	48,669.05	125,466.05	112,919.45		64,250.41		1,375,955.55	\$ 1,871,755.88	7.5
2/1/2024	47,833.76	125,466.05	112,919.45		65,085.69		1,488,875.00	\$ 1,806,670.20	8
8/1/2024	45,668.61	125,466.05	112,919.45		67,250.85		1,601,794.45	\$ 1,739,419.35	8.5
2/1/2025	44,451.83	125,466.05	112,919.45		68,467.63		1,714,713.90	\$ 1,670,951.72	9
8/1/2025	42,005.87	125,466.05	112,919.45		70,913.58		1,827,633.35	\$ 1,600,038.14	9.5
2/1/2026	40,889.86	125,466.05	112,919.45		72,029.59		1,940,552.79	\$ 1,528,008.54	10
8/1/2026	38,412.44	125,466.05	112,919.45		74,507.01		2,053,472.24	\$ 1,453,501.53	10.5
2/1/2027	37,145.04	125,466.05	112,919.45		75,774.41		2,166,391.69	\$ 1,377,727.12	11
8/1/2027	34,634.53	125,466.05	112,919.45		78,284.92		2,279,311.14	\$ 1,299,442.20	11.5
2/1/2028	33,207.97	125,466.05	112,919.45		79,711.48		2,392,230.59	\$ 1,219,730.72	12
8/1/2028	30,832.08	125,466.05	112,919.45		82,087.37		2,505,150.03	\$ 1,137,643.36	12.5
2/1/2029	29,073.11	125,466.05	112,919.45		83,846.34		2,618,069.48	\$ 1,053,797.02	13
8/1/2029	26,491.29	125,466.05	112,919.45		86,428.16		2,730,988.93	\$ 967,368.85	13.5
2/1/2030	24,721.65	125,466.05	112,919.45		88,197.80		2,843,908.38	\$ 879,171.06	14
8/1/2030	22,101.38	125,466.05	112,919.45		90,818.07		2,956,827.83	\$ 788,352.98	14.5
2/1/2031	20,146.80	125,466.05	112,919.45		92,772.66		3,069,747.27	\$ 695,580.32	15
8/1/2031	17,486.12	125,466.05	112,919.45		95,433.33		3,182,666.72	\$ 600,146.99	15.5
2/1/2032	15,337.09	125,466.05	112,919.45		97,582.37		3,295,586.17	\$ 502,564.62	16
8/1/2032	12,703.72	125,466.05	112,919.45		100,215.73		3,408,505.62	\$ 402,348.89	16.5
2/1/2033	10,282.25	125,466.05	112,919.45		102,637.20		3,521,425.07	\$ 299,711.69	17
8/1/2033	7,534.42	125,466.05	112,919.45		105,385.03		3,634,344.51	\$ 194,326.66	17.5
2/1/2034	4,966.13	125,466.05	112,919.45		107,953.32		3,747,263.96	\$ 86,373.34	18
8/1/2034	2,159.33	125,466.05	112,919.45		86,373.35		3,860,183.41	\$ (0.01)	18.5
TOTAL	1,448,090.63	4,301,950.23	3,871,755.12		2,427,024.62				

APPLEWOOD POINTE

Description:

Applewood Pointe (County number 1466) is a Redevelopment District established in 2014 and is located in Development District No. 1. This Redevelopment District was established in order to facilitate the development of an 87-unit senior housing cooperative. On November 2, 2015, the EDA entered into a development agreement with United Properties Residential LLC. On July 24, 2017 the EDA issued the TIF Note in the amount of \$1,290,000 and is to be repaid through 90% of increment collected, with the first payment on August 1, 2018.

Adopted:	08/25/2014
Requested Date:	06/23/2015
Certified Date:	07/02/2015
Decertifies:	12/31/2043



Parcels:

Former PID #	Former Use	New PID #	New Use
14-117-22-24-0005	Commercial Building	14-117-22-24-0011	Applewood Pointe Sr. Cooperative

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from inside (B election) the District.

Original and Current Tax Rate:

Original (Pay 2015): 124.715%
Current (Pay 2020): 114.758%

Allowable Uses:

MN Statute 469.176 sub 4j specifies the activities on which tax increment from a redevelopment district may be spent. In general, tax increment must be spent correcting those conditions which caused the area to be designated a redevelopment district.

Obligations:

There is currently one (1) obligation for this District:

1. **\$1,290,000 PAYGO TIF Note at 7.0% interest.** The Note was issued to United Properties Residential LLC on July 24, 2017. The Note is payable from 90% of the increment collected and is payable from August 1, 2018 through February 1, 2044. After the 8/1/20 payment, the current balance is \$960,359.32 and the project final payment is on August 1, 2025.



Other Development Agreement Compliance:

1. **Affordable Housing Requirement.** The Developer agreed to make 10% of the units (9) affordable for the initial owner occupant at 80% of the median area income and the price of the unit will be no more than \$235,000. If the unit is sold in the future, the association has to give preference to someone at 90% of area median income. These units need to have at least one bedroom and be at least 1,025 square feet. Each owner-occupant will be required to pay a pro rata share of ongoing operating expenses of the cooperative. Future transfers of these units (or the membership interests in the cooperative representing the Affordable Housing Units) will be restricted through a maximum cooperative share price to maintain the ability of future buyers to purchase the units at affordable prices for thirty years following the first purchase of each of the units.

Four Year Rule:

MN Statute 469.176 sub 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law does however allow for reinstatement procedures should the required activity later occur on the parcel. The Applewood Pointe Four Year Rule deadline will be April 2019.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for a redevelopment district, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. The City can add new obligations for five years after the certification date, or April 2020.

Geographic Enlargements:

MN Statute 469.175 sub 4(f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. The Applewood Pointe district may not be enlarged after April 2020.

Recommendations:

1. ***Affordable Housing Requirement.*** The City needs to track the initial nine (9) units (at least 1,025 square feet, one bedroom and sold for not more than \$235,000) that were affordable to assure that when they are sold they remain affordable for the required 30 years following the first initial Membership purchase (through 2045).

City of Minnetonka
 Applewood Pointe
 County District #1466

Maximum amount: \$1,290,000		Interest Rate: 7.00%						
Issue Date: 7/24/2017		Interest Computation: Actual/360						
Final Payment: 2/1/2044								
Date	Interest Due	Total Tax Increment	Tax Increment Available at 90%	Principle Paid	Cumulative Unpaid Interest	Cumulative Tax Increment Paid	Note Balance	Year
8/1/2018	93,560.83	131,564.83	118,408.35	24,847.51		118,408.35	\$ 1,290,000.00	
2/1/2019	45,264.34	135,151.15	121,636.04	76,371.69		240,044.38	\$ 1,265,152.49	0.5
8/1/2019	41,838.48	128,204.21	115,383.79	73,545.31		355,428.17	\$ 1,188,780.80	1
2/1/2020	39,900.65	128,204.21	115,383.79	75,483.14		470,811.96	\$ 1,115,235.49	1.5
8/1/2020	36,795.68	129,098.56	116,188.70	79,393.02		587,000.66	\$ 1,039,752.34	2
2/1/2021	34,359.52	129,098.56	116,188.70	81,829.18		703,189.37	\$ 960,359.32	2.5
8/1/2021	30,919.38	129,098.56	116,188.70	85,269.32		819,378.07	\$ 878,530.14	3
2/1/2022	28,381.11	129,098.56	116,188.70	87,807.59		935,566.78	\$ 793,260.82	3.5
8/1/2022	24,828.03	129,098.56	116,188.70	91,360.67		1,051,755.48	\$ 705,453.22	4
2/1/2023	21,970.87	129,098.56	116,188.70	94,217.84		1,167,944.18	\$ 614,092.55	4.5
8/1/2023	18,296.70	129,098.56	116,188.70	97,892.00		1,284,132.89	\$ 519,874.71	5
2/1/2024	15,097.60	129,098.56	116,188.70	101,091.10		1,400,321.59	\$ 421,982.71	5.5
8/1/2024	11,356.00	129,098.56	116,188.70	104,832.71		1,516,510.30	\$ 320,891.61	6
2/1/2025	7,730.11	129,098.56	116,188.70	108,458.60		1,632,699.00	\$ 216,058.90	6.5
8/1/2025	3,786.93	129,098.56	116,188.70	107,600.31		1,748,887.70	\$ 107,600.31	7
TOTAL	454,086.24	1,943,208.56	1,748,887.70	1,290,000.00			(0.00)	7.5

ROWLAND (THE CHASE AT NINE MILE CREEK)

Description:

Rowland (County number 1465) is a Housing District established in 2015 and is located in Development District No. 1. This District was established in order to facilitate the development of 106-unit apartment complex that is 20% affordable to persons/families at or below 50% of the Area Median Income (AMI). On April 20, 2015, the EDA entered into a development agreement with Rowland Investments, LLC. On July 8, 2015 the EDA issued the TIF Note in the amount of \$2,500,000 and is to be repaid through 90% of increment collected, with the first payment on August 1, 2018.



Adopted:	04/20/2015
Requested Date:	06/08/2015
Certified Date:	07/02/2015
Decertifies:	12/31/2043

Parcels:

Former PID #	Former Use	New PID #	New Use
35-117-22-23-0003	Vacant Land	Same as Former	The Chase at Nine Mile Creek

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from inside (B election) the District.

Original and Current Tax Rate:

Original (Pay 2015): 124.292%
Current (Pay 2020): 114.376%

Allowable Uses:

MN Statute 469.176 sub 4d specifies the activities on which tax increment from a housing district may be spent. Allowable uses include the cost of improvements directly related to the housing project, and allowable administrative expenses.

Obligations:

There is currently one (1) PAYGO Note in this District as follows:

1. ***\$2,500,000 PAYGO Note at 5.5% interest.*** The Note was issued on July 8, 2015 to Rowland Investments LLC. The Note is payable from 90% of the increment collected and is payable from August 1, 2018 through February 1, 2044. After the August 1, 2020 payment, the current balance is \$2,397,902.33 and the project final payment is on August 1, 2036.

Income Compliance Requirements:

Income limitations are required to be monitored on an on-going basis for a Housing District. The City is required to substantiate that the applicable income limitations and rent restrictions are being met on an annual basis for rental. The compliance must be completed regardless of whether the project receives tax credits or not, pursuant to 469.174 sub 11. For



this development, they will need to certify that 20% of the units are affordable to persons and families at or below 50% of the area median income (AMI).

Other Development Agreement Compliance:

1. **Affordable Housing Requirement.** The Developer agreed to make 20% of the units affordable to persons/families at 50% of the area median income. In addition, the units are rent restricted to these income levels as well. This requirement is outlined in the recorded Declaration and is in place for a 30-year term.

Four Year Rule:

MN Statute 469.176 sub 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law does however allow for reinstatement procedures should the required activity later occur on the parcel.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. As a housing district, the five-year rule has only limited applicability. The City can add new obligations at any time as long as the use is another affordable housing development.

Geographic Enlargements:

MN Statute 469.175 sub 4(f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. The Rowland Housing district may not be enlarged after April 2020.

Recommendations:

1. **Income Verification.** The City will need to receive and keep income verification reports for the project to assure that 20% of the units are affordable to persons at or below 50% of the AMI (both income and rent restricted).

City of Minnetonka
Rowland Housing
County District #1465

Maximum amount: \$2,500,000		Interest Rate: 5.50%					
Accrual Date: 4/3/2017		Interest Computation: 30/360					
Final Payment: 2/1/2044							
Date	Interest Due	Total Tax Increment	Tax Increment Available at 90%	Principle Paid	Cumulative Unpaid Interest	Cumulative Tax Increment Paid	Note Balance
8/1/2018	182,569.44	124,183.65	111,765.29	0.00	70,804.16	111,765.29	\$ 2,500,000.00
2/1/2019	68,750.00	124,183.63	111,765.27	0.00	27,788.89	223,530.55	\$ 2,500,000.00
8/1/2019	68,750.00	122,109.74	109,898.77	13,359.87		333,429.32	\$ 2,486,640.13 0.5
2/1/2020	68,382.60	122,109.73	109,898.76	41,516.15		443,328.08	\$ 2,445,123.97 1
8/1/2020	67,240.91	127,180.61	114,462.55	47,221.64		557,790.62	\$ 2,397,902.33 1.5
2/1/2021	65,942.31	127,180.61	114,462.55	48,520.23		672,253.17	\$ 2,349,382.10 2
8/1/2021	64,608.01	127,180.61	114,462.55	49,854.54		786,715.72	\$ 2,299,527.56 2.5
2/1/2022	63,237.01	127,180.61	114,462.55	51,225.54		901,178.27	\$ 2,248,302.02 3
8/1/2022	61,828.31	127,180.61	114,462.55	52,634.24		1,015,640.82	\$ 2,195,667.77 3.5
2/1/2023	60,380.86	127,180.61	114,462.55	54,081.69		1,130,103.37	\$ 2,141,586.09 4
8/1/2023	58,893.62	127,180.61	114,462.55	55,568.93		1,244,565.92	\$ 2,086,017.16 4.5
2/1/2024	57,365.47	127,180.61	114,462.55	57,097.08		1,359,028.47	\$ 2,028,920.08 5
8/1/2024	55,795.30	127,180.61	114,462.55	58,667.25		1,473,491.02	\$ 1,970,252.83 5.5
2/1/2025	54,181.95	127,180.61	114,462.55	60,280.60		1,587,953.57	\$ 1,909,972.24 6
8/1/2025	52,524.24	127,180.61	114,462.55	61,938.31		1,702,416.11	\$ 1,848,033.92 6.5
2/1/2026	50,820.93	127,180.61	114,462.55	63,641.62		1,816,878.66	\$ 1,784,392.31 7
8/1/2026	49,070.79	127,180.61	114,462.55	65,391.76		1,931,341.21	\$ 1,719,000.55 7.5
2/1/2027	47,272.52	127,180.61	114,462.55	67,190.03		2,045,803.76	\$ 1,651,810.51 8
8/1/2027	45,424.79	127,180.61	114,462.55	69,037.76		2,160,266.31	\$ 1,582,772.75 8.5
2/1/2028	43,526.25	127,180.61	114,462.55	70,936.30		2,274,728.86	\$ 1,511,836.45 9
8/1/2028	41,575.50	127,180.61	114,462.55	72,887.05		2,389,191.41	\$ 1,438,949.41 9.5
2/1/2029	39,571.11	127,180.61	114,462.55	74,891.44		2,503,653.96	\$ 1,364,057.97 10
8/1/2029	37,511.59	127,180.61	114,462.55	76,950.95		2,618,116.51	\$ 1,287,107.01 10.5
2/1/2030	35,395.44	127,180.61	114,462.55	79,067.11		2,732,579.06	\$ 1,208,039.91 11
8/1/2030	33,221.10	127,180.61	114,462.55	81,241.45		2,847,041.60	\$ 1,126,798.45 11.5
2/1/2031	30,986.96	127,180.61	114,462.55	83,475.59		2,961,504.15	\$ 1,043,322.86 12
8/1/2031	28,691.38	127,180.61	114,462.55	85,771.17		3,075,966.70	\$ 957,551.69 12.5
2/1/2032	26,332.67	127,180.61	114,462.55	88,129.88		3,190,429.25	\$ 869,421.82 13
8/1/2032	23,909.10	127,180.61	114,462.55	90,553.45		3,304,891.80	\$ 778,868.37 13.5
2/1/2033	21,418.88	127,180.61	114,462.55	93,043.67		3,419,354.35	\$ 685,824.70 14
8/1/2033	18,860.18	127,180.61	114,462.55	95,602.37		3,533,816.90	\$ 590,222.33 14.5
2/1/2034	16,231.11	127,180.61	114,462.55	98,231.44		3,648,279.45	\$ 491,990.89 15
8/1/2034	13,529.75	127,180.61	114,462.55	100,932.80		3,762,742.00	\$ 391,058.09 15.5
2/1/2035	10,754.10	127,180.61	114,462.55	103,708.45		3,877,204.55	\$ 287,349.64 16
8/1/2035	7,902.12	127,180.61	114,462.55	106,560.43		3,991,667.09	\$ 180,789.21 16.5
2/1/2036	4,971.70	127,180.61	114,462.55	109,490.85		4,106,129.64	\$ 71,298.36 17
8/1/2036	1,960.70	127,180.61	114,462.55	71,298.36		4,179,388.71	\$ 0.00 17.5
TOTAL	1,679,388.71	4,689,546.88	4,220,592.19	2,500,000.00			

DOMINIUM HOUSING

Description:

Dominium (County number TBD) is a Housing District established in 2018 (pay 2019) and is located in Development District No. 1. This Housing District was established in order to facilitate the construction of 262 senior apartments (Bren Road Station) and 220 workforce apartments (Preserve at Shady Oak) in the City, with all units be affordable to persons at or below 60% of the area median income. On September 14, 2018 the EDA entered into a development agreement with Minnetonka Leased Housing Associates III, LLLP (sr. apartments) and on October 2, 2018, the EDA



entered into a development agreement with Minnetonka Leased Housing Associates II, LLLP (workforce apartments). On September 14, 2018 and October 2, 2018 respectively, the

EDA issued the a TIF Note in the amount of \$4,161,000 for the sr. apartments and \$3,648,000 for the workforce apartments, both of which are to be repaid through 90% of increment collected, with the first payment on August 1, 2020 (26-years). Since the TIF district wasn't certified for a 2020 payment, the first payment is in 2021.



The projects are currently under construction and the Sr. Apartments are expected to be completed in the spring of 2021 and the workforce apartments are expected to be completed in the fall of 2020.

Adopted:	07/23/2018
Requested Date:	12/7/2018
Certified Date:	TBD
Decertifies:	TBD

Parcels:

Former PID #	Former Use	New PID #	New Use
36-117-22-31-0015	Digi International	36-117-22-31-0019	262 Sr. Apts
		36-117-22-31-0020	220 Work Force Apts

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from inside (B election) the District.

Original and Current Tax Rate:

Original (Pay 2019): 113.557%
 Current (Pay 2020): TBD%

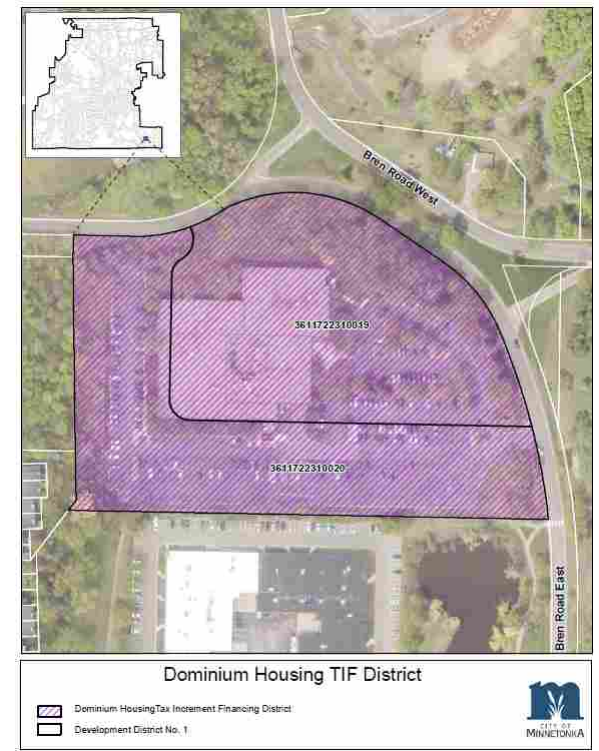
Allowable Uses:

MN Statute 469.176 sub 4d specifies the activities on which tax increment from a housing district may be spent. Allowable uses include the cost of improvements directly related to the housing project, and allowable administrative expenses.

Obligations:

There will be two (2) PAYGO Notes in this District as follows:

1. **\$4,161,000 PAYGO Note at 5% interest.** The Note was issued to Minnetonka Leased housing Associates III LLP (senior housing development). The Note is payable from 90% of the increment collected.
2. **\$3,648,000 PAYGO Note at 5% interest.** The Note was issued to Minnetonka Leased housing Associates II LLP (work-force housing development). The Note is payable from 90% of the increment collected.



Income Compliance Requirements:

Income limitations are required to be monitored on an on-going basis for a Housing District. The City is required to substantiate that the applicable income limitations and rent restrictions are being met on an annual basis for rental. The compliance must be completed regardless of whether the project receives tax credits or not, pursuant to 469.174 sub 11. For this development, they will need to certify that 100% of the units are affordable to persons and families at or below 60% of the area median income (AMI).

Other Development Agreement Compliance:

1. **Declaration of Restrictive Covenants.** On September 14, 2018 (sr. apartments) and October 2, 2018 (workforce apartments) the Developer executed and recorded a Declaration of Restrictive Covenants for the projects. The term of the restrictive covenants is 30 years from issuance of a certificate of occupancy for each building.
2. **Affordable Housing Reporting.** At least annually, no later than April 1 of each year commencing on the April 1 first following the issuance of the Certificate of Completion, the Developer shall provide a report to the EDA evidencing that the Developer complied with the income affordability covenants.
3. **Property Management Covenant.** The Developer shall cause its property manager to operate the project in accordance with policies described in Agreement. If violations are not corrected or are on-going, the EDA has the right to have the property manager (or management company) removed.
4. **Minimum Assessment Agreement.** The developer is required to execute and record minimum assessment agreements for the projects for a value of \$47,160,000 as of January 2, 2020 for taxes payable in 2021 (sr. apartments) and \$39,600,000 as of January 2, 2021 for taxes payable in 2021 (workforce apartments). Both agreements were executed and recorded as required.

Four Year Rule:

MN Statute 469.176 sub 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law does however allow for reinstatement procedures should the required activity later occur on the parcel.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. As a housing district, the five-year rule has only limited applicability. The City can add new obligations at any time as long as the use is another affordable housing development.

Geographic Enlargements:

MN Statute 469.175 sub 4(f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date.

Recommendations:

1. **Income Verification.** The City will need to receive and keep income verification reports for the project to assure that 100% of the units are affordable to persons at or below 60% of the AMI.

MARSH RUN (DORAN)

Description:

Marsh Run (County number 1467) is a Housing District established in 2019 (pay 2019) and is located in Development District No. 1. This Housing District was established in order to facilitate the construction of 175 market rate apartments (The Birke) on the former Marsh Run office site. 20% of the units (35) are required to be affordable to persons at or below 50% of the area median income. On April 5, 2019, the EDA entered into a development agreement with DC-OV Minnetonka, LLC. The EDA will issue a pay-as-you-go TIF note in the amount of \$4,800,000 (17 years) to reimburse the developer for land acquisition (\$2,000,000) and underground parking (\$2,800,000) and will be repaid with 90% of increment collected, with the first payment on August 1, 2021.



The project is currently under construction and is expected to be completed in spring 2021.

Adopted:	03/18/2019
Requested Date:	06/19/2019
Certified Date:	07/26/2019
Decertifies:	12/31/2046

Parcels:

Former PID #	Former Use	New PID #	New Use
02-117-22-13-0062	Marsh Run Offices	21-17-22-13-0370	175-Unit Market Rate Apartment (20% affordable at 50%)
02-117-22-13-0050			

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from inside (B election) the District.

Original and Current Tax Rate:

Original (Pay 2019): 113.539%
 Current (Pay 2020): 114.376%

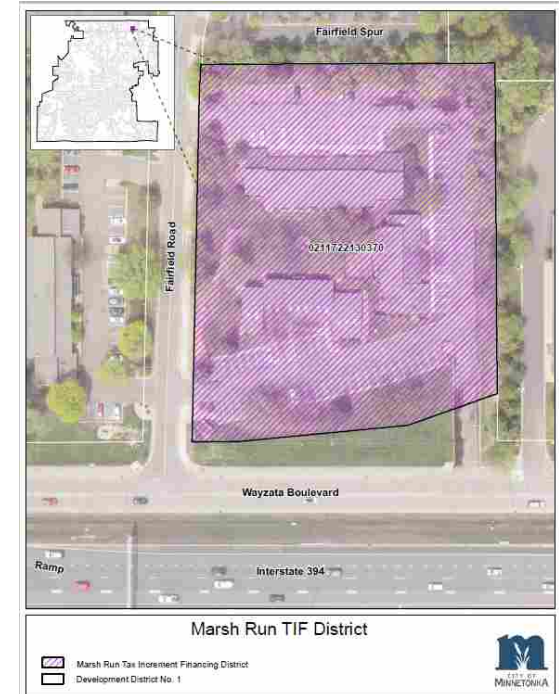
Allowable Uses:

MN Statute 469.176 sub 4j specifies the activities on which tax increment from a redevelopment district may be spent. In general, tax increment must be spent correcting those conditions which caused the area to be designated a redevelopment district.

Obligations:

There will be one (1) PAYGO Note in this District as follows:

1. **\$4,800,000 PAYGO Note at interest rate TBD (same as financing rate).** The Note will be issued to DC-OV Minnetonka, LLC. The Note is payable from 90% of the increment collected.



Other Development Agreement Compliance:

1. **Affordable Housing Requirement.** The Developer agreed to make 20% of the units affordable to persons/families at 50% of the area median income. In addition, the units are rent restricted to these income levels as well. This requirement is outlined in the recorded Declaration and is in place for a 30-year term from the issuance of a certificate of occupancy.
2. **Disbursement of Affordable Units.** Developer agrees to distribute the affordable units among the different unit types with 7 units being alcove/studio, 21 units being 1-bedroom and 7 units being 2-bedroom.
3. **Affordable Housing Reporting.** At least annually, no later than April 1 of each year commencing on the April 1 first following the issuance of the Certificate of Completion, the Developer shall provide a report to the EDA evidencing that the Developer complied with the income affordability covenants.
4. **Charge for Underground Parking.** Developer will rent parking space for \$100 per space per month initially and all units will pay the same amount.
5. **Minimum Assessment Agreement.** The minimum market value as of January 2, 2020 for pay 2021 shall be \$12,863,000 and the minimum market value as of January 2, 2021 for pay 2022 shall be \$36,750,000. The Assessment Agreement shall be in place until the TIF Note is paid in full.
6. **Look Back.** There are three (3) components to the lookback:
 - i. At the time of completion of construction, if the aggregate amount of Qualified Costs is less than \$4,800,000, the TIF Note will be reduced on a dollar for dollar basis.
 - ii. Upon Stabilization (95% occupied), if the annual cash on cash return exceeds 10%, then the principal amount of the TIF Note issued to the Developer will be reduced to an amount that shows a stabilized cash on cash return of 10% over the new term of the TIF Note, in which case the Developer shall deliver the TIF Note in exchange for a new TIF Note in the adjusted principal amount upon the Authority's written request.

iii. If the Developer sells the Minimum Improvements to an unrelated third party or refinances (provided, however, the placement of permanent debt on the Project and the Development Property will not constitute a refinance) during the first 10 years of the term of this Agreement, if the actual cash flows realized by the Developer has exceeded a 15% internal rate of return during that period of up to 10 years, then 50% of the excess amount of such actual cash flows over the amounts that would provide for a 15% internal rate of return will be applied to reduce the amount payable under the TIF Note and the principal amount of the TIF Note will be reduced accordingly.

7. **Property Management Covenant.** The Developer shall cause its property manager to operate the project in accordance with policies described in Agreement. If violations are not corrected or are on-going, the EDA has the right to have the property manager (or management company) removed.

Four Year Rule:

MN Statute 469.176 sub 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law does however allow for reinstatement procedures should the required activity later occur on the parcel.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. As a housing district, the five-year rule has only limited applicability. The City can add new obligations at any time as long as the use is another affordable housing development.

Geographic Enlargements:

MN Statute 469.175 sub 4(f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. The Marsh Run Housing district may not be enlarged after July 2024.

Recommendations:

1. **Income Verification.** The City will need to receive and keep income verification reports for the project to assure that 20% of the units are affordable to persons at or below 50% of the AMI.

SHADY OAK CROSSINGS (RON CLARK)

Description:



Shady Oak Crossings (County number 1468) is a Redevelopment District established in 2020 (pay 2021) and is located in Development District No. 1. This Redevelopment District was established in order to facilitate the construction of a 75-unit apartment on the former commercial site located at Shady Oak Road and Mainstreet. 30% of the units (23) are required to be affordable to persons at or below 60% of the area median income. On July 13, 2020, the EDA entered into a development agreement with Shady Oak Crossings LLC. The EDA will issue a pay-as-you-go TIF note in the amount of \$1,900,000 to reimburse the developer qualified costs and will be repaid with

90% of increment collected, with the first payment on August 1, 2022.

The City originally purchased the site on March 24, 2015 and relocated the tenants over time so the property could be redeveloped. The City paid a total of \$1,249,889 for the property (including relocation, less funds received from Hennepin County for ROW purchase and rental revenue from tenants) and sold the property to the developer for \$734,400. The developer is required to pay all costs associated with demolition of the buildings and any environmental remediation. In 2020, the City annexed a portion of adjacent property located in the City of Hopkins that was needed to provide access to the site. The project is currently under construction and is expected to be completed in late 2021.



Adopted:	02/24/2020
Requested Date:	06/19/2020
Certified Date:	07/17/2020
Decertifies:	12/31/2047

Parcels:

Former PID #	Former Use	New PID #	New Use
23-117-22-42-0057	Commercial	Same as Existing	75-Unit partment (30% affordable at 60%)
23-117-22-42-0056	Portion of Commercial Parking Lot (Hopkins)		
23-117-22-42-0036	SF Home		

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from inside (B election) the District.

Original and Current Tax Rate:

Original (Pay 2020): 114.376%
 Current (Pay 2020): 114.376%

Allowable Uses:

MN Statute 469.176 sub 4j specifies the activities on which tax increment from a redevelopment district may be spent. In general, tax increment must be spent correcting those conditions which caused the area to be designated a redevelopment district.



Obligations:

There will be one (1) PAYGO Note in this District as follows:

1. **\$1,900,000 PAYGO Note.** The Note will be issued to Shady Oak Crossings LLC. The Note is payable from 90% of the increment collected and will bear interest at a rate of the lesser of 4.5% or the Developers actual financing rate.

Other Development Agreement Compliance:

1. **Affordable Housing Requirement.** The Developer agreed to make 30% of the units (23) affordable to persons/families at 60% of the area median income. In addition, the units are rent restricted to these income levels as well. This requirement is outlined in the recorded Declaration and is in place for a 30-year term from the issuance of a certificate of occupancy.
2. **Disbursement of Affordable Units.** Developer agrees to distribute the affordable units among the different unit types (no stated percent or number per unit type).
3. **Affordable Housing Reporting.** At least annually, no later than April 1 of each year commencing on the April 1 first following the issuance of the Certificate of Completion, the Developer shall provide a report to the EDA evidencing that the Developer complied with the income affordability covenants.
4. **Property Management Covenant.** The Developer shall cause its property manager to operate the project in accordance with policies described in Agreement. If violations are not corrected or are on-going, the EDA has the right to have the property manager (or management company) removed.
5. **Developer Fee** - The developer fee shall not exceed three percent (3%) of the total cost of development of the project. Upon completion of the project (and as a condition to issuance of a Certificate of Completion), the Developer shall provide to the EDA a report from an independent certified public accountant evidencing compliance with this paragraph.

Four Year Rule:

MN Statute 469.176 sub 6 requires that, within four years from certification date, certain activities must have taken place on each parcel with the TIF district. Required activities include demolition, rehabilitation, renovation and site improvements. If these activities have not taken place within the required time, the parcel is 'knocked down' from the district, meaning, that no increment may be collected from that individual parcel for the duration of the district. The law does however allow for reinstatement procedures should the required activity later occur on the parcel.

Five Year Rule:

MN Statute 469.1763 places limits on the amount and the length of time in which revenues from the TIF district may be used for activities outside the district. In general, for a redevelopment district, at least 75% of tax increment revenues must be used to pay for qualified costs within the district. This is considered the 'in district' percent. Subdivision 3 of this section of the statute further specifies that within five years, tax increment must actually be paid for activities, bonds issued, contracts entered into in order for revenues to be considered to have been spent. The City can add new obligations for five years after the certification date, or July 2025.

Geographic Enlargements:

MN Statute 469.175 sub 4(f) places limits on the length of time a TIF district may add parcels. No parcels may be added five years after the certification date. The Shady Oak Crossing district may not be enlarged after July 2025.

Recommendations:

1. **Income Verification.** The City will need to receive and keep income verification reports for the project to assure that 30% of the units are affordable to persons at or below 60% of the AMI.

RIDGEDALE ABATEMENT

Description:

On April 15, 2013, the City established its first tax abatement area for a project at Ridgedale Mall. The purpose of the tax abatement was to help facilitate several improvements in and around the mall area, promoting long term sustainability of a significant asset within the community. The project included demolition an existing Macy's Men's & Home store, expansion the mall, and construction of a new Nordstrom department store. The project also included parking lot and landscaping improvements on the mall property as well as extensive on and off-site infrastructure improvements necessary for the area. Through this process, outlots were also identified that could provide additional dining options on the mall property.



Agreement Approved: 04/15/2013

	Macy's Improvements	Nordstrom Improvements	Mall Improvements	Restaurant Improvements
First Abatement	8/1/2016	8/1/2017	8/1/2017	TBD
Final Abatement Payment	2/1/2031	2/1/2032	2/1/2032	TBD

In the case of the Ridgedale abatement, only the increased taxes above the amount received by the City for taxes payable in 2013 (base year is the January 2, 2012 valuation) are abated. The City does not abate the fiscal disparities portion of the tax. At the time the abatement was established, the market value at completion was estimated to be \$221,951,348. This assumed a 3% annual increase on the value of the existing mall property. The table on the following page shows the market value at the time of granting the abatement to today:

District	Phase	Original Market Value	Payable 2020 Market Value	Percent Increase in Value
Macy's addition	A	10,500,000	14,000,000	133.33%
Nordstrom addition	B	6,500,000	20,909,000	321.68%
Mall-Restaurants/Retail	C	114,999,900	105,102,000	-8.61%
Restaurants on Outlots	D	0	4,794,000	N/A
		131,999,900	144,805,000	9.70%

Former and Current PID Numbers:

Former PID #	Former Use	New PID #	New Use
02-117-22-32-0002	Macy's	02-117-22-32-0006	Macy's
Part of 02-117-22-32-0002	Macy's Parking	02-117-22-32-0005	Restaurants on outlots
02-117-22-31-0004	Nordstrom	02-117-22-31-0007	Nordstrom / Parking
		02-117-22-31-0008	
02-117-22-32-0003	Mall	02-117-22-32-0004	Mall

Fiscal Disparities Election:

The City elected to calculate fiscal disparities from inside (B election) the District.

Reimbursable Costs:

The development agreement adopted on April 15, 2013 included the following provisions:

1. The developer, General Growth Properties, is eligible for a maximum reimbursement of \$1,798,000 plus 5% interest. \$1,600,000 of this reimbursement is related to completion of components a, b, and c below. The developer is eligible for an additional \$198,000 if the Restaurant Improvements identified in d below are constructed. The reimbursement will be calculated by components, with a maximum term of 15 years for each component of the project. In addition, inflation on the Mall property itself is included in the abatement payments.
2. The Components of the development include:
 - a. The “Macy’s Improvements”, which consist of an approximately 84,000 square foot expansion of an existing two-story retail facility on the Macy’s property. The contract required completion by December 1, 2014, and the project was complete on October 2, 2014. The Macy’s Improvements were first eligible to receive abatement payments beginning August 1, 2016.
 - b. The “Nordstrom Improvements”, which include construction of a 138,000 square foot Nordstrom store. The contract required completion by June 1, 2016, and the project was complete on September 22, 2015. The Nordstrom Improvements were first eligible to receive abatement payments beginning August 1, 2017.
 - c. The “Mall Improvements”, which include construction of approximately 40,000 square feet of restaurant and retail facilities. The contract required completion by June 1, 2016, and the project was complete on October 2, 2015. The Mall Improvements were first eligible to receive abatement payments beginning August 1, 2017.
 - d. The “Restaurant Improvements”, which are optional, include construction of up to three restaurants, each on approximately 8,000 square feet. Since these improvements are optional under the contract,

there is no set completion date. When the Restaurant Improvements are complete, the developer is eligible for a \$198,000 increase in the principal amount of the Abatement Note.

3. The developer did pay \$662,503 toward Off-Site improvements which comprise of the I-394 ramp improvements and the improvements to Plymouth Road north and south of I-394.
4. The On-Site improvements of \$1,345,000 are the other costs to be reimbursed by tax abatement and the developer has submitted these costs for reimbursement.

Obligations:

There is currently one (1) PAYGO Note as follows:

1. **\$1,600,000 PAYGO Note at 5% interest.** The Note was issued on May 3, 2013 to Ridgedale Center LLC. The Note is payable from Available Abatement as defined in the Contract for Private Redevelopment. Annual abatement payments are calculated by component, with a maximum term of 15 years for each component of the project. Interest on the note begins to accrue upon receipt from the developer of Principal Advance Certificates for each component. The City received these certificates and interest will start accruing as of November 20, 2019. All Tax Abatement payments to date have been withheld since February 1, 2017 (first year of increase in valuation) pending receipt of cost certification documentation and the Principal Advance Certificates, which the City has now received. The total amount of payments that would have been made between February 1, 2017 and August 1, 2020 is \$194,405.85 (This includes withholding for tax court petitions). As such, the balance on the note is \$1,600,000. When the developer completes the Restaurant Improvements, the principal amount of the note can be increased to \$1,798,000.

Other Development Agreement Compliance:

1. **PAYGO Payments:** Since the Developer submitted the required cost documentation and Principal Advance Certificates, the City can begin making regular semi-annual abatement payments. The next Scheduled Payment Date would be February 1, 2021.

2. **Future Principal Advances:** If the Developer constructs the Restaurant Improvements, then on or after the date of issuance of a Certificate of Completion for that Component, Developer may submit one or more Principal Advance Certificates evidencing additional On-Site Public Improvement Costs directly related to the Restaurant Improvements, and the additional deposit (\$15,638) for Off-Site Public Improvement Costs referenced in Section 4.5(a) of the Contract, in an amount not to exceed \$198,000. In that event, the City will add up to \$198,000 on the Principal Advance Ledger for an aggregate maximum principal amount of \$1,798,000.
3. **Payment of Administrative Costs:** The Developer will pay to the City all actual out of pocket third-party costs incurred by the City from and after January 1, 2013 (including without limitation attorney and fiscal consultant fees) in the negotiation, preparation and administration of this Agreement and other documents and agreements in connection with the project. Payment is due from time to time within 30 days after receipt of written notice from the City.
4. **Business Subsidy Reporting:** The Developer must continue operation (or cause continued operation) of each Component of the Minimum Improvements (excluding the Restaurant Improvements) as retail facilities for at least five years after the date of issuance of the applicable Certificate of Completion of each Component. The Developer is obligated to provide the necessary information for the City to file its reports.
5. **Adjustment of Off-Site Costs:** Section 4.5(b) of the Agreement calls for a reconciliation of the actual Off-Site Public Improvement costs identified in Exhibit D. To the extent the costs are less than anticipated, or were never completed, the Developer may be entitled to a proportionate reduction in its contribution. Any repayment to the developer under this section will be treated as a prepayment of principal on the Note. This calculation is to occur as soon as practicable after completion of all Off-Site Improvements described in Schedule D, or December 31, 2028, whichever occurs first.

Recommendations:

1. **Begin Making PAYGO Payments:** Pursuant to the abatement note, Interest will accrue beginning November 20, 2019. All Tax Abatement payments to date have been withheld since February 1, 2017 pending receipt of cost certification documentation and the Principal Advance Certificates, which the City has received. The total amount of payments that would have been made between February 1, 2017 and August 1, 2020 is \$194,405.85 (This includes withholding for tax court petitions). We recommend paying this amount on the note along with the February 1, 2021 payment amount.
2. **Withhold 10% off Future Abatement Payments Related to the Macy's Improvements:** Macy's filed a Tax Petition contesting their valuation for taxes payable in 2019 and 2020. Until resolution of this petition, we will deduct 10% from all future semi-annual payment calculations related to this component. This will help ensure there is not an over-payment of abatement during the appeal period. Per the Agreement, The City will pay any withheld amount, without interest, promptly after the Tax Petition is fully resolved and the amount of Available Abatement attributable to the disputed tax payments is finalized.

RELEVANT LINKS:

[Minn. Stat. § 469.156.](#)

[Minn. Stat. § 469.162.](#)

For more information, contact [DEED](#) 651.259.7114, 800.657.3858. Main Office: 1st National Bank Building 332 Minnesota Street, Suite E200 Saint Paul, MN 55101-1351.

[Minn. Stat. § 469.184.](#)

[Minn. Stat. §§ 469.174 to 469.1794.](#)

A city may issue industrial revenue bonds, also known as municipal revenue bonds, without public referendum. It cannot pledge the full faith and credit of a community as security for these bonds. Thus, the city may not tax property owners to pay principal and interest on the bonds.

If a city decides to investigate the use of industrial bond financing, it should contact the Department of Employment and Economic Development. The department provides the city with information, advice, and technical assistance. This assistance is important, due to the adoption of federal and state laws allocating issuance authority among the states and their political subdivisions. The commissioner of Securities must approve the project.

D. Commercial rehabilitation

Cities have authority to carry out programs for the rehabilitation of small- and medium-sized commercial buildings. The city must adopt a program ordinance that provides for the adoption of program regulations, including a definition of small- and medium-sized commercial buildings. Loans under the program may be for amounts up to \$200,000. The city may finance the program through the sale of revenue bonds.

E. Tax increment financing (TIF)

Tax increment financing authority is available to most cities. Cities with housing and redevelopment authorities, economic development authorities, port authorities, redevelopment agencies, those cities administering development districts or development projects, or cities exercising port authority powers under a general or special law may use tax increment financing.

Tax increment financing is a funding technique that takes advantage of the increases in tax capacity and property taxes from development or redevelopment to pay upfront public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value. The taxes paid on the captured value are called “increments.” Unlike property taxes, increments are not used to pay for the general costs of cities, counties, and schools. Instead, increments go to the development authority and are used to repay public indebtedness or current costs the city incurred in acquiring the property, removing existing structures or installing public services.

RELEVANT LINKS:

[Minn. Stat. § 469.177, subd. 1.](#)

[See Minn. Stat. § 469.174.](#)

[State v. Wicklund, 589 N.W.2d 793 \(Minn. 1999\).](#)

[Minn. Stat. § 469.176, subd. 7.](#)

[Minn. Stat. § 469.175, subsd. 5, 6.](#)

[Minn. Stat. § 469.1771, subsd. 1, 2b.](#)

Thus, the property owner in a TIF district continues to pay the full amount of property taxes. TIF involves only the increased property taxes generated within the district. It does not change the amount of property taxes currently derived from the redevelopment area, nor does it directly affect the amount or rate of general ad valorem taxes the city levies. The result of a TIF project is an increased tax base that will benefit all local taxing jurisdictions. Additionally, TIF districts usually spur economic development and redevelopment through creating jobs, removing blight, and providing more affordable housing.

If the market value of a homestead property within a TIF district reduces the homestead market value in the district, the original tax capacity of the TIF district will be reduced by the same amount.

Thus, the tax increment collected by the city will remain the same. If a city has a TIF district with townhouses or condominiums, the city should verify that valuations are properly adjusted by the county auditor.

TIF is used to encourage four general types of private development: redevelopment, renovation and renewal, growth in low- to moderate-income housing, and economic development. Public financing using TIF funding for a privately owned facility does not make public space in the facility a public forum for free speech purposes.

In some specific situations, a TIF authority may request inclusion in a tax increment financing district and the county auditor may certify the original tax capacity of a parcel or a part of the following property types:

- Agricultural.
- Private outdoor recreational, open space and park land.
- Rural preserve property.
- Metropolitan agricultural preserves.

The city using TIF must report annually to the state auditor as to the status of the TIF district or districts and publish the report in a newspaper of general circulation in the municipality. The state auditor has established a uniform system of accounting and financial reporting for TIF districts. The city must annually submit to the state auditor a financial report in compliance with these standards.

The state auditor may audit TIF districts. If the state auditor notifies a TIF authority of an alleged violation, a copy of the notice is also forwarded to the county attorney. If no corrective action is brought within one year, the county attorney must notify the state auditor, who then notifies the attorney general.

RELEVANT LINKS:

[Minn. Stat. § 469.177, subd. 8. *Lake Superior Paper Indus. v. State*, 624 N.W.2d 254 \(Minn. 2001\). *Brookfield Trade Center, Inc. v. County of Ramsey*, 609 N.W.2d 868 \(Minn. 1998\).](#)

[Minn. Stat. § 469.1771.](#)

[Minn. Stat. § 469.175.](#)

[*Walser Auto Sales, Inc. v. City of Richfield*, 635 N.W.2d 391 \(Minn. Ct. App. 2001\); *aff'd*, 644 N.W.2d 425 \(Minn. 2002\).](#)

[*Chenoweth v. City of Brighton*, 655 N.W.2d 821 \(Minn. Ct. App. 2003\).](#)

If the attorney general finds a substantial violation, the attorney general will petition the state tax court to suspend the authority's power to use TIF for a period of up to five years.

The TIF agreement with the developer is a complex document. Assistance from a financial advisor and the city attorney is necessary in order to anticipate the many potential problems. An agreement can establish a minimum market value for tax increment assessment purposes, as well as provide that the developer pay a certain level of taxes regardless of any classification rate changes or levy decreases. The agreement should be entered into before the assembly and acquisition of the land on which the completed improvements are to be located.

The law imposes a 180-day statute of limitations on actions to challenge the creation or modification of a TIF district. The law is complex including a "but-for" finding before a city approves a TIF plan and the creation of a TIF district.

Cities must follow statutory requirements including but not limited to administrative expenses, plan modifications, reporting requirements, use of increment in pre-1979 districts, excess increments, pooling, decertification, and use of funds outside the district.

Before a district can be created, the law requires a detailed estimate of the impact of a proposed district on city-provided services, such as police and fire protection, public infrastructure, and borrowing costs attributable to the district, in addition to other complex estimations that must be prepared.

Cities should use extreme care in establishing a TIF district and should follow all procedural requirements; otherwise, a court may find the district was not properly established. In one case, a TIF district was not properly established where minimal effort was made to ensure the thorough inspection of the properties, inaccurate methodology was used to establish the condition of the buildings, and the buildings found structurally substandard were not reasonably distributed throughout the district.

In another case, a cause of action for inverse condemnation did not arise where a city's involvement with an adjacent property owner's development consisted of establishing a TIF district, entering into a contract with a private developer specifying the size and value of structures to be built, and providing for substantial city assistance to facilitate development.

Given the complexity of the laws governing the use of TIF, cities or HRAs should not undertake this method of financing community development projects without the advice of an attorney and professional consultants.

RELEVANT LINKS:

[Minn. Stat. §§ 469.1812 to 469.1815.](#)

[Minn. Stat. § 469.1813.](#)

[Minn. Stat. ch. 462A.](#) For more information about MHFA programs, contact MHFA at 400 Wabasha Street North, Suite 400, St. Paul, MN 55102(651) 296-7608 or (800) 657-3769.

F. Property tax abatement

A city may use this development tool to segregate some or all of the taxes (or the increase in taxes) it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement at least to equal the costs of the proposed development. The term “abatement” is somewhat misleading, as in most cases the tax is not forgiven; it is paid normally, but the amount of property tax levied by the city is used to pay for the bonds. The city must determine that the agreement is in the public interest because it will increase or preserve tax base, provide employment opportunities, provide or help acquire or construct public facilities, help redevelop or renew blighted areas, or help provide access to services for residents of the city. Property taxes in a TIF district cannot be abated unless the period of the abatement will not occur until after the district is decertified.

A resolution must be adopted after notice and public hearing, specifying the terms of the abatement.

A city may issue bonds or other obligations to provide an amount equal to the sum of the abatements granted for a specific property. The maximum principal amount of these bonds may not exceed the estimated sum of the abatements for the property for the years authorized. The bonds may be general obligations of the city if the city council chooses to pledge the full faith and credit of the city in the resolution issuing the bonds. The law limits property tax abatements to 15 years. School districts and counties have similar abatement powers. A city, county, and school district can agree to abate their taxes on the same property.

IV. State-sponsored development tools

A. Minnesota Housing Finance Agency

The goals of the Minnesota Housing Finance Agency (MHFA) are to provide decent, affordable housing to low- and moderate-income people; preserve the existing housing stock in Minnesota; preserve existing neighborhoods and prevent them from deteriorating; and prevent mortgage foreclosures while promoting energy conservation in residential housing.

The Minnesota Legislature created the MHFA in response to a shortage of affordable housing for low- and moderate-income people. Private enterprise and private investment were unable, without public assistance, to provide an adequate supply of safe, sanitary, and decent housing at affordable prices and rents.

Policy Number 2.18
Tax Increment Financing and Tax Abatement

Purpose of Policy: This policy establishes criteria which guide the economic development authority and the city council when considering the use of tax increment financing and tax abatement tools in conjunction with proposed development.

Introduction

Under the Minnesota Statutes Sections 469.152 to 469.1799, the city of Minnetonka has the authority to establish tax increment financing districts (TIF districts). Tax increment financing is a funding technique that takes advantage of the increases in tax capacity and property taxes from development or redevelopment to pay public development or redevelopment costs. The difference in the tax capacity and the tax revenues the property generates after new construction has occurred, compared with the tax capacity and tax revenues it generated before the construction, is the captured value, or increments. The increments then go to the economic development authority and are used to repay public indebtedness or current costs the development incurred in acquiring the property, removing existing structures or installing public services. The fundamental principle that makes tax increment financing viable is that it is designed to encourage development that would not otherwise occur.

Under Minnesota Statutes, Sections 469.1812 to 469.1815, the city of Minnetonka has the right to abate property taxes. A city may grant an abatement of some or all of the taxes or the increase in taxes it imposes on a parcel of property if the city expects the benefits of the proposed abatement agreement to at least equal the costs of the proposed agreement. Abatement would be considered a reallocation or rededication of taxes for specific improvements or costs associated with development rather than a “refund” of taxes.

It is the judgment of the city council that TIF and abatement are appropriate tools that may be used when specific criteria are met. The applicant is responsible for demonstrating the benefit of the assistance, particularly addressing the criteria below. The applicant should understand that although approval may have been granted previously by the city for a similar project or a similar mechanism, the council is not bound by that earlier approval. Each application will be judged on the merits of the project as it relates to the public purpose.

TAX INCREMENT FINANCING

The Economic Development Authority (EDA), as authorized by the city, will be responsible to determine that (1) a project would not occur “but for” the assistance provided through tax increment financing; and (2) no other development would occur on the relevant site without tax increment assistance that could create a larger market value increase than the increase expected from the proposed development (after adjusting for

the value of the tax increment). At the time of any application for a Comprehensive Guide Plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that TIF financing will be requested.

Projects eligible for consideration of tax increment financing include but are not limited to the following:

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city.
- Priority will be given to those projects which:
 - are within the “village areas” identified in the city’s most recently adopted Comprehensive Guide Plan;
 - are mixed use or residential in nature, and include affordable housing units which meet the city’s affordable housing standards;
 - contain amenities or improvements which benefit a larger area than the identified development;
 - improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or
 - maximize and leverage the use of other financial resources.

Costs Eligible for Tax Increment Financing Assistance

The EDA will consider the use of tax increment financing to cover project costs as allowed for under Minnesota Statutes. The types of project costs that are eligible for tax increment financing are as follows:

Utilities design	Site related permits
Architectural and engineering fees directly attributable to site work	Soils correction
Earthwork/excavation	Utilities (sanitary sewer, storm sewer, and water)
Landscaping	Street/parking lot paving
Streets and roads	Curb and gutter
Street/parking lot lighting	Land acquisition
Sidewalks and trails	Legal (acquisition, financing, and closing fees)
Special assessments	Surveys
Soils test and environmental studies	Sewer Access Charges (SAC) and Water Access Charges (WAC)

Title insurance	Landscape design
-----------------	------------------

Forms of Assistance

Tax increment financing will generally be provided on a “pay-as-you-go” basis wherein the EDA compensates the applicant for a predetermined amount for a stated number of years. The EDA will have the option to issue a TIF Note with or without interest, where the principal amount of the TIF Note is equal to the amount of eligible project costs incurred and proven by the developer. In all cases, semi-annual TIF payments will be based on available increment generated from the project. TIF payments will be made after collection of property taxes.

Fiscal Disparities

TIF Districts will generally be exempt from the contribution to fiscal disparities. Tax revenues for fiscal disparities, generated by the TIF project, will be the responsibility of properties inside the district. The exception to this policy is when MN Statutes require that fiscal disparities be paid from within a TIF District, as is the case with Economic Development Districts.

TAX ABATEMENT

The tax abatement tool provides the ability to capture and use all or a portion of the property tax revenues within a defined geographic area for a specific purpose. Unlike TIF, tax abatement must be approved by each major authority under which the area is taxed, and therefore, usually only city property taxes will be abated. In practice, it is a tax “reallocation” rather than an exemption from paying property taxes. Tax abatement is an important economic development tool that, when used appropriately, can be useful to accomplish the city’s development and redevelopment goals and objectives. Requests for tax abatement must serve to accomplish the city’s targeted goals for development and redevelopment, particularly in the designated village center areas. At the time of any application for a Comprehensive Guide Plan amendment, rezoning or site plan approval for a project, whichever occurs first, the applicant must divulge that tax abatements will be requested.

Projects Eligible for Tax Abatement Assistance

Projects eligible for consideration of property tax abatement include but are not limited to the following:

- Projects must be compatible with the Comprehensive Guide Plan (or acquire an amendment) and the development and redevelopment objectives of the city; and
- Priority will be given to those projects which:
 - increase or preserve the tax base
 - provide employment opportunities in the City of Minnetonka;

- provide, help acquire or construct public facilities;
- finance or provide public infrastructure;
- improve blighted or dilapidated properties, provide cohesive development patterns, or improve land use transitions; or
- produce long-term affordable housing opportunities.

Fiscal Disparities

Tax revenues for fiscal disparities, generated by the abatement project, will be the responsibility of properties inside the district.

REVIEW PROCESS

All applications for TIF and tax abatement will be reviewed by city's community development director. After review by the city's financial consultant, the community development director may refer the request to the EDA. The EDA will hold appropriate public hearings and receive public input about the use of the financial tools. The EDA will provide a recommendation regarding the assistance to the city council.

The city council must consider, along with other development decisions, the request for assistance and will make the final decision as to the amount, length, and terms of the agreement.

Adopted by Resolution No. 2014-074
Council Meeting of July 21, 2014

Policy Number 2.14
Tax Increment Financing Pooling Funds

Purpose of Policy: This policy establishes evaluation criteria that guide the city council in consideration of use of tax increment financing pooling funds

Introduction

Under the Minnesota Statutes Chapter 469, at least 75 percent of tax increment in a redevelopment tax increment financing (TIF) district must be spent on eligible activities within the district, leaving up to 25 percent of the funds to be pooled and therefore eligible to be spent outside of the district, but within the project area.

An exception to the pooling funds is for affordable rental housing. The city may allow the pooling allowance to be increased to 35 percent, which can then go to finance certain affordable housing projects. The project may be located anywhere in the city, and not limited to the project area. Each financed project must be rental housing that is eligible for federal low income housing tax credits. The amount of the assistance is also limited to any amount that satisfies tax credit rules.

The council is aware that use of such TIF pooled funds may be of benefit to the city and will consider requests for pooled funds subject to this council policy. The council considers the use of these funds to be a privilege, not a right.

It is the judgment of the council that TIF pooled funds is to be used on a selective basis. It is the applicant's responsibility to demonstrate the benefit to the city, and that they should understand that although approval may have been granted previously by the city TIF pooled funds for a similar project, the council is not bound by that earlier approval.

Evaluation Criteria

The city will use the following criteria when evaluating a development proposal requesting the use of TIF pooled funds:

- The project supports reinvestment in an identified village center and addresses the goals set out in the comprehensive plan for that center.
- Priority will be provided for projects that are within a "regional" village center or support transit areas.
- Weight will be given when the proportion of affordability is greater than what is customary in other tax increment financed projects in the city, overall affordability of 20% of units (usually at 60% AMI for rental).
- The project may request both tax increment financing and pooling dollars as long as the project has provided data that "but for" the additional pooling dollars, this project would not occur.

- If the project is receiving funds from other sources, the pooled dollars would be the last source utilized unless it impacts other sources.

Other Provisions

- A project will not normally be given financing approval until all city planning and zoning requirements have been met. Planning and zoning matters may be considered simultaneously with preliminary approval of the financing.
- The city is to be reimbursed and held harmless for any out-of-pocket expenses related to the TIF pooling funds, but not limited to, legal fees, financial analyst fees, bond counsel fees, and the city's administrative expenses in connection with the application. The applicant must execute a letter to the city undertaking to pay all such expenses.
- The applicant will be required to enter into a development agreement with the city outlining the terms of the use of TIF pooled funds.

Adopted by Resolution No. 2011-039
Council Meeting of May 16, 2011

**Policy Number 13.2
Affordable Housing Policy**

Purpose of Policy: This policy establishes general procedures and requirements to govern the City’s commitment to affordable housing.

Introduction

The City of Minnetonka has a long history of promoting diversity in the type and size of housing units in Minnetonka, including the production of new affordable rental and ownership opportunities.

This Policy recognizes the city’s commitment to provide affordable housing to households of a broad range of income levels in order to appeal to a diverse population and provide housing opportunities to those who live or work in the city. The goal of this policy is to ensure the continued commitment to a range of housing choices by requiring the inclusion of affordable housing for low and moderate-income households in new multifamily or for-sale developments.

The requirements in this policy further the Minnetonka Housing Action Plan and city’s Housing Goals and Strategies identified in the 2040 Comprehensive Plan.

Applicability and Minimum Project Size

This policy applies to all new multifamily rental developments with 10 or more dwelling units and all new for-sale common interest or attached community developments, (condominiums, townhomes, co-ops) with at least 10 dwelling units. This includes existing properties or mixed-use developments that add 10 or more units.

Calculation of Units

The number of Affordable Dwelling Units (ADUs) required shall be based on the total number of dwelling units approved by the city. If the final calculation includes a fraction, the fraction of a unit shall be rounded up to the nearest whole number.

If an occupied property with existing dwelling units is expanded by 10 or more units, the number of required ADUs shall be based on the total number of units following completion of expansion.

Affordable Dwelling Unit (ADU)

General Requirements.

For projects not requesting a zoning change and/or comprehensive plan amendment and not receiving city assistance.

- In multi-family rental developments, at least 5% of the units shall be affordable to and occupied by households with an income at or below 50% of

the AMI.

- In attached for-sale common interest or attached community developments (condominiums, townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects requesting a zoning change or comprehensive plan amendment without city assistance.

- In multi-family rental developments, at least 10% of the units shall be affordable to and occupied by households with incomes at or below 60% AMI, with a minimum of 5% at 50% AMI.
- In attached for-sale common interest or attached community developments (condominiums townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

For projects receiving city assistance.

- For multi-family rental developments, at least 20% of the units shall be affordable to and occupied by households with an income at or below 50% of the AMI; or at least 40% of the units shall be affordable to and occupied by households with an income at or below 60% AMI.
- In attached for-sale common interest or attached community developments (condominiums, townhomes, co-ops), at least 10% of the units shall be affordable to and occupied by households with an income at or below 80% AMI.

Calculation of AMI

For purposes of this policy, Area Median Income means the Area Median Income for the Twin Cities metropolitan area calculated annually by the Minnesota Housing Finance Agency for establishing rent limits for the Housing Tax Credit Program (multi-family ADU) and the Department of Housing and Urban Development (attached for-sale common interest or attached community developments, including: condominiums, townhomes, co-ops).

Rent Level Calculation (Multi- Family Rental Developments)

The monthly rental price for an ADU receiving city assistance shall include rent and utility costs and shall be based on fifty percent (50%) or sixty percent (60%) for the metropolitan area that includes Minnetonka adjusted for bedroom size and calculated annually by Minnesota Housing Financing Agency for establishing rent limits for the Housing Tax Credit Program. This does not apply to units not receiving city assistance.

For Sale Projects

The qualifying sale price for an owner-occupied dwelling unit shall include property taxes, homeowner's insurance, principal payment and interest, private mortgage insurance, monthly ground lease, association dues, and shall be based upon eighty (80%) AMI for the metropolitan area that includes Minnetonka adjusted for bedroom size and calculated annually by the Department of Housing and Urban Development.

Period of Affordability

In developments subject to this policy, the period of affordability for the ADUs shall be thirty (30) years.

Location, Standards, and Integration of ADUs

Distribution of affordable housing units. Unless otherwise specifically authorized by this policy, the ADUs shall be integrated within the development and distributed throughout the building(s). The ADUs shall be incorporated into the overall project unless expressly allowed to be located in a separate building or a different location approved by the city council.

Number of bedrooms in the affordable units. The ADUs shall have a number of bedrooms proportional to the market rate units. The mix of unit types shall be approved by the city.

Size and Design of ADUs. The size and design of ADUs shall be consistent and comparable with the market rate units in the rest of the project.

Exterior/Interior Appearance of ADUs. The exterior/interior materials and design of the ADUs in any development subject to these regulations shall be indistinguishable in style and quality with the market rate units in the development.

Non-Discrimination Based on Rent Subsidies

Developments covered by this policy must not discriminate against tenants who would pay their rent with federal, state or local public assistance, including tenant based federal, state or local subsidies, but not limited to rental assistance, rent supplements, and Housing Choice Vouchers.

Alternatives to On-Site Development of an ADU

The city recognizes that it may not be economically feasible or practical in all circumstances to provide ADUs in all development projects due to site constraints resulting in extraordinary costs of development. The city reserves the right to waive this policy if the developer requests a waiver and can provide evidence of extraordinary costs prohibiting the inclusion of ADUs. The city will review on a case-by-case basis to determine if the waiver is justifiable and granted.

Recorded Agreements, Conditions and Restrictions

A declaration of restrictive covenants shall be executed between the city, EDA and developer, in a form approved by the city's EDA attorney, which formally sets forth development approval and requirements to achieve affordable housing in accordance with this policy. The declaration shall identify:

- The location, number, type, and size of affordable units to be constructed;
- Sales and/or rental terms; occupancy requirements;
- A timetable for completion of the units; and
- Annual Tenant income and rent reporting requirements; and
- Restrictions to be placed on the units to ensure their affordability and any terms contained in the approval resolution by the city/EDA.

The applicant or owner shall execute all documents deemed necessary by the city manager, including, without limitation, restrictive covenants and other related instruments, to ensure affordability of the affordable housing unit within this policy.

The documents described above shall be recorded in the Hennepin County as appropriate.

Definitions

Affordable Dwelling Unit: A unit within a residential project subject to this policy that shall meet the income eligibility and rent affordability standards outlined in this policy.

Financial Assistance: Funds derived from the city or EDA, including but is not limited to fund from the following sources:

- City of Minnetonka
- Housing Redevelopment Authority (HRA) Funds
- Economic Development Authority (EDA) Funds
- Community Development Block Grant (CDBG)
- Reinvestment Assistant Program
- Revenue Bonds and/or Conduit Bonds
- Tax increment financing (TIF), TIF pooling, or tax abatement
- Land write downs
- Other government housing development sources

Adopted by Resolution 2019-060
Council Meeting of July 8, 2019

City Council Agenda Item #14D
Meeting of Nov. 23, 2020

Brief Description: Resolution for the Ridgemount Avenue Improvements Project

Recommended Action: Adopt the resolution

Introduction

In September 1994, the city council adopted a street reconstruction policy that set forth standards the city would follow in constructing and reconstructing city streets. The policy also established the framework for a pavement management system that maximizes the usefulness of local streets. A certain number of streets are designated each year to be rehabilitated based on this policy.

The Ridgemount Avenue Improvements Project proposes street and utility improvements to correct deficiencies of the aged street and underlying utilities. The proposed includes Ridgemount Avenue from Plymouth Road to Hopkins Crossroad, approximately 1.3 miles.

Background

Ridgemount Avenue lies on the border of Minnetonka and Plymouth, with approximately 50% of the roadway within each city. Due to the location of this roadway and in an effort to reduce cost and disturbance to residents, a joint project between Minnetonka and Plymouth is planned.

On April 6, 2020, council approved a joint powers agreement with Plymouth to establish the responsibilities and costs associated with the planning, design, and construction of the project. The agreement specifies that Minnetonka will lead the project design and administer the construction contract. The agreement also requires that Plymouth will provide construction inspection for their share of the work and reimburse Minnetonka for incurred costs.

Proposed Improvements

Street and Pedestrian Improvements

Roadway reconstruction with improved subgrade and a new pavement section is proposed for Ridgemount Avenue. Spot concrete curb and gutter replacement will occur in areas with damaged or settled curb as well as areas that will be excavated for utility improvements.

Since a majority of the curb and gutter will remain in place, the street width is proposed to remain unchanged at 32 feet wide, with the exception of roadway narrowing at select locations; Milbert Road, Sunnyside Lane, and Park Lane. The roadway narrowing will provide traffic calming to help reduce vehicle speeds and to improve pedestrian safety.

Crosswalks across Ridgemount Avenue will be improved by narrowing the roadway to reduce the distance of the crossing. This will provide a safer crossing for pedestrians with destinations in Plymouth including Wayzata East Middle School, Sunset Hill Elementary School and St. Mary of the Lake Church. Crosswalks in Plymouth, along the north side of Ridgemount Avenue, are proposed to be replaced. Additionally, the existing trail along the south side of Ridgemount Avenue from Park Lane South to Hopkins Crossroad is proposed to be replaced.

Utility Improvements

Watermain along Ridgemount Avenue varies in age and condition. Older watermain installed in the 1970's has experienced an increasing number of watermain breaks in recent years and is proposed to be replaced by primarily a trenchless replacement method, with a few isolated areas of open cut. This trenchless method is the most cost-effective solution in this situation due to the type of pavement reconstruction proposed and since the curb and gutter will not be replaced. Excavation pits will be required at connections, hydrants, valves and services. Water services are proposed to be replaced to the right-of-way line. There are two sections of watermain that are not proposed to be replaced with the project; Plymouth Road to Milbert Road and Sunnyvale Lane to Park Lane South. These sections of watermain were installed in 1997 and are in good condition.

Sanitary sewer improvements include spot repair and cured-in-place-pipe (CIPP) lining. Manhole castings will be replaced throughout the project to eliminate inflow and infiltration.

The City of Plymouth will also be making improvements to their watermain and sanitary sewer via trenchless methods and this work is included in the project as part of the joint powers agreement.

Storm Sewer Improvements

The majority of storm sewer throughout the project is in good condition and is proposed to remain in place. There are a few spot locations where storm sewer improvements will be made to correct drainage issues and replace structures in poor condition. Overall drainage patterns are proposed to remain the same as current conditions. Manhole castings will be replaced throughout to match city standards.

Easement Acquisition

Currently, permanent easement acquisition is not anticipated to be necessary with this project; however, there may be temporary easements helpful to minimize private property and landscaping impacts. Individual property owners will be contacted directly as necessary.

Public Input

An informational meeting was held at the Community Center for residents on Sept. 23, 2020, and 5 residents out of 51 invited properties from Minnetonka attended the meeting. At the meeting, staff presented concept layouts that showed proposed street and utility improvements.

At the meeting, staff further presented information on the different ways to stay informed during construction. Staff has been using various strategies to provide updates for other city projects including: signage, text alerts, email updates, citizen alerts and newsletters.

As part of the informational meeting invitation this year, in response to COVID-19, staff further highlighted the offer to discuss the project on an individual basis by phone, email or in-person. Staff has had a few discussions over phone/email and has met for one in-person site meeting. A copy of comments received and the informational meeting list of resident questions and staff answers are included in the appendix of the attached feasibility report.

Plymouth will be implementing a public involvement process for the residents located within the city of Plymouth. Due to funding Plymouth's portion of the project with special assessments, this

will require public improvement and assessment hearings led by Plymouth city staff. Minnetonka does not special assess property owners for its costs.

Estimated Project Costs and Funding

The total estimated construction cost, including engineering, administration and contingency, is \$4,710,000. Street improvement costs are shared by Minnetonka and Plymouth; however, utility costs are based on the specific utility improvements occurring within each city. The budgeted amount for the project is shown below and is included in the 2021 – 2025 Capital Improvements Program (CIP). Fund balances currently can support the estimated project costs.

	Budget Amount	Proposed Funding	Expense
Construction Costs			\$3,830,000
Contingencies			\$390,000
Engineering, Administration, and Indirect Costs			\$490,000
City of Minnetonka			
Street Improvement Fund	\$1,500,000	\$1,130,000	
Utility Fund	\$1,440,000	\$1,440,000	
Storm Sewer Fund	\$150,000	\$60,000	
City of Plymouth	\$2,080,000	\$2,080,000	
Total Budget	\$5,170,000	\$4,710,000	\$4,710,000

Schedule

If the recommended actions are approved by council, staff would anticipate developing the final plans and specifications through the beginning of February. The plans would then be brought to council for final approval with the intention of having council award a contract in April. Construction will likely begin in early May. The project is planned to be completed in multiple phases to provide residents with better access throughout the project and will be communicated to council and residents once plans are completed. The City of Plymouth will be following a similar schedule for approvals by their City Council.

Recommendation

Adopt the attached resolution receiving the feasibility report, ordering the improvements, authorizing preparation of plans and specifications and authorizing easement acquisition for the Ridgemount Avenue Improvements Project No. 21407.

Submitted through:

Geralyn Barone, City Manager
Darin Nelson, Finance Director
Will Manchester, PE, Director of Public Works
Phil Olson, PE, City Engineer

Originated by:

Mitch Hatcher, PE, Engineering Project Manager

Resolution No. 2020-xxx

Resolution receiving feasibility report, ordering the improvements and authorizing preparation of plans and specifications, and authorizing easement acquisition for the Ridgemount Avenue Improvements Project, Project No. 21407

Be It Resolved by the City Council of the City of Minnetonka, Minnesota as follows:

Section 1. Background.

- 1.01. A feasibility report was prepared by and/or under the direction of the engineering department of the City of Minnetonka with reference to the proposed Ridgemount Avenue Improvements Project, Project No. 21407.
- 1.02. This report was received by the City Council on Nov. 23, 2020, with the project to be known as:
- Ridgemount Avenue Improvements Project, Project No. 21407.

Section 2. Council Action.

- 2.01. The feasibility report is hereby accepted and the preparation of plans and specifications are hereby authorized.
- 2.02. The proposed improvements are hereby ordered as proposed.
- 2.03. The city engineer is hereby designated as the engineer for this improvement. The engineer may retain any professional help they deem necessary.
- 2.04. The city attorney and the city engineer are hereby authorized to acquire necessary easements by negotiation or condemnation.

Adopted by the City Council of the City of Minnetonka, Minnesota, on Nov. 23, 2020.

Brad Wiersum, Mayor

Attest:

Becky Kosman, City Clerk

Action on This Resolution:

Motion for adoption:

Seconded by:

Voted in favor of:

Voted against:

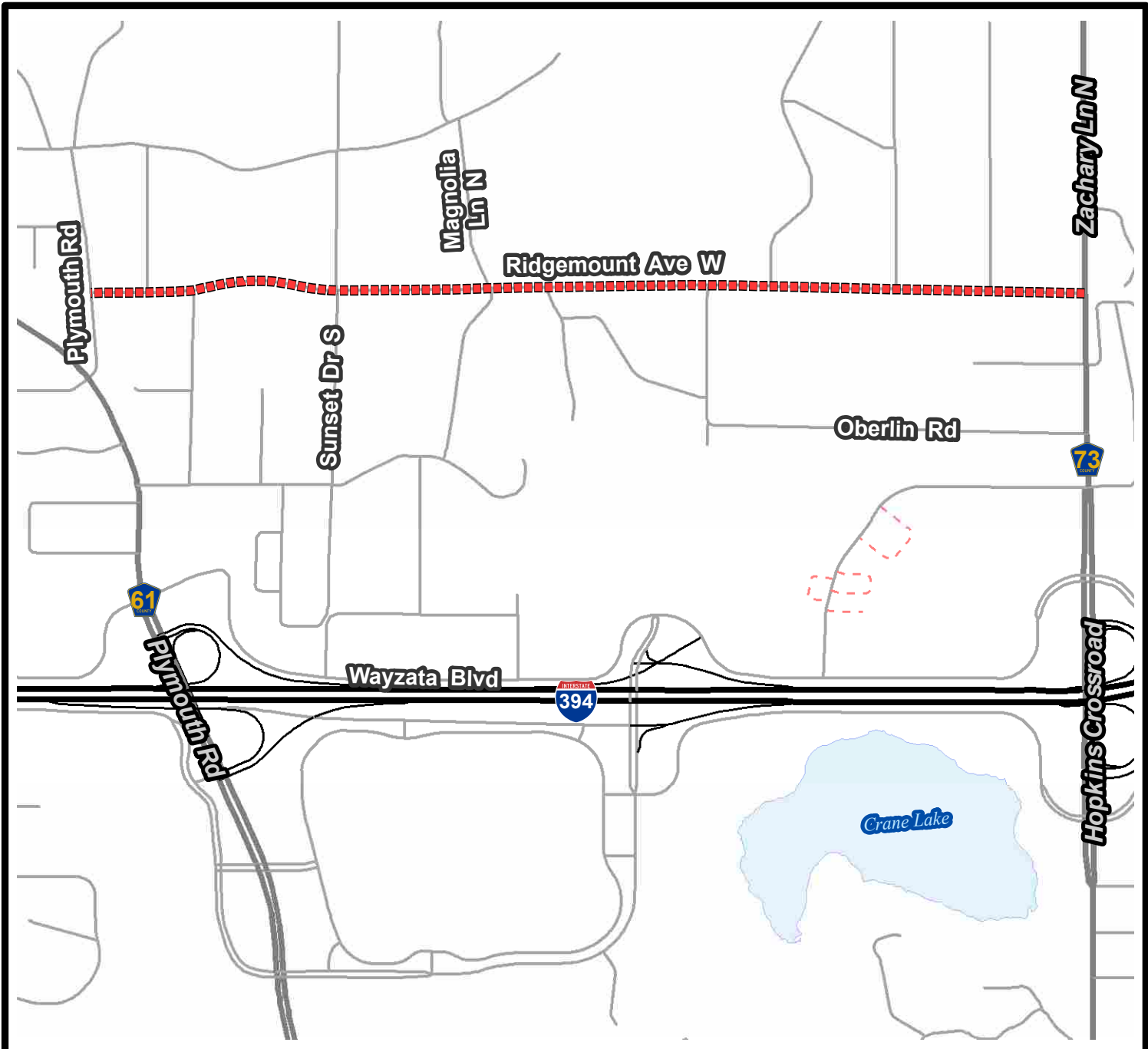
Abstained:

Absent:

Resolution adopted.

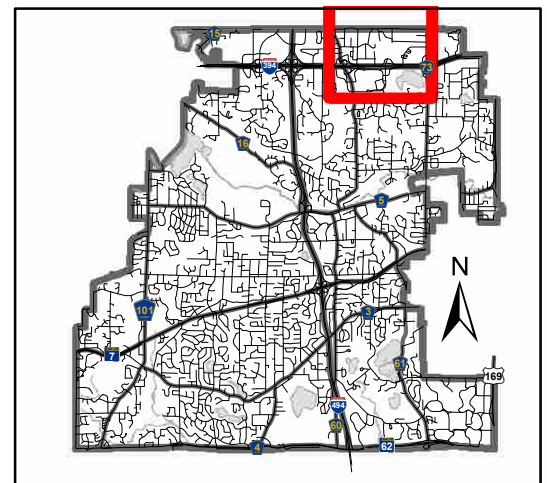
I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on Nov. 23, 2020.

Becky Koosman, City Clerk



2021 Street Reconstruction

■■■■■ Ridgemount Avenue West



This map is for illustrative purposes only.

2021 Street Rehabilitation Funding Summary

Funding Sources		Proposed Funding		Balance
	2020 CIP	Ridgemount Avenue	Groveland-Bay	
Street Improvement Fund -Local Street Rehab	\$ 5,900,000	\$ 1,130,000	\$ 3,690,000	\$ 1,080,000
Utility Fund	\$ 4,500,000	\$ 1,440,000	\$ 3,060,000	\$ -
Storm Sewer Fund	\$ 1,550,000	\$ 60,000	\$ 1,390,000	\$ 100,000
Electric Franchise Fund	\$ 300,000	\$ -	\$ 300,000	\$ -
Plymouth Share of Ridgemount Avenue	\$ 2,080,000	\$ 2,080,000	\$ -	\$ -
Total Project Cost	\$ 14,330,000	\$ 4,710,000	\$ 8,440,000	\$ 1,180,000



Feasibility Report
Ridgemount Avenue
Improvements Project

City of Minnetonka
City Project No. 21407
BMI Project No. T19.120961

Submitted by:
Bolton & Menk, Inc.
12224 Nicollet Avenue
Burnsville, MN 55337
P: 952-890-0509
F: 952-890-8065



**BOLTON
& MENK**

Certification

Feasibility Report

for

Ridgemount Avenue Improvements Project

City of Minnetonka
Minnetonka, MN

City Project No. 21407

I hereby certify that this plan, specification or report was prepared by me or under my direct supervision, and that I am a duly Licensed Professional Engineer under the laws of the State of Minnesota.

By:



Nicholas J. Amatuccio, P.E.
License No. 53639

Date:

11/12/2020

Reviewed By:



Michael J. Waltman, P.E.
License No. 48696

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- Appendix A: Preliminary Cost Estimates
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I. Executive Summary

Background Information

The Ridgemount Avenue Improvements Project is listed in City of Minnetonka's Capital Improvement Program (CIP) to receive pavement and utility improvements in 2021. Ridgemount Avenue from Plymouth Road to Hopkins Crossroad is a two lane, 32 ft wide, collector road on the North side of the city that is shared by the City of Minnetonka (south side) and City of Plymouth (north side), approximately 1.3 miles in length. This stretch of roadway was analyzed for potential watermain improvement needs due to a high number of watermain breaks along the roadway. A scoping analysis was completed in 2018 by Bolton and Menk to determine what improvements should be considered for Ridgemount Avenue. The scoping analysis recommended that the improvements for Ridgemount Avenue include street reclamation and trenchless improvements to the existing watermain and sanitary sewer. This feasibility study and report have been completed to identify the infrastructure improvements needed in the proposed project area, define costs associated with the improvements, and document these findings for use by decision makers. This report will also be used as the basis for the final design component of the project.

Proposed Improvements

The project proposes street and watermain improvements along Ridgemount Avenue from Plymouth Road to Hopkins Crossroad. Proposed improvements include:

- Bituminous street reclamation
- Spot replacement of curb and gutter and pedestrian facilities
- Trenchless watermain improvements, with portions of open cut construction for connections and service replacements
- Trenchless sanitary sewer lining
- Minor storm sewer improvements

Proposed improvements are illustrated on the figures in Appendix B. The project is proposed to be constructed between May and November 2021.

Estimated Costs & Proposed Funding

A summary of estimated project costs is shown below. The City of Minnetonka is proposed to fund portions of the project within Minnetonka City Limits, as shown in the 2021 Capital Improvement Plan and following tabulation.

Summary of Estimated Project Costs

SURFACE IMPROVEMENTS	\$1,133,000
WATER SYSTEM IMPROVEMENTS	\$1,138,000
SANITARY SEWER IMPROVEMENTS	\$311,000
STORM SEWER IMPROVEMENTS	\$57,000
TOTAL ESTIMATED MINNETONKA PROJECT COST	\$2,639,000
TOTAL ESTIMATED PLYMOUTH PROJECT COST	\$2,084,000
TOTAL ESTIMATED PROJECT COST	\$4,723,000

II. Project Introduction & Background

The Ridgemount Avenue Improvements Project is listed in the City of Minnetonka's Capital Improvement Program (CIP). This feasibility study and report have been completed to identify the infrastructure improvements needed in the proposed project area, define costs associated with the improvements, and document these findings for use by decision makers. This report will also be used as the basis for the final design component of the project.

Ridgemount Avenue is a two lane, 32 ft wide, collector road on the North side of the City that is shared by the City of Minnetonka (south side) and City of Plymouth (north side) approximately 1.3 miles in length. Current land use adjacent to the roadway is mainly residential with two schools (Wayzata Sunset Hill Elementary and Wayzata East Middle School) and a church (Mary of the Lake Catholic Church) positioned on the north side in the City of Plymouth. The project location is shown on Figure 1 below.



Figure 1: Project Location Map

The project scope involves:

- Bituminous street reclamation
- Spot replacement of curb and gutter and pedestrian facilities
- Trenchless watermain construction, with portions of open cut construction for connections and service replacements
- Trenchless sanitary sewer lining
- Minor storm sewer improvements

A topographic survey of the project area was completed in May 2020 for evaluation of existing facility conditions. Watermain within the project limits was mapped and evaluated for appropriate rehabilitation techniques. A scoping analysis, included in Appendix E, of the existing watermain needs was completed in 2018 by Bolton and Menk to evaluate the existing watermain based on age, material type, break history, and forecasted break potential. The 2020 mapped location of the watermain based on topographic survey was used to compare and verify proposed improvements in consideration of the 2018 analysis.

Ridgemount Avenue is a border street between the two cities of Plymouth and Minnetonka. The cities have separate utilities on each side of the roadway, similar but somewhat different utility construction standards, and separate project development processes/procedures for resident communications and project financing. Despite relatively minor procedural differences, greater efficiencies exist in constructing improvements in one joint project rather than separate projects for each city. Financial efficiencies are achieved through economies of scale (i.e. lower pricing for a larger volume of work), better access for residents is achieved through a singular project than through consecutive projects, and a superior final product associated with building the improvements with a cohesive contracting effort. As such it is recommended and proposed to have the improvements constructed as a joint project between the two communities. In April 2020, both cities entered into a joint powers agreement (JPA). The JPA provides detail about the responsibilities and costs associated with the planning, design, and construction of the project.

III. Existing Conditions

Existing conditions are shown in the upper window of Figures 4 – 12 of Appendix B.

A. Streets

Ridgemount Avenue from Plymouth Road to Hopkins Crossroad is a 1.3 mile-long two lane, 32 ft wide, collector road that is shared by the City of Minnetonka (south side) and City of Plymouth (north side). There is a 4-foot-wide striped shoulder the outside of both 12-foot-wide lanes. The right-of-way is 66 feet wide along this roadway segment. The corridor has B618 concrete curb and gutter. The corridor appears to have adequate drainage across a majority of its length. Some curb and gutter has been identified as deficient in terms of drainage and/or integrity. Parking is not allowed on either side of the street. Average Daily Traffic (ADT) counts obtained in 2018 are 1,900 vehicles/day on Ridgemount Avenue.

The City of Minnetonka Staff were advised by residents of concerns regarding vehicle speeds and in response supplemental traffic volume counts and speeds were collected at three locations along the corridor in August, 2020. While traffic volumes were lower than data collected during previous years (possibly due to the COVID-19 pandemic with more people working from home and/or school not being in session at the time of the collections), some relatively high vehicle speeds were observed. The posted speed limit is 25 mph on the corridor. Average observed speeds ranged from 29 to 31 mph, varying by location. The observed 85th percentile speed, a threshold used in some jurisdictions to establish a posted speed limit, ranged from 34 to 37 mph. The posting of the existing 25 mph speed limit is assumedly related to the presence of two schools along the project corridor and a desire for slower vehicle speeds. The proposed improvements further discuss measures in response to observed motorist speeds.

A report of geotechnical exploration and review is in progress by American Engineering & Testing (AET). Twelve standard penetration test borings typically 14 feet deep were taken within the project area in July 2020. Geotechnical engineering analysis was prepared based on the boring samples. Supplemental ground penetrating radar (GPR) and falling weight deflectometer (FWD) analysis, both of which were correlated with the soil borings and roadway record drawings, was also completed in November 2020 to evaluate uniformity of pavement and base sections along the corridor. The existing soils beneath pavements in the project area most commonly included silty sand, clayey and sandy lean clay fill to variable depths over a sandy lean clay and clayey sand till. The existing bituminous thickness ranged from 5 to 11 inches.

B. Natural Resources

Storm water ponds and wetlands exist within the project area on the south side of Ridgemount Ave between Milbert Road and Sunset Drive, on the south side of the road

between Forestview Lane and Deerwood Lane, and the north side between Deerwood Lane and Balsam Lane. The boundaries of this wetland were formally delineated as part of the project development process. A larger wetland facility is located outside of the project area a few blocks to the south.

Numerous trees are located along the corridor, with concentrated wooded areas particularly along the wetlands.

C. Pedestrian Facilities

An existing 5.5-foot-wide concrete walk exists along the north side of the roadway from Plymouth Road to 150' past Park Lane with a 3-foot-wide grass boulevard between the walk and back of curb. Existing concrete pedestrian ramps are located on either side of each intersection. The existing ramps do not comply with existing ADA standards. An 8-foot-wide bituminous trail runs along the south side of the road tight to the back of curb from Park Lane to Hopkins Crossroad.

D. Storm Sewer

Storm sewer within the Ridgemount Project area typically consists of a pair of catch basins on each side of the street and discharging the water into one of the nearby wetlands. Mainline storm sewer (storm sewer that lies under the curb line and parallels the road) is located in a few small locations on Ridgemount Avenue between City view Drive and Sunnyvale Lane and at approximately 200 feet east of Forestview lane to just west of Balsam Lane. These section of mainline storm sewer once again discharge to the nearby wetlands.

E. Sanitary Sewer

Existing pipe conditions were evaluated through review of televising reports, physical inspections, and based on maintenance related discussions with city staff. The existing sanitary sewer system consists of unimproved 8-inch vitrified clay pipe generally located within the south boulevard of Ridgemount Avenue.

Sanitary sewer manhole structures consist of precast concrete. Conditions were evaluated during a field survey completed by Bolton & Menk and structures were observed to be in good condition.

Televising reports show all sanitary segments to be older pipe, mostly clay, with one segment being lined previously with CIPP material. Several segments show cracking, infiltration, and failing pipe material. One small segment of existing sanitary sewer, from Magnolia Lane to 600 feet west, has been lined with a cured-in-place-pipe liner. Manhole evaluations revealed precast concrete manholes that were generally in good condition.

F. Watermain

The majority of the watermain for the City of Minnetonka on Ridgemount Avenue is along and commonly behind the south curb line and consists of 6-inch cast iron pipe that was originally installed in the early 1970s. In 1997, approximately 1,400 ft of the watermain was replaced with 6-inch ductile iron pipe. The remaining 6-inch cast iron watermain has had a high number of watermain breaks over the years. Watermain break locations have been spread out over the length of the unimproved 1970s era watermain without any apparent clustering of breaks. There has not been a watermain break in the watermain that was replaced in 1997.

A 2018 analysis, completed by Bolton & Menk and provided in Appendix E, details the watermain break history and forecasted break potential. It was found that multiple watermain breaks are more likely to occur in any one year, such as a relatively colder year when frost penetrates the ground more deeply. Such years may be followed by years of no breaks. On average however, the 1970s era watermain is anticipated to break at a rate of 0.88 breaks/mile/year and that break rate was found to be accelerating (getting worse) over time.

The City of Plymouth also has a watermain on the north side of Ridgemount Avenue consisting of a 12-inch ductile iron pipe or 6-inch cast iron pipe that was installed in the early 1980s. The City of Plymouth intends to improve its watermain with the project.

IV. Proposed Improvements

Proposed conditions are shown in the lower window of Figures 4 –12 of Appendix B.

A. Streets

The project proposes to complete the following street improvements:

1. Replace the existing bituminous street pavement.
2. Replace deficient curb
3. Install traffic calming measures to help reduce speed

Ridgemount Avenue is proposed to receive full-depth reclamation and have a new full depth bituminous pavement surface installed. The majority of the utility improvements are proposed to be performed via trenchless methods. The limited scope of open cut utility work allows this more cost-effective pavement rehabilitation method in lieu of a total reconstruction.

The segments of existing deficient concrete curb and gutter will be replaced, as is standard with all other street rehabilitations completed in the City. Replacing curb with poor drainage or compromised integrity helps to facilitate drainage effectively. Curb and gutter will also need to be replaced at all locations in open excavations are necessary to facilitate trenchless utility improvements or to reinstall water services to properties.

The street width is proposed to remain unchanged at 32 feet wide from face-of-curb to face-of-curb, with exception to proposed curb ‘bumpouts’ at select locations. Bump outs are proposed to be installed at 3 locations along the corridor: Milbert Rd, Sunnyvale Lane, and Park Lane. The bump outs will function as both a traffic calming measure to address the relatively high observed vehicle speeds and as a pedestrian safety improvement. Bump outs were strategically placed at nearly equal intervals along the corridor and at locations where higher volumes of pedestrian crossings are anticipated. Bump outs calm traffic by acting as squeeze point along Ridgemount Avenue at which drivers will feel more confined and naturally slow their speeds. Care was taken when designing the bump outs as to minimize disruption to plowing operations along Ridgemount Avenue.

The proposed roadway surface elevations along Ridgemount Avenue are generally proposed to match the existing roadway elevations. Only slight deviations from the existing surface profile will be made where beneficial and practical for proper drainage. Adjacent driveways will only be reconstructed within the right-of-way as necessary where the curb and gutter at the driveway is needed to be replaced or if there is currently a pedestrian facility that crosses the driveway that is scheduled for replacement.

Pavement improvements are proposed consistent with the recommendations within the geotechnical report in progress by AET. The proposed typical pavement section will include reclaiming the existing pavement with the existing aggregate base to 12-inch depth, removing the upper 5.5-inches and re-compacting the remaining reclaim material, and paving 5.5-inches of bituminous pavement. During final design, additional pits will be excavated and evaluated by AET to help further correlate preliminary design phase testing to existing pavement thicknesses and reclaim depths. Through the test pit analysis, the proposed pavement rehabilitation design will be further detailed during final design. The final design efforts will include considerations such as varying the reclamation depth in different areas along the road, blending of imported aggregate material, use of stabilization materials such as

fly ash or bituminous emulsion, and if necessary full depth excavation and replacement at select locations along the project corridor.

FWD (Falling Weight Deflectometer) and GPR (Ground Penetrating Radar) tests were also performed by AET to supplement the original geotechnical report. The GPR analysis yielded results generally consistent with the pavement cores and confirmed an aggregate base layer of roughly 6” to 8” below the bituminous pavement. In some areas an aggregate base layer was difficult to decipher in the GPR analysis, such as east of Magnolia Ln N and City View Dr, which will be confirmed through the test pits mentioned previously.

The FWD analysis provided soil R-values (numerical quantification describing the suitability of soil for use as a roadbed) generally consistent with the assumed R-values from the pavement core and boring analysis. One R-value identified in front of the Wayzata East Middle School was found to be lower than other corridor R-values, suggesting there may be poorer subgrade soils at this location. A supplemental test pit evaluation will be completed at this location during the final design process to identify appropriate construction measures. In areas where particularly poor soils are encountered, the reclaim material will be stripped away and the base will be treated as necessary to facilitate a quality foundation on which to build the typical street section. The final lift of bituminous is proposed to be installed in the same construction year as the rest of the project construction.

B. Pedestrian and Bicycle Facilities

Some improvements will be made to the pedestrian and bicycle facilities as part of the Ridgemount Avenue Improvements Project, particularly where those facilities will be disturbed by proposed utility improvements.

The existing trail along the south side of Ridgemount Avenue near Park Lane is proposed to be impacted by water service reconnections to the underlying watermain replacement. Upon reconstruction, the trail will be extended to Park Lane and be reconstructed to its easterly limit at Zachary Lane. Reconstruction will include upgrading the trail to meet Americans with Disabilities Act (ADA) requirements. Mailboxes are proposed to be moved from the within the path of the trail to the property owner side of the trail and pedestrian ramp improvements such as grade, location, and truncated dome installation.

Improvements will be made to the pedestrian facilities at intersections with both schools and the church along the corridor. ADA-compliant pedestrian ramps will be installed on the south side of the road which will provide pedestrians a location to wait to cross the street that is outside of the lanes of traffic rather than force them to wait on the shoulder. Bump outs will also be added at each of these locations to both sides of the street. This not only provides traffic calming measures to Ridgemount Avenue as noted previously, but also reduces the length in which pedestrians need to cross the street from the existing width of 32 feet to a shorter distance of 26 feet. This shorter distance means that pedestrians are exposed to traffic for shorter periods of time and have an area bumped out more visibly into the road in which they can safely wait to cross the street.

A pedestrian count was performed by the City of Plymouth near the Wayzata East Middle School to determine the number of pedestrians that cross Ridgemount Avenue at the school in the peak morning and afternoon hours. The results are displayed in the table below:

Ridgemount Ave. Pedestrian Counts- South of Wayzata East MS

Time	West Ped. X-ing 10/8/2020		East Ped. X-ing 10/22/2020	
	Peds/15 Mins	Peds/Hr	Peds/15 Mins	Peds/Hr
8:00-8:15	0	1	0	4
8:15-8:30	0	3	0	6
8:30-8:45	0	3	2	6
8:45-9:00	1	3	2	4
9:00-9:15	2	2	2	2
9:15-9:30	0		0	
9:30-9:45	0		0	
9:45-10:00	0		0	
Total AM Rush:	3		6	

	Peds/15 Mins	Peds/Hr	Peds/15 Mins	Peds/Hr
3:00-3:15	1	2	0	3
3:15-3:30	0	3	0	6
3:30-3:45	1	4	1	6
3:45-4:00	0	4	2	6
4:00-4:15	2	4	3	5
4:15-4:30	1	2	0	2
4:30-4:45	1	1	1	2
4:45-5:00	0	1	1	1
5:00-5:15	0	1	0	0
5:15-5:30	0		0	
5:30-5:45	1		0	
5:45-6:00	0		0	
Total PM Rush:	7		8	

The highest number of pedestrians per hour observed was six (6). The Minnesota Local Road Research Board (LRRB) guidance recommends that higher level treatments for pedestrian crossings, such as a Rectangular Rapid Flash Beacon (RRFB), be considered where fourteen (14) or more child pedestrians are present during one hour. The pedestrian counts observed crossing Ridgemount Ave in front of the school were less than half of the amount needed to recommend higher level of treatments for the crossings in this area. Therefore, RRFB's or similar devices are not proposed, and the standard pedestrian signage and crosswalk markings will be adequate for this corridor per the referenced LRRB guidance.

C. Storm Sewer

The majority of the existing storm sewer piping, structures, and culverts are proposed to remain in place. Structure condition surveys indicated that most structures are in good condition with no drainage issues being reported within the project area. Structures that were observed to be in poor condition or have flat/backwards pipe grades will be replaced as part

of the project as observed at the storm sewer crossing east of Pineview Lane and the storm crossing west of Park Lane. All castings and adjusting rings will be replaced with the project to bring them up to acceptable city standards.

To verify that the existing storm sewer has the proper capacity the existing storm sewer pipe network modeled to convey a 10-year storm event as is typical with all City street improvement projects. Some minor pipe capacity issues were observed due to pipes having flat/backwards grades and will be addressed with the replacement of the two crossings mentioned above.

D. Watermain

Due to the high potential for continued watermain breaks along the corridor, the existing 1970s era watermain is proposed to be replaced by way of trenchless methods. This trenchless bursting method is proposed to replace the existing 6-inch cast iron watermain with a new 8-inch ductile iron watermain. The increase size is proposed to improve firefighting flows and meeting the City standard for minimum proposed pipe size. This replacement technique will reduce impact to adjacent properties and reduce impacts to the roadway allowing for a more cost effective reclaim. The pipe bursting requires access pits to be excavated to about 8-foot-depth at each watermain connection, hydrant, major bend in alignment, and at the end of each segment to allow the new pipe to be inserted into the existing pipe. The contractor will excavate a 10-foot-wide by approximately 30-foot-long access pit every 500'-800' along the roadway. Between these access pits the watermain will be replaced underground without surface disruption, except where individual service lines are reconnected for each house. Preliminarily proposed pit locations are illustrated in the lower window of Figures 4 –12 of Appendix B. During construction, additional efforts will be made to ensure driveways and intersections are accessible around these pit locations.

The existing 6-inch ductile iron watermain installed in 1997 has performed well and appears to be in good shape. This stretch of watermain is not proposed to be replaced during this project.

In addition to the watermain being replaced, other improvements will also be made to the water distribution system. These improvements include:

- All water service lines to individual properties within the watermain replacement segments are proposed to be replaced from the watermain to the right-of-way line with a minimum 1 ½ - inch diameter copper pipe. A new curb stop (valve) and box will be provided on each service.
- All hydrants in the project corridor are proposed to be replaced. Hydrant spacing was examined and additional hydrants will be added to meet current city hydrant spacing standards.
- The majority of the water main valves will be replaced during the pipe bursting process. Existing valves to remain in place will have the bolts on the valve replaced to minimize risk at that most likely failure point on the valve.

Proposed watermain improvements mentioned above will be phased to minimize outages and shutdowns to adjacent properties. Temporary water lines will be provided in order to maintain service during construction. Due to the watermain improvements being made via trenchless method, the road surface will be allowed to remain in place until those improvements are completed. This will improve resident access to their property and reduce dust and noise typical to street construction projects.

The City of Plymouth will also be improving their 6" cast iron watermain via trenchless methods as part of the project. These improvements will be constructed to City of Plymouth standards and will be funded by the City of Plymouth.

E. Sanitary Sewer

Cured-in-Place-Pipe (CIPP) lining is proposed for the sanitary sewer on Ridgemount Avenue that has not yet received lining. Lining is a trenchless technology that includes accessing the sanitary sewer structures to install a new pipe within the existing deteriorating pipe.

One repair is proposed to address a large sag in the pipe along Ridgemount Avenue. Manhole rehabilitations are also proposed for the replacement of all manhole castings, chimney seals and upgrading the concrete adjusting rings to the current city standard HDPE adjusting rings.

No improvements to individual property sanitary sewer services is proposed at this time. These services are owned and maintained by the property owner from the home to the sanitary sewer main.

F. Tree Impacts

A goal of the project is to minimize tree impacts while completing the necessary repairs and improvements. Each proposed improvement was considered with the understanding of potential tree impacts. Minimal impact to mature trees is anticipated with the project.

Tree and shrub trimming to facilitate construction and protect the overall health of vegetation is also anticipated.

G. Street Lighting

Ridgemount Avenue has some existing private street lighting, primarily at intersections on the west end of the project extents. Construction impact to these lights is not anticipated, and no replacement of these lights is proposed with this project.

H. Street Signing and Striping

All existing signs are proposed to be replaced as part of the project. Centerline and fog line striping will be installed upon completion of the paving operation on Ridgemount Avenue. The proposed street width is typically 32 feet between curb faces, with the fog line 5' off of the roadway centerline. The lanes will be narrowed to 11' wide from the existing 12' width to act as a traffic calming measure which should result in lower vehicle speeds.

I. Public Informational Meeting

City of Minnetonka Engineering Staff hosted a Public Informational Meeting at the Community Center for Minnetonka residents in the project area. A total of five (5) residents attended the meeting, participated in open house Q&A, and listened to a presentation by the City's Engineering Project Manager. The attendance was normal for a public informational meeting considering there are less than fifty (50) Minnetonka properties in the project area, and 10% to 20% attendance is common for these meetings. A summary of the meeting can be found in Appendix C of this report.

V. Estimated Costs

Estimated construction costs presented in this report include a 10 percent construction contingency factor and a 10 percent project contingency factor. Overhead costs, estimated at 12.5 percent, include legal, engineering, administrative and fiscal costs. Final costs will be determined by using low-bid construction costs of the proposed work.

Proposed construction costs for the Ridgemount Avenue Improvements Project (bituminous street, spot curb and gutter, spot sidewalk improvements, storm sewer, sanitary sewer, watermain, and turf restoration) are itemized in Appendix A and are summarized below. These cost estimates are based upon public construction cost information. It is recommended that project costs used for any financing should be based upon actual, competitive bid prices with reasonable contingencies.

Funding by the City of Minnetonka is per the sources listed in its Capital Improvement Plan. Special assessments to Minnetonka residents are not proposed to fund the Minnetonka project costs. The City of Plymouth is proposing special assessments to benefitting properties along the Plymouth side of corridor, consistent with City of Plymouth policy.

Summary of Estimated Project Costs

SURFACE IMPROVEMENTS	\$1,133,000
WATER SYSTEM IMPROVEMENTS	\$1,138,000
SANITARY SEWER IMPROVEMENTS	\$311,000
STORM SEWER IMPROVEMENTS	\$57,000
TOTAL ESTIMATED MINNETONKA PROJECT COST	\$2,639,000
TOTAL ESTIMATED PLYMOUTH PROJECT COST	\$2,084,000
TOTAL ESTIMATED PROJECT COST	\$4,723,000

VI. Right-of-Way / Easements / Permits

The proposed improvements will be constructed within the existing street right-of-way (ROW) along the corridor.

Permit needs will be verified during final design. A preliminary list of anticipated permits for construction of the improvements include:

- Minnesota Pollution Control Agency (NPDES Construction Stormwater)
- Bassett Creek Watershed District (Erosion Control)
- Minnesota Department of Health (Public Watermain)
- Hennepin County Work within ROW Permit
- City of Plymouth Traffic Control Permits

Temporary easements or right-of-entries will be obtained along the Wayzata East Middle School and St. Mary of the Catholic Church for the trenchless watermain installation pits. Right-of-entries will be secured for the replacement of water services to individual properties in order to replace the water service up to the right-of-way line. No permanent easements are anticipated as part of this project due to all proposed utility and surface improvements being constructed within the right-of-way.

The project team will coordinate the proposed improvements with the school district and will ensure that access is maintained to the elementary and middle schools during construction.

VII. Project Schedule

The following schedule is proposed for completion of the project:

<i>Minnetonka</i> : Present Feasibility Report /Order Final Plans & Specifications	...November 23, 2020
Final Design November 2020 – January 2020
<i>Minnetonka</i> : Present Final Plans/Specs & Receive Authorization to BidJanuary 25, 2020
<i>Plymouth</i> : Order/Receive Preliminary Report/ Order & Approve Final Plans/Specs, & Receive Authorization to BidJanuary 26, 2020
Publish Ad for BidsFebruary 4, 2021
Bid OpeningFebruary 26, 2021
<i>Plymouth</i> : Conduct Public Hearing / Receive Bids / Adopt Special Assessments	..March 23, 2021
<i>Minnetonka</i> : Receive Bids/ Award ContractApril 12, 2021
Private Utility Relocation Spring, 2021
ConstructionMay 2021 – October 2021
Final Layer of Asphalt, Project Clean up October/November 2021

VIII. Feasibility and Recommendation

From an engineering standpoint, this project is feasible, cost effective, and necessary and can best be accomplished by letting competitive bids for the work. It is recommended that the proposed improvements outlined in this report be implemented as a joint Minnetonka/Plymouth project in 2021.

Appendix A: Preliminary Cost Estimates

PRELIMINARY ENGINEER'S ESTIMATE
RIDGEMOUNT AVENUE IMPROVEMENTS PROJECT

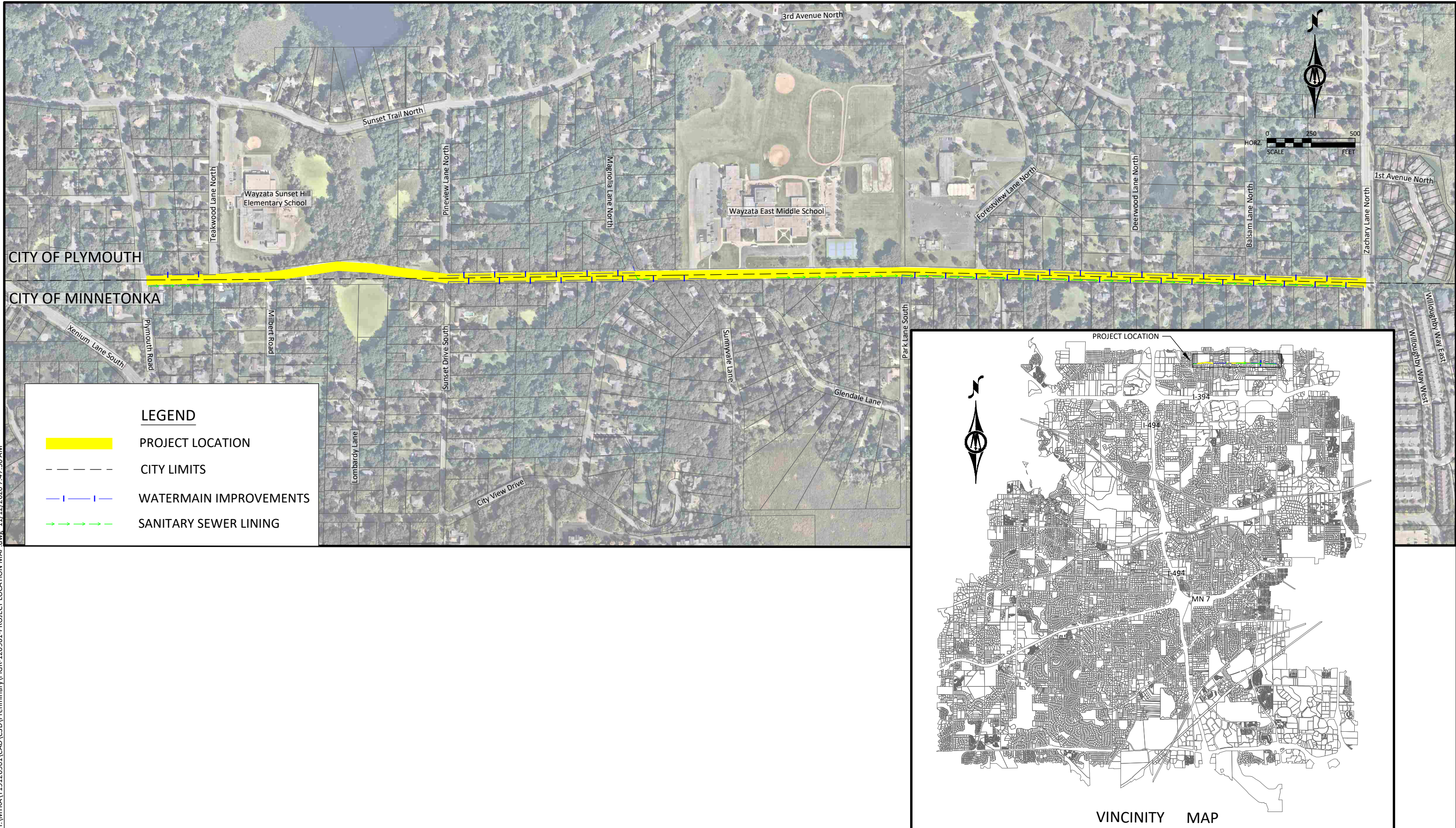


CITY OF MINNETONKA, MN
CITY OF PLYMOUTH, MN
BMI PROJECT NO. T19.120961

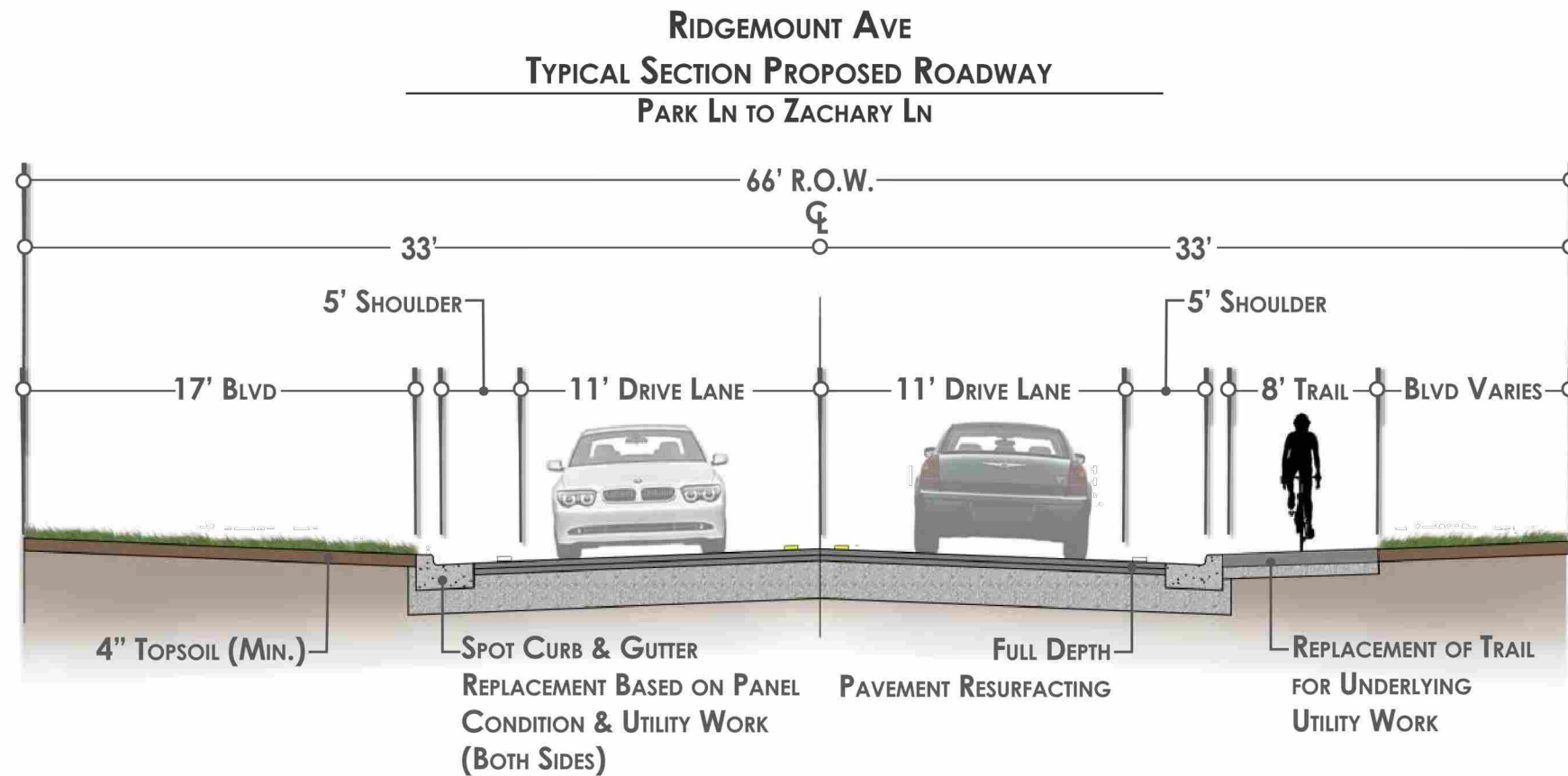
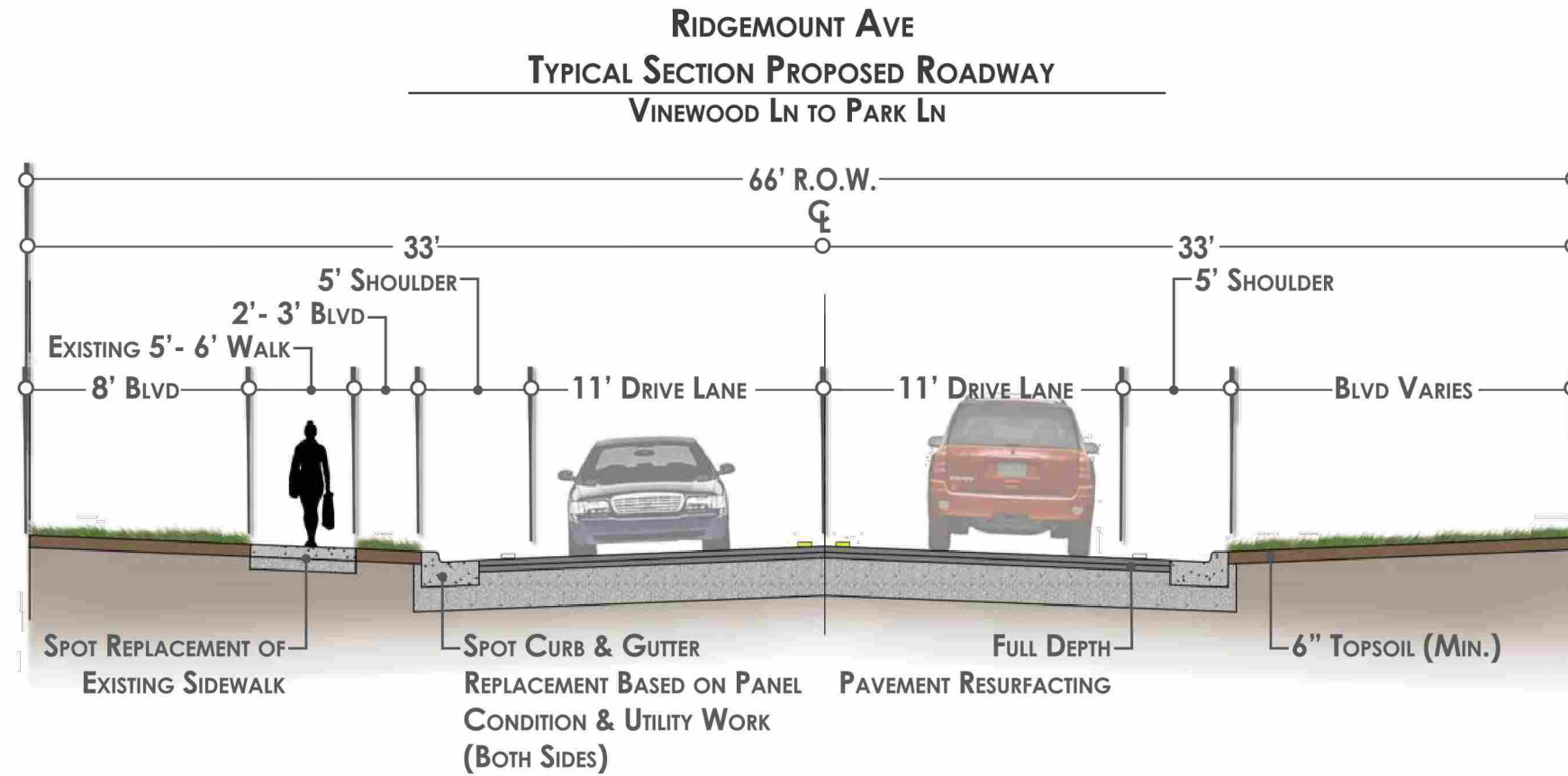
Date: 11/12/2020

Item No.	MnDOT Spec No.	Item	Notes	Unit	Estimated Unit Price	Estimated Quantities							Estimated Costs								
						Minnetonka			Mtka/Plym	Plymouth			Total Estimated Project Quantity	Minnetonka			Mtka/Plym	Plymouth			Total Estimated Project Cost
						Street	Utilities			Street	Utilities			Street	Utilities			Street	Utilities		
							Sanitary Sewer	Water	Storm Sewer		Sanitary Sewer	Water	Sanitary Sewer		Water	Sanitary Sewer	Water		Sanitary Sewer	Water	
53	2504.603	1.5" TYPE K COPPPER PIPE		LIN FT	\$45.00			300					300	\$ -	\$ -	\$ 13,500.00	\$ -	\$ -	\$ -	\$ -	\$ 13,500.00
54	2504.608	DUCTILE IRON FITTINGS		POUND	\$8.00			754					1030	\$ -	\$ -	\$ 6,032.00	\$ -	\$ -	\$ -	\$ 2,208.00	\$ 8,240.00
55		PIPE BURSTING PITS		EACH	\$10,000.00			10					21	\$ -	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ 110,000.00	\$ 210,000.00
56	2506.502	CONSTRUCT DRAINAGE STRUCTURE SPECIAL 1		EACH	\$1,500.00				5				5	\$ -	\$ -	\$ -	\$ 7,500.00	\$ -	\$ -	\$ -	\$ 7,500.00
57	2506.502	CONSTRUCT DRAINAGE STRUCTURE DESIGN 48-4020		EACH	\$2,000.00				1				1	\$ -	\$ -	\$ -	\$ 2,000.00	\$ -	\$ -	\$ -	\$ 2,000.00
58	2506.502	INSTALL CASTING (R - 3067) (STORM)		EACH	\$1,000.00				15				15	\$ -	\$ -	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 15,000.00
59	2506.502	INSTALL CASTING (R - 1733) (STORM)		EACH	\$1,000.00				1				1	\$ -	\$ -	\$ -	\$ 1,000.00	\$ -	\$ -	\$ -	\$ 1,000.00
60	2506.602	CONNECT TO EXISTING STRUCTURE (STORM)		EACH	\$1,500.00				3				3	\$ -	\$ -	\$ -	\$ 4,500.00	\$ -	\$ -	\$ -	\$ 4,500.00
61	2506.602	ADJUST FRAME & RING CASTING (SPECIAL) (STORM)		EACH	\$400.00				8				8	\$ -	\$ -	\$ -	\$ 3,200.00	\$ -	\$ -	\$ -	\$ 3,200.00
62	2506.602	ADJUST DRAINAGE STRUCTURE (SPECIAL)		EACH	\$1,500.00				2				2	\$ -	\$ -	\$ -	\$ 3,000.00	\$ -	\$ -	\$ -	\$ 3,000.00
63	2506.602	ADJUST FRAME & RING CASTING (SPECIAL) (SANITARY)		EACH	\$1,000.00			15		4			19	\$ -	\$ 15,000.00	\$ -	\$ -	\$ -	\$ 4,000.00	\$ -	\$ 19,000.00
64	2506.602	REPAIR DRAINAGE STRUCTURE		EACH	\$700.00				20				20	\$ -	\$ -	\$ -	\$ 14,000.00	\$ -	\$ -	\$ -	\$ 14,000.00
65	2521.501	4" CONCRETE WALK		SQ FT	\$12.00					3665			3665	\$ -	\$ -	\$ -	\$ -	\$ 43,980.00	\$ -	\$ -	\$ 43,980.00
66	2521.518	6" CONCRETE WALK		SQ FT	\$15.00			827		1580			2407	\$ 12,405.00	\$ -	\$ -	\$ -	\$ 23,700.00	\$ -	\$ -	\$ 36,105.00
67	2521.518	3" BITUMINOUS WALK		SQ FT	\$4.00			20246					20246	\$ 80,984.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,984.00
68	2531.501	CONCRETE CURB & GUTTER DESIGN B618		LIN FT	\$30.00			2340		2550			4890	\$ 70,200.00	\$ -	\$ -	\$ -	\$ 76,500.00	\$ -	\$ -	\$ 146,700.00
69	2531.504	6" CONCRETE DRIVEWAY		SQ FT	\$8.00			1059		719			1778	\$ 8,472.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,472.00
70	2531.618	TRUNCATED DOMES		SQ FT	\$50.00			166		504			670	\$ 8,300.00	\$ -	\$ -	\$ -	\$ 25,200.00	\$ -	\$ -	\$ 33,500.00
71	2557.602	REINSTALL MAILBOX		EACH	\$200.00			23		5			28	\$ 4,600.00	\$ -	\$ -	\$ -	\$ 1,000.00	\$ -	\$ -	\$ 5,600.00
72	2557.602	SALVAGE MAILBOX & POST		EACH	\$100.00			23		5			28	\$ 2,300.00	\$ -	\$ -	\$ -	\$ 500.00	\$ -	\$ -	\$ 2,800.00
73	2557.602	TEMPORARY MAILBOX		EACH	\$50.00			23		5			28	\$ 1,150.00	\$ -	\$ -	\$ -	\$ 250.00	\$ -	\$ -	\$ 1,400.00
74	2563.601	TRAFFIC CONTROL		LUMP SUM	\$25,000.00			0.5		0.5			1	\$ 12,500.00	\$ -	\$ -	\$ -	\$ 12,500.00	\$ -	\$ -	\$ 25,000.00
75	2564.502	FURNISH & INSTALL SIGN TYPE C		SQ FT	\$60.00			150		188			338	\$ 9,000.00	\$ -	\$ -	\$ -	\$ 11,280.00	\$ -	\$ -	\$ 20,280.00
76	2564.602	FURNISH & INSTALL SIGN POSTS		EACH	\$250.00			8		6			14	\$ 2,000.00	\$ -	\$ -	\$ -	\$ 1,500.00	\$ -	\$ -	\$ 3,500.00
77	2573.500	SEDIMENT CONTROL LOG TYPE STRAW		LIN FT	\$3.00			607		568			1175	\$ 1,821.00	\$ -	\$ -	\$ -	\$ 1,704.00	\$ -	\$ -	\$ 3,525.00
78	2573.530	STORM DRAIN INLET PROTECTION		EACH	\$150.00				17				30	\$ -	\$ -	\$ -	\$ 2,550.00	\$ -	\$ -	\$ 1,950.00	\$ 4,500.00
79	2574.507	COMMON TOPSOIL BORROW (LV)		CU YD	\$50.00			676		423			1099	\$ 33,800.00	\$ -	\$ -	\$ -	\$ 21,150.00	\$ -	\$ -	\$ 54,950.00
80	2575.504	SODDING TYPE LAWN		SQ YD	\$6.00			4002		1650			5652	\$ 24,012.00	\$ -	\$ -	\$ -	\$ 9,900.00	\$ -	\$ -	\$ 33,912.00
81	2575.508	SEED MIXTURE 25-151		POUND	\$25.00				22				22	\$ -	\$ -	\$ -	\$ -	\$ 550.00	\$ -	\$ -	\$ 550.00
82	2575.523	RAPID STABILIZATION METHOD 3		MGAL	\$700.00				1.1				1.1	\$ -	\$ -	\$ -	\$ -	\$ 770.00	\$ -	\$ -	\$ 770.00
83	2582.503	4" SOLID LINE MULTI-COMPONENT		LIN FT	\$0.25			11836		11836			23672	\$ 2,959.00	\$ -	\$ -	\$ -	\$ 2,959.00	\$ -	\$ -	\$ 5,918.00
84	2582.503	4" BROKEN LINE MULTI-COMPONENT		LIN FT	\$0.25			3100		3100			6200	\$ 775.00	\$ -	\$ -	\$ -	\$ 775.00	\$ -	\$ -	\$ 1,550.00
85	2582.503	4" DOUBLE SOLID LINE MULTI-COMPONENT		LIN FT	\$0.50			3128		3128			6256	\$ 1,564.00	\$ -	\$ -	\$ -	\$ 1,564.00	\$ -	\$ -	\$ 3,128.00
86	2582.518	CROSSWALK PREFORM THERMOPLASTIC GROUND IN		SQ FT	\$12.00			240		1152			1392	\$ 2,880.00	\$ -	\$ -	\$ -	\$ 13,824.00	\$ -	\$ -	\$ 16,704.00
ESTIMATED BASE BID TOTAL:														\$ 832,185.00	\$ 228,155.00	\$ 836,322.00	\$ 83,720.00	\$ 803,692.00	\$ 6,280.00	\$ 678,998.00	\$ 3,469,352.00
10% CONSTRUCTION CONTINGENCY:														\$83,220.00	\$22,820.00	\$83,630.00	\$8,370.00	\$80,370.00	\$630.00	\$67,900.00	\$346,940.00
TOTAL ESTIMATED CONSTRUCTION COST:														\$915,405.00	\$250,975.00	\$919,952.00	\$92,090.00	\$884,062.00	\$6,910.00	\$746,898.00	\$3,816,292.00
DESIGN, ADMINISTRATION AND CONSTRUCTION ENGINEERING:														\$114,430.00	\$31,370.00	\$114,990.00	\$11,510.00	\$110,510.00	\$860.00	\$93,360.00	\$477,040.00
10% PROJECT CONTINGENCY:														\$102,980.00	\$28,230.00	\$103,490.00	\$10,360.00	\$99,460.00	\$780.00	\$84,030.00	\$429,330.00
TOTAL ESTIMATED PROJECT COST:														\$1,132,815.00	\$310,575.00	\$1,138,432.00	\$113,960.00	\$1,094,032.00	\$8,550.00	\$924,288.00	\$4,722,662.00
TOTAL ESTIMATED MINNETONKA COST:														\$2,638,802.00							
TOTAL ESTIMATED PLYMOUTH COST:														\$2,083,850.00							

Appendix B: Figures



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EXISTING FIGURES

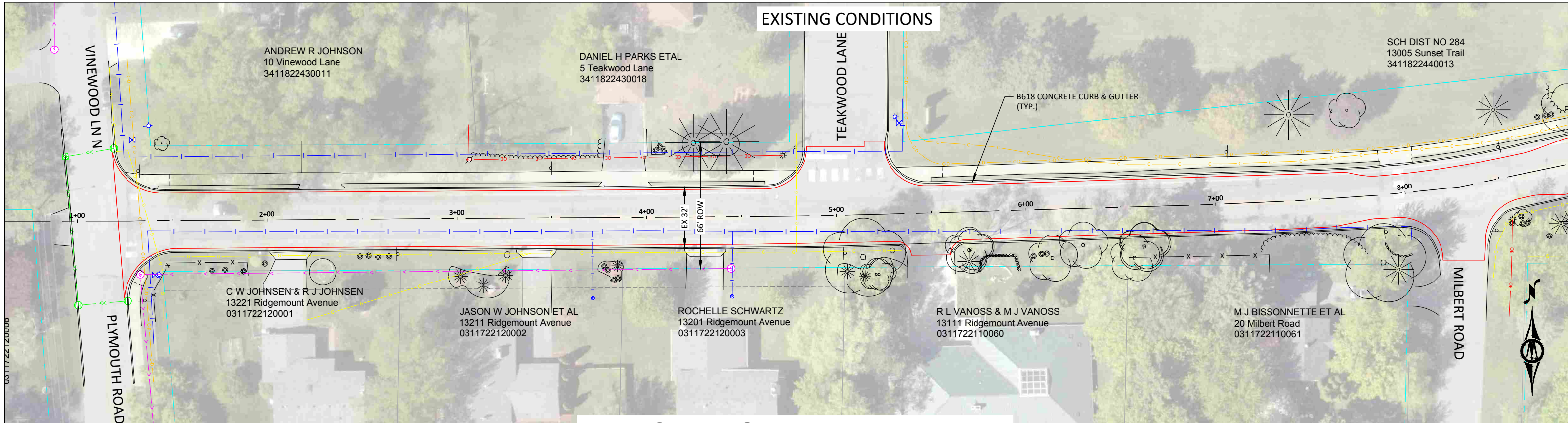
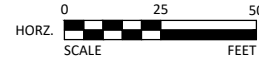
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	CONCRETE CURB
	GRAVEL EDGE
	RIGHT-OF-WAY
	SANITARY SEWER
	SANITARY MANHOLE
	STORM SEWER
	STORM MANHOLE
	STORM CATCH BASIN
	WATERMAIN
	HYDRANT
	GATE VALVE
	UNDERGROUND FIBER OPTIC
	UNDERGROUND ELECTRIC
	UNDERGROUND GAS
	UNDERGROUND COMMUNICATION
	OVERHEAD ELECTRIC
	OVERHEAD COMMUNICATIONS
	OVERHEAD UTILITY
	SOIL BORING

PROPOSED FIGURES

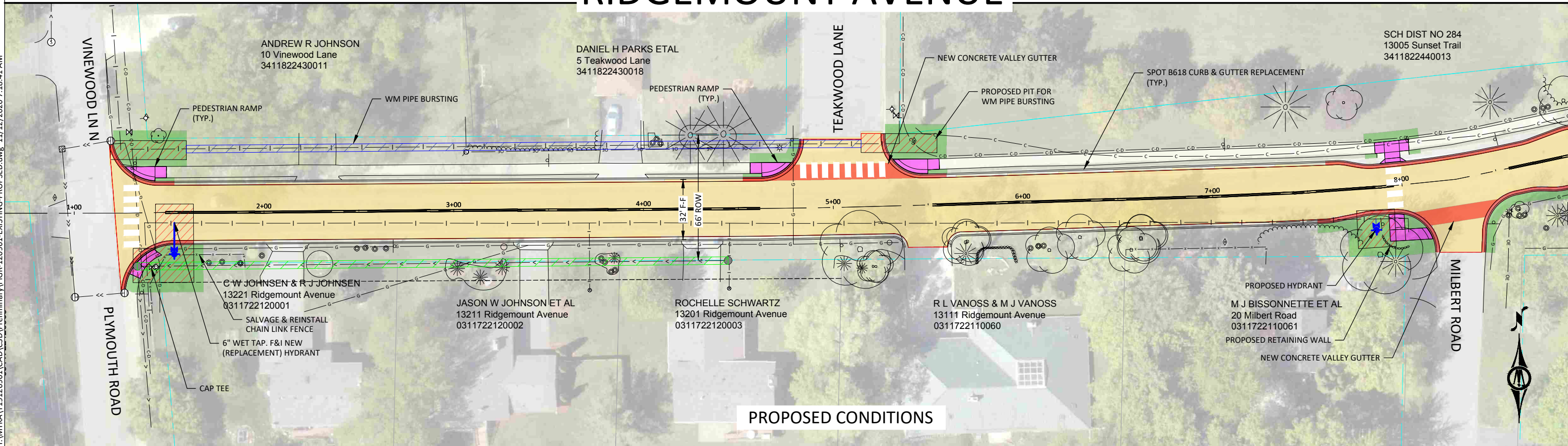
PROPOSED	
	PROPOSED BITUMINOUS PAVEMENT RECLAMATION & SURFACING
	PROPOSED CONCRETE WALK/ PEDESTRIAN RAMP
	CONCRETE SIDEWALK AND CURB & GUTTER REPLACEMENT
	BITUMINOUS TRAIL REPLACEMENT
	CONCRETE DRIVEWAY
	BITUMINOUS DRIVEWAY
	UTILITY EXCAVATION PIT
	SIDEWALK REMOVAL
	PROPOSED TURF
	PROPOSED CURB & GUTTER REPLACEMENT

PROPOSED	
	STORM CATCH BASIN
	STORM SEWER
	SANITARY LINING
	WATERMAIN
	TRENCHLESS WMN
	WATERMAIN SERVICE
	HYDRANT
	GATE VALVE
	TREE REMOVAL DUE TO STREET OR UTILITY CONSTRUCTION
	RELOCATE MAILBOX
	REPLACE CB CASTING
	ADJUST CASTING
	INSTALL I&I BARRIER
	REPLACE GATE VALVE
	POTENTIAL TREE REMOVAL FOR UTILITY INSTALLATION
	REPAIR DRAINAGE STRUCTURE

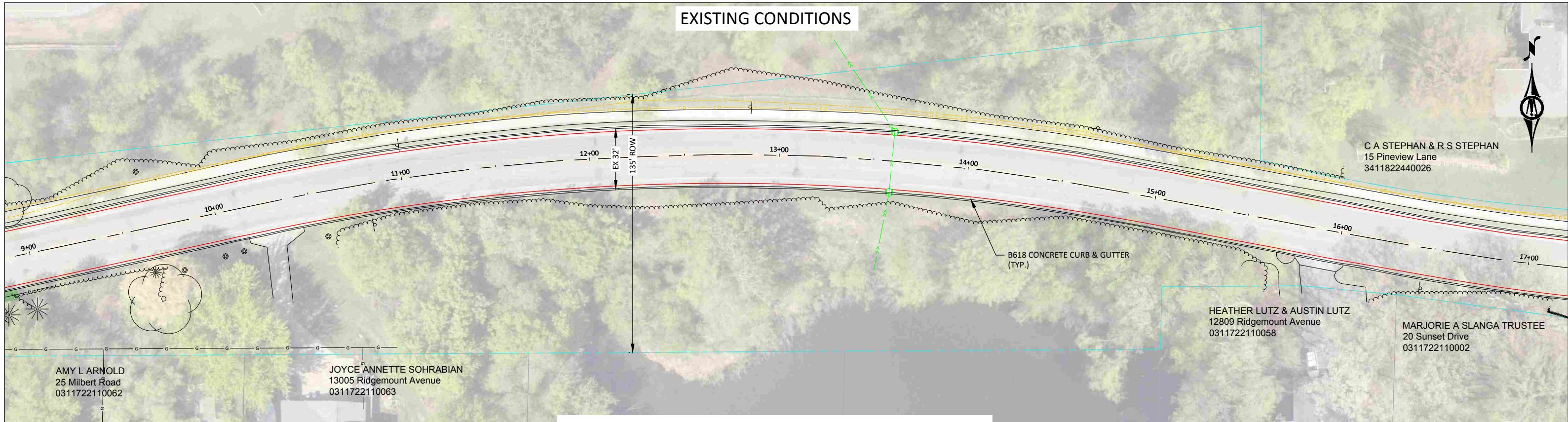
EXISTING BACKGROUND	
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	STORM SEWER
	STORM MANHOLE
	STORM CATCH BASIN
	WATERMAIN
	HYDRANT
	GATE VALVE
	UNDERGROUND FIBER OPTIC
	UNDERGROUND ELECTRIC
	UNDERGROUND GAS
	UNDERGROUND COMMUNICATION
	OVERHEAD ELECTRIC
	OVERHEAD COMMUNICATIONS
	OVERHEAD UTILITY



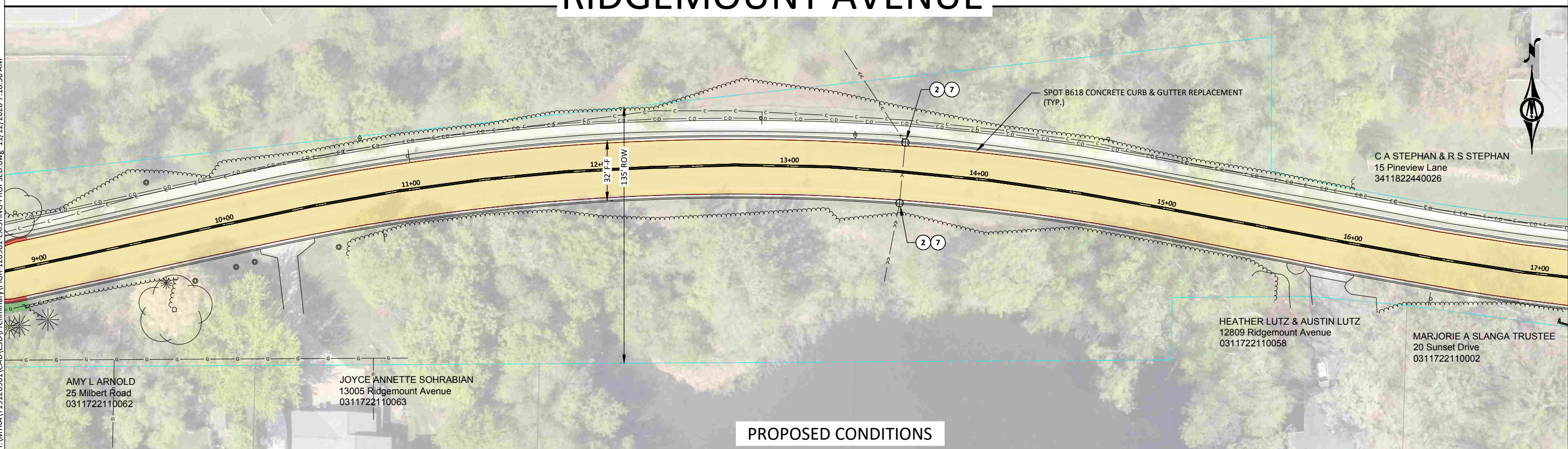
RIDGEMOUNT AVENUE



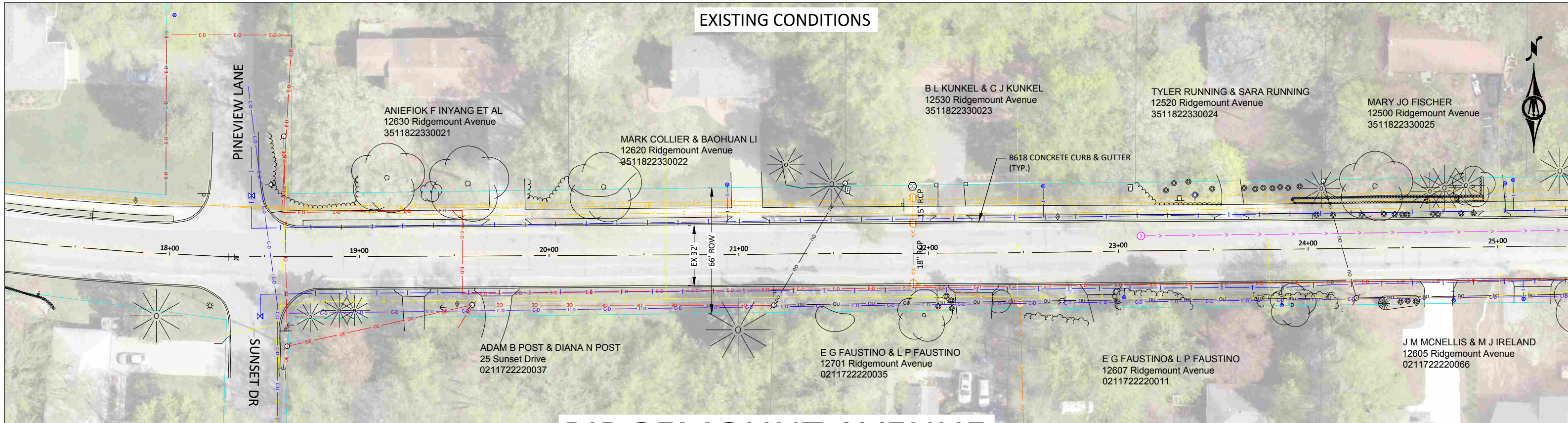
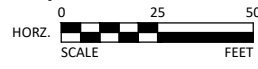
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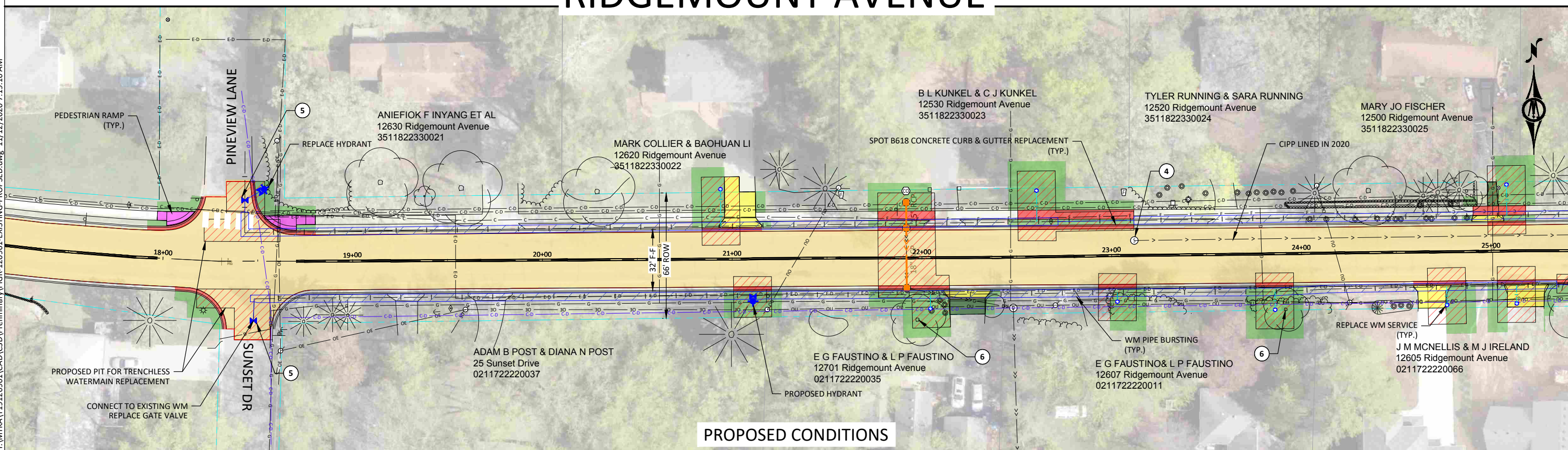
RIDGEMOUNT AVENUE



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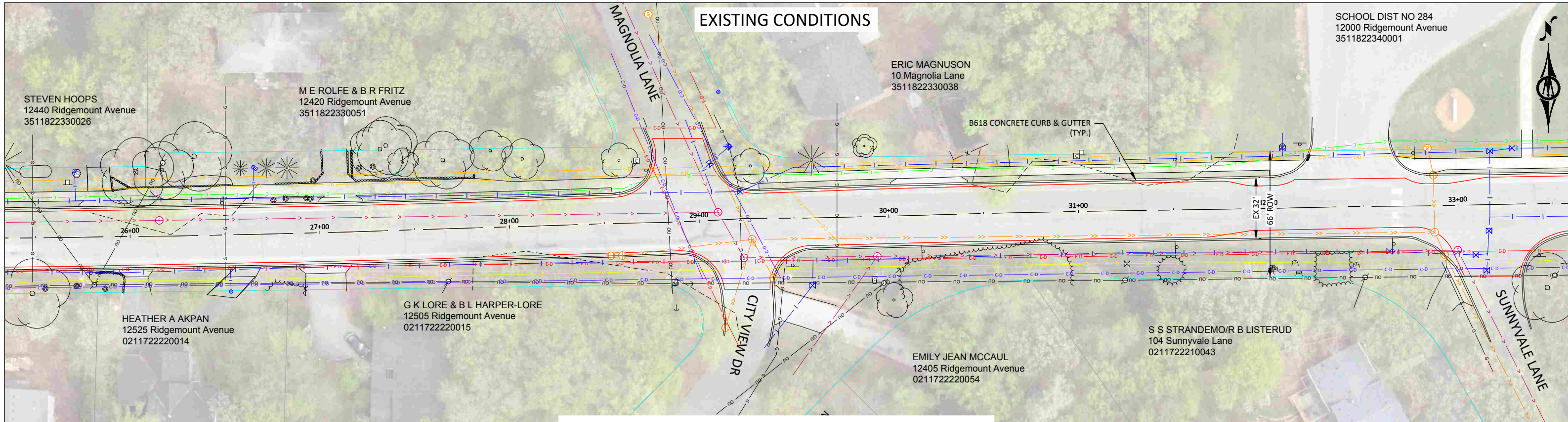


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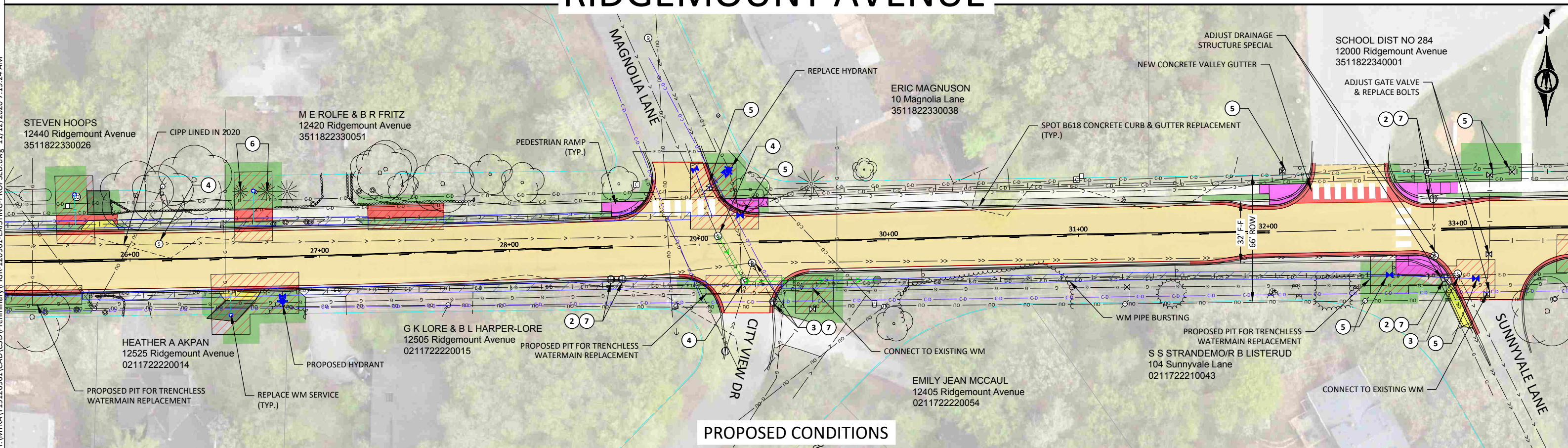


PROPOSED CONDITIONS

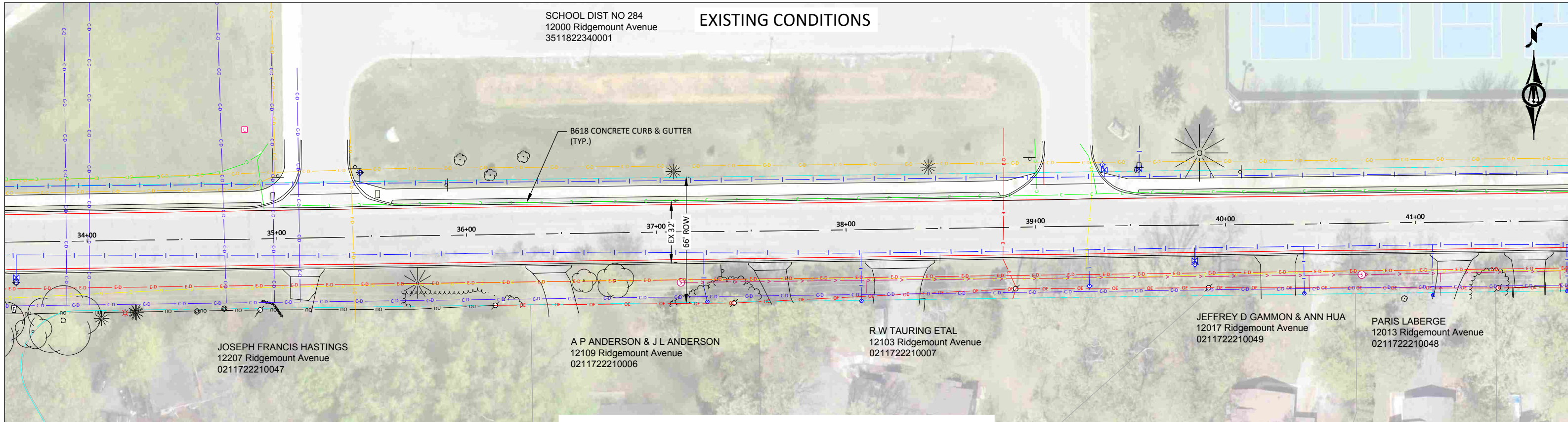
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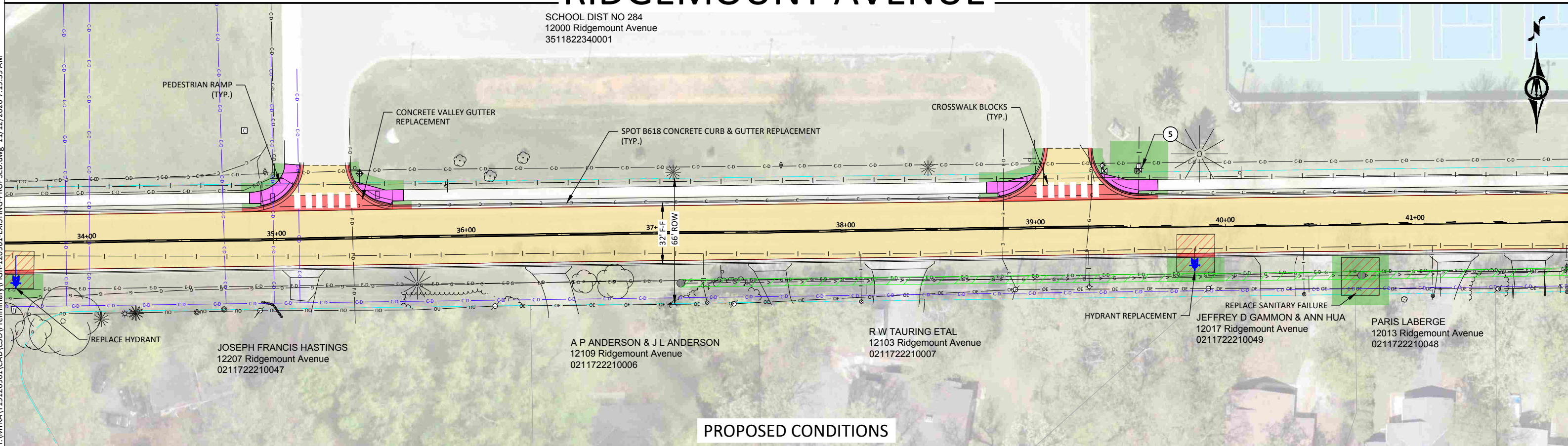
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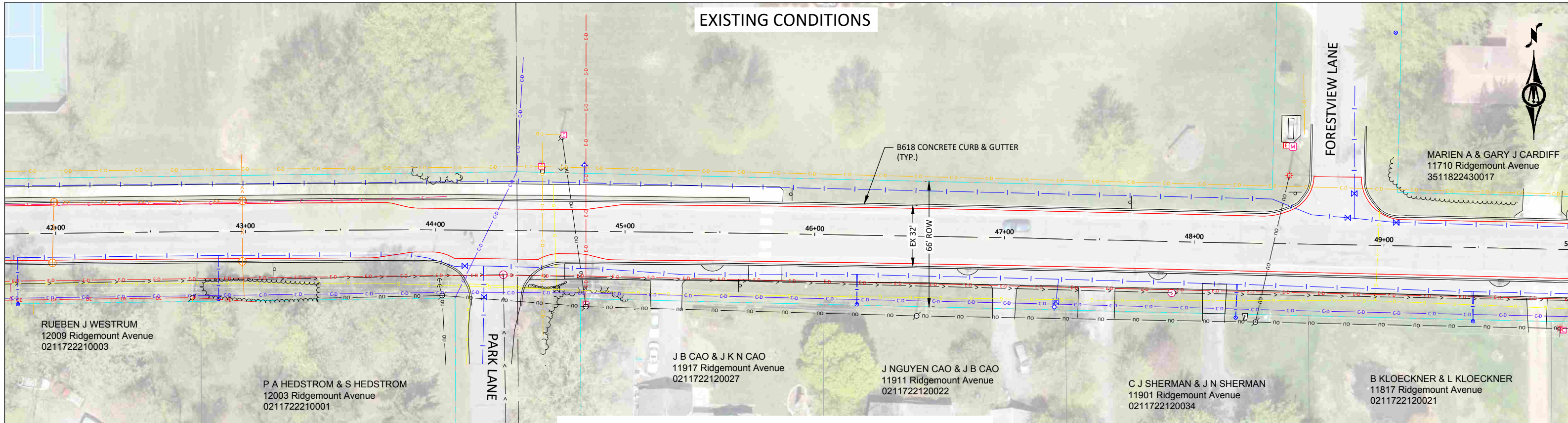
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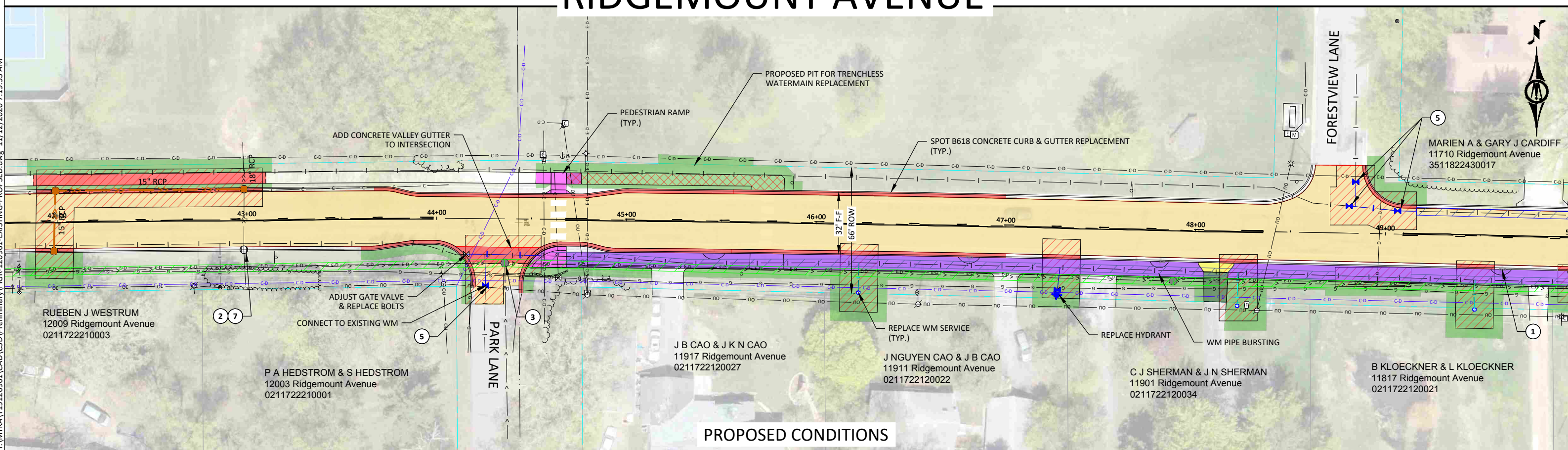
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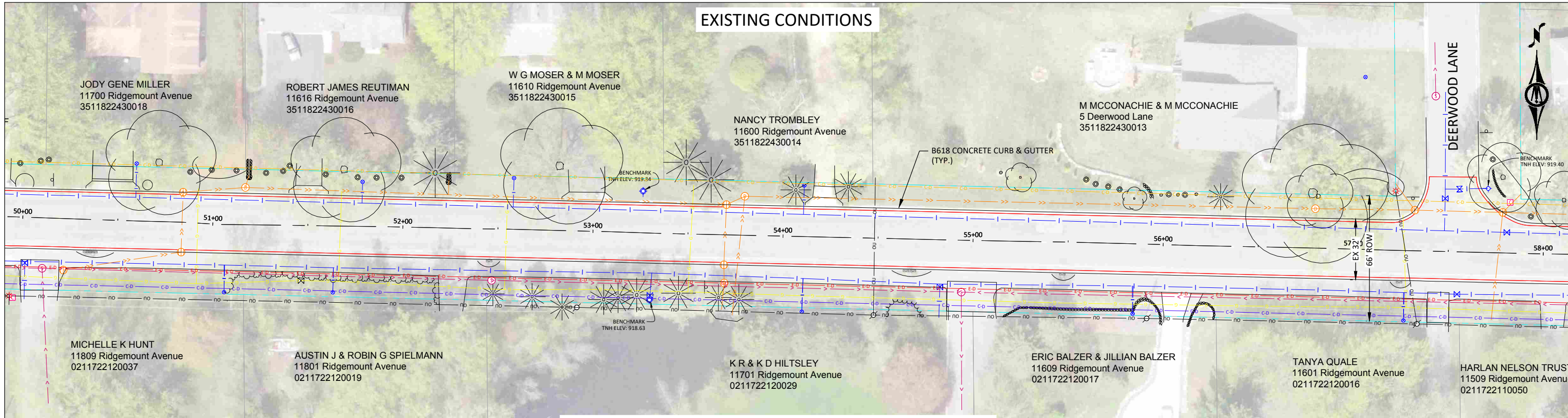
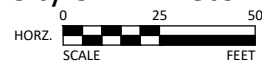


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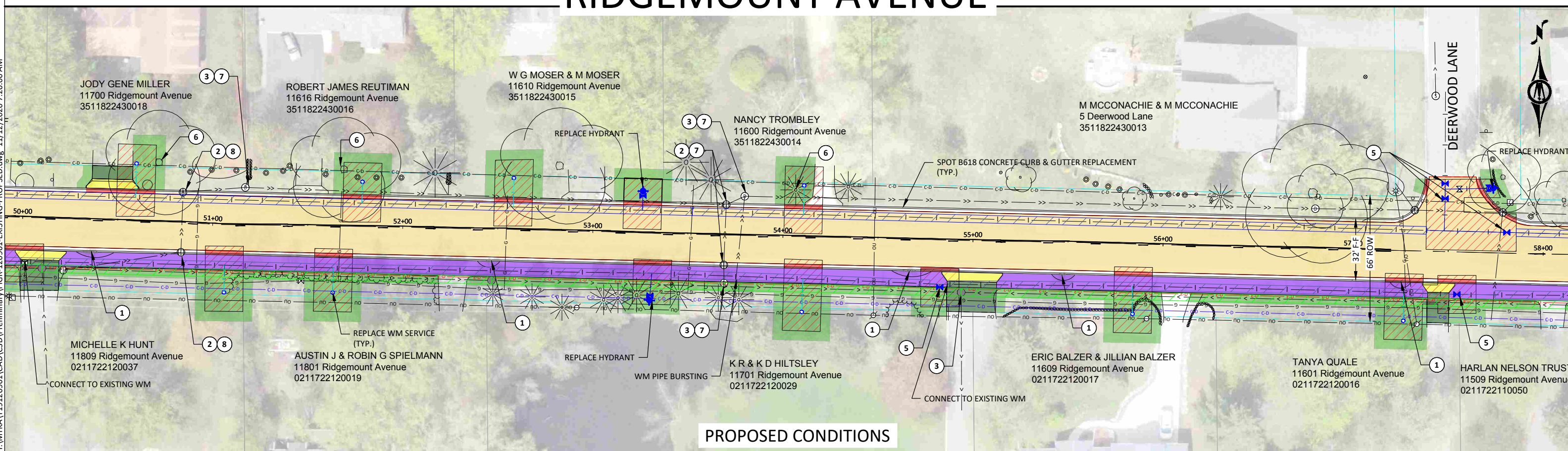


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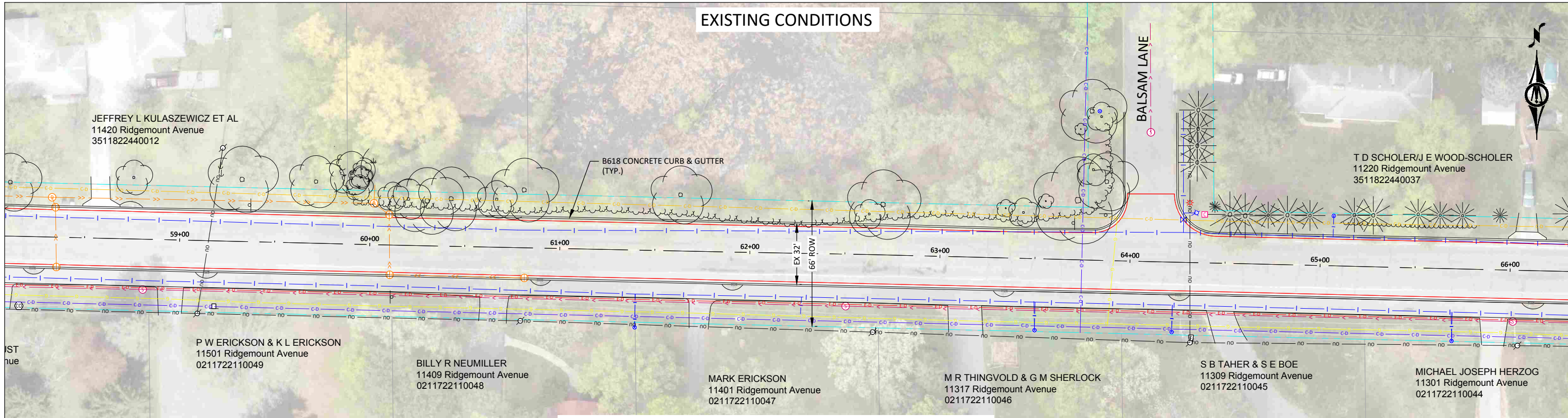
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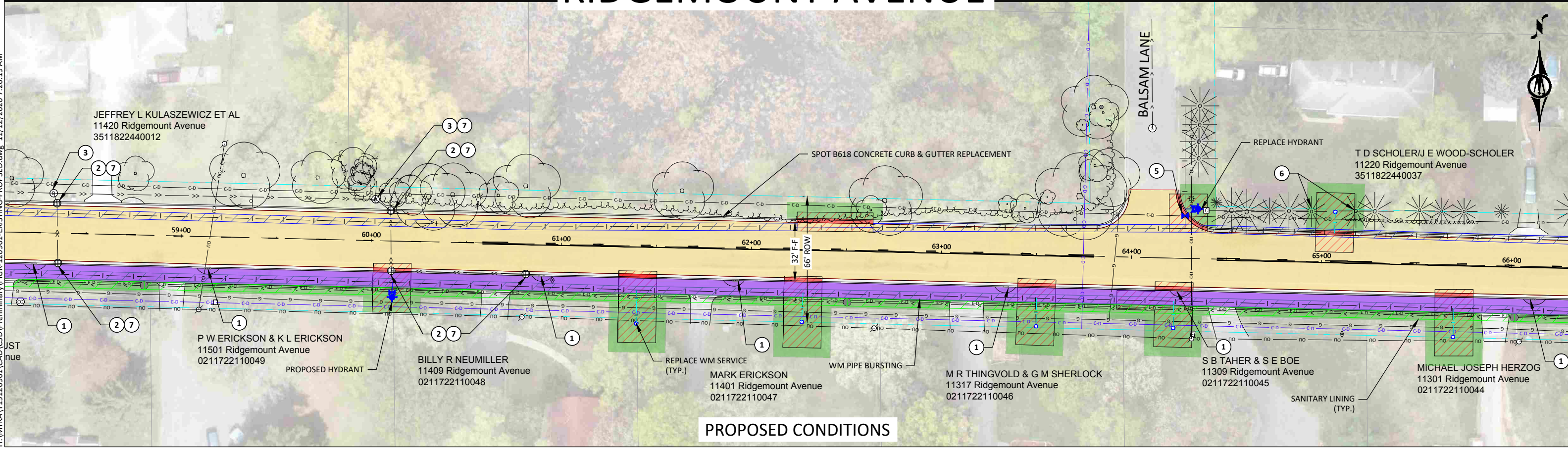
RIDGEMOUNT AVENUE



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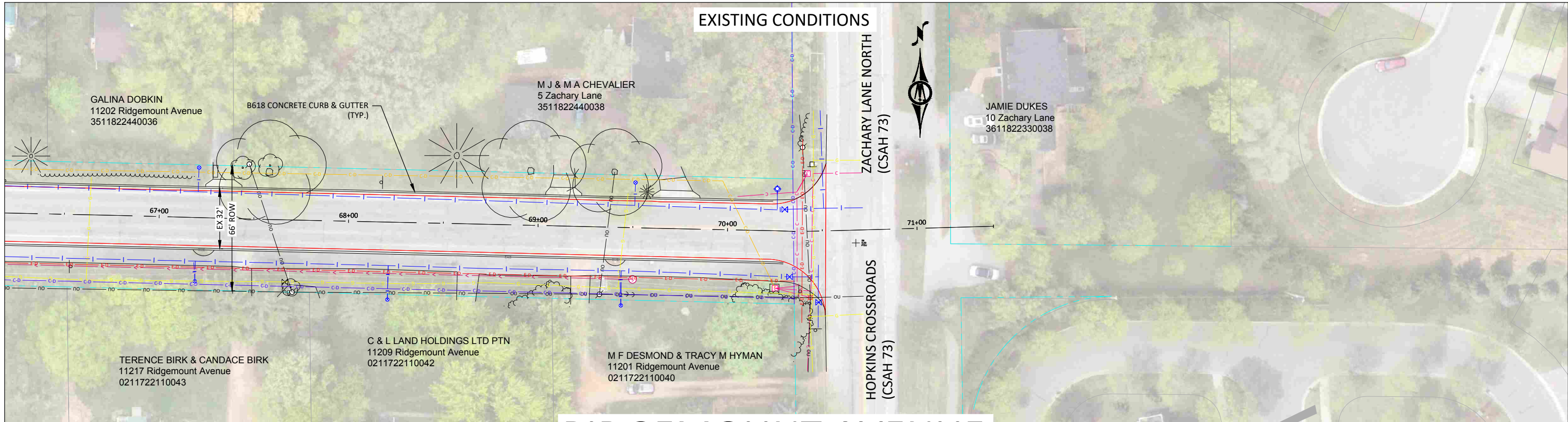


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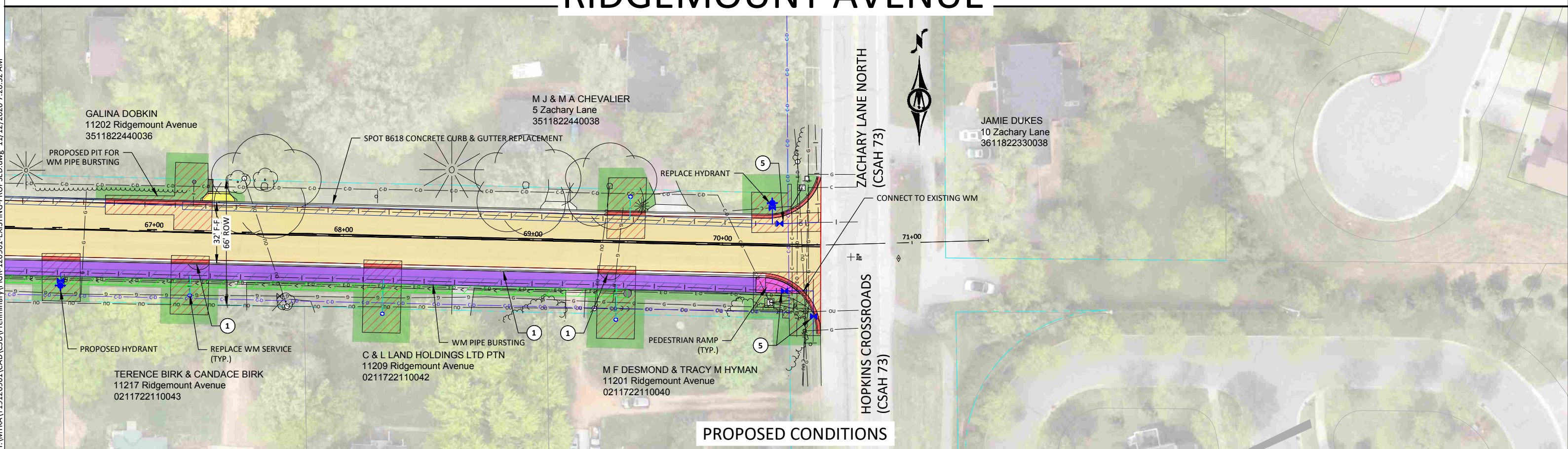


PROPOSED CONDITIONS

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RIDGEMOUNT AVENUE



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Appendix C: Neighborhood Meeting & Public Input



RIDGEMOUNT AVE IMPROVEMENTS
CITY OF MINNETONKA PUBLIC INFORMATIONAL MEETING
MINNETONKA COMMUNITY CENTER
SEPTEMBER 23, 2020

.....
Resident interaction prior to the presentation:

1. Pond between 2 longer, multi-house driveways is silted over and has a lot of sediment. Possibly need to clean out the pond, preform pond dredging. The flared end section at the edge of the pond has separated from the pipe.

Comments/questions during the presentation:

1. What happens to the landscaping around the mailboxes in the trail? Most of the areas around the mailboxes are not maintained.
 - a. Proposing to move the mailboxes to the back of the trail to maintain the full width of the trail throughout. Still need to coordinate/confirm with USPS for delivery.
2. Will any trails be paved where there are none today?
 - a. No, only replacing trails where they exist today.
3. Staff will tentatively be presenting the feasibility report to Council on October 26, which is somewhat tied to Plymouth’s schedule for their side of the project.
4. Resident commented that the Ridgemount project done in 1997 had a lot of issues and was sub-par work.
 - a. There was a lot of clay soils and they used substandard fill.
 - b. There was a lot of groundwater. The soils were very wet with a high clay content and a lot of fines. The soils are in very bad condition.
 - c. The corridor was not built consistently with the road sections.
 - d. The project did not use a good subbase and had poor compaction because they were really delayed.
 - e. This project should plan for bad conditions and corrections.
 - f. There is a lot more truck and bus traffic that uses the road now compared to 1997.
5. Resident commented that there is a lot of heavy traffic that uses the road. Is there a load limit and can it be posted and enforced?
 - a. There is a spring load limit on the road, but it is not posted.
6. Resident commented that vehicles speed consistently on the road, probably around 45 MPH when it is posted at 25 MPH.
 - a. Traffic tubes showed that a lot of vehicles were going over the 25 MPH limit but the average was closer to 30 MPH, not 45 MPH.
7. Has the City considered changing the speed limit?
 - a. Not with this project. The Council will be considering changing limits across the City but it might not apply to Ridgemount since it is shared with Plymouth.

8. Resident commented that there are a lot of pedestrians on the road and not enough pedestrian facilities. A lot of ped traffic between the schools.
 - a. No ped counts were taken with this project but the project team will investigate this further.
9. Resident commented that it might be worth it to separate bicycle traffic and ped traffic, each on their own side of the road.
10. Will the Sunnyvale crosswalk be improved? There is a lot of concern for the safety for the small children.
 - a. The project team is looking into possible improvements at the crosswalks.
11. Is the curb being replaced?
 - a. No, only spot curb replacement for deficient curb or utility work.
12. Will the power lines be buried as part of this project? A lot of trees need to be trimmed every year because of the power lines.
 - a. No, not in the scope of this project because it is not a full recon.
13. Will residents be without water during the service replacements?
 - a. No, there will be a temporary water system which will only require a couple of short (hours not days) service interruptions during setup and takedown.
14. How will we be notified of access restrictions? We receive a lot of deliveries for our business.
 - a. Door notices/flyers for specific access restrictions.
 - b. Email and text updates for general notices about once a week that residents can sign up for on the website.
15. Will mailboxes be replaced?
 - a. The project will attempt to salvage and reinstall mailboxes.
 - b. If mailboxes are damaged or can't be reinstalled, they will be replaced as part of the project.
16. Resident commented that they are concerned about the pond that has been silted over by their house.
 - a. The project team will investigate further.

Resident interaction after the presentation:

1. There is a lot of water that comes down the swale by City View Drive and creates standing water on the road during large rainfall events. Has only happened a couple of times in the last 25 years.

From: Peter Vickerman [REDACTED]

Sent: Wednesday, October 21, 2020 9:02 PM

To: Mitch Hatcher [REDACTED]

Subject: Ridgemont Avenue Reconstruction

Hi Mitch,

Thanks for your work on Ridgemont Avenue. I did want to formally offer some comments that I would also like to share with the City Council on this. Please see below. I value accuracy and so if there are items below that are factually incorrect please let me know so I can correct before sending to the City Council.

Current Ridgemont Avenue Plan:

1. The current scope of the reconstruction of Ridgemont Avenue will occur from curb to curb, with some small areas of curb to be replaced as necessary. This will have significant impacts on using the street during the construction time period.
2. In addition, the existing pedestrian infrastructure will be repaired as necessary.
3. The existing street width will stay the same, however the lanes will be reduced to 11' in each direction with a 5' wide shoulder.
4. The existing speed limit of 25 mph is not proposed to change.
5. The last time this road was reconstructed was in the late 1990's, so over 20 years ago.

Key Considerations:

1. Street reconstruction will likely not occur again on Ridgemont avenue for 20-30 more years, i.e. another generation.
2. Chances of death of a pedestrian is directly (really exponentially) proportional to the speed of the vehicle.
3. The street has substandard pedestrian infrastructure compared with the demand. Due to lack of pedestrian infrastructure, people and bicycles are often on the roadway.
4. Vehicle speed is more influenced by the design of the road than the posted speed limit.
5. The street has both an Elementary School and a Middle School along it.
6. Three Rivers Park District is proposing a regional trail just to the east of this area that will connect to the larger regional park and trail system.
7. Rainfall patterns are generally increasing, there is little in the way of stormwater management and this is part of the headwaters of Bassett Creek.

Request:

1. I would ask the City Council to change the scope of this project to a full reconstruction of Ridgmont Avenue, including the following:
 - i. Narrowing the road width as well as lane widths
 - ii. Additional pedestrian facilities
 - iii. Adding street trees
 - iv. Working with the City of Plymouth to include a separated cycle track.
2. There will not be another opportunity to do these things for a generation. The time is now.
3. Reducing the street width and adding street trees can help reduce speeds. This is a low volume street and MnDOT guidelines allow 10' lanes and 1-4' curb reaction distances.
4. Both of these measures (less pavement and more tree cover) can also help reduce stormwater runoff that only seems to be increasing with time.
5. There is great need for additional pedestrian infrastructure to accommodate the existing high level of pedestrian traffic and the potential for additional pedestrian traffic with the proximity to the two schools.
6. A separated cycle track would allow a safe corridor to connect this entire area (and the two schools) to the proposed regional trail corridor. This area is currently fairly disconnected due to I-394 to the south, Highway 55 to the north, Plymouth Road and I-494 to the west, and the large wetland complex east of County Road 73.

Thank you,

Peter Vickerman

11550 Oberlin Road, Minnetonka, MN

Appendix D: Scoping Memo



**BOLTON
& MENK**

Real People. Real Solutions.

12224 Nicollet Avenue
Burnsville, MN 55337-1649

Ph: (952) 890-0509
Fax: (952) 890-8065
Bolton-Menk.com

MEMORANDUM

Date: 7/31/2018
To: Chris LaBounty, P.E., Engineering Project Manager
From: Mike Waltman, P.E., Principal Engineer
Subject: Ridgemoat Avenue - Project Scoping Analysis
City Of Minnetonka
Project No.: T19.116596

The cities of Minnetonka and Plymouth are considering improvements to Ridgemoat Avenue in 2019. The corridor is scheduled for mill and overlay, but concerns have been raised regarding the integrity of the underlying watermain and whether investment in the overlying pavement is warranted without first addressing this underground utility. Bolton & Menk was contracted by the City of Minnetonka to assist in scoping the project improvements in consideration of the risk of continued watermain breaks. This memorandum summarizes our analysis of the Ridgemoat Avenue watermain break history and contemplation of improvements Ridgemoat Avenue, between Vinewood Lane North to Zachary Lane North.

Background

Ridgemoat Avenue is a two lane, 36 ft wide, collector road on the on the City of Minnetonka (south side) and City of Plymouth (north side) border. The corridor is approximately 1.3 miles in length. Current land use adjacent to the roadway is mainly residential and institutional, with two schools (Wayzata Sunset Hill Elementary and Wayzata East Middle School) and a church (Mary of the Lake Catholic Church) positioned on the north side in the City of Plymouth. The majority of the public utilities for Minnetonka on Ridgemoat were installed in the early 1970s with Plymouth installing a trunk watermain on the north side in the early 1980s. In 1997, Ridgemoat Road received its first mill and overlay with various drainage improvements and approximately 1,400 ft of watermain replacement.

Ridgemoat Avenue is currently in the City of Minnetonka's Capital Improvement Program (CIP) scheduled for a mill and overlay in 2020. While City staff was reviewing upcoming projects, it was noted that the 6" watermain under Ridgemoat had a high number of watermain breaks. It was determined the investment of an overlay should be weighed against the risk of future watermain breaks. The goal of this analysis is to evaluate the increased project cost due expanded project scope including watermain replacement versus lower project cost while acknowledging potential future watermain breaks.

A bituminous roadway has a typical lifecycle consisting of initial construction, first mill and overlay at approximately age 20, a second mill and overlay at age 40, and finally major reconstruction at approximately age 50-70 depending on infrastructure performance and community acceptance of roadway conditions. It is acknowledged that replacing the watermain in 2020 would skip the second mill and overlay in its lifecycle. If the City of Minnetonka were to proceed with expanded scope and watermain replacement, we understand the City of Plymouth may partner and replace their existing watermain at the same time given the opportunity.

Watermain Break Analysis

Watermain break history and record drawings for the corridor were provided to us by the City of Minnetonka. We understand the City of Minnetonka has conducted non-destructive sounding testing with Echologics to gauge average remaining watermain wall thickness, but with mixed confidence regarding the results. In lieu of actually opening watermain or non-destructive testing methods such as that of Echologics, an analysis was performed with focus on break history as an indicator of future break potential. Questions to be addressed in this context include:

- 1) Are there concentrated areas of breaks? Is there a higher potential of more breaks in one watermain segment versus others?
- 2) Using historical performance as an indicator of future performance, what frequency could one anticipate a watermain break occurring in any given year along the corridor?
- 3) Is the frequency of watermain breaks accelerating, indicating the break history may be understating what can be anticipated?

Review of Breaks by Segment

Watermain breaks were plotted on the attached map of Ridgemount Avenue along with year of watermain installation, watermain size, and watermain material type. The Minnetonka watermain was originally installed in 1969 as a 6" cast iron watermain, and that portion was replaced in 1997 which is 6" ductile iron watermain. Other portions of the Minnetonka system were installed in 1974 and 1975. The Plymouth watermain is a 6" cast iron installed in 1971, with exception between Forestview Lane N and Magnolia Lane N which was replaced with a 12" ductile iron main in 1981.

Table 1 summarizes the watermain break history per segment.

Table 1: Summary of Breaks by Segment								
West Limit	East Limit	City	Installation Year	Size	Material	Length	Breaks	Frequency
						[Feet]	[#]	[Breaks per Mile]
Vinewood Ln	Teakwood Ln	Plymouth	1971	6"	CIP	350	0	0.0
Pineview Ln	Magnolia Ln	Plymouth	1971	6"	CIP	900	3	17.6
Magnolia Ln	Forestview Ln	Plymouth	1981	12"	DIP	1650	3	9.6
Forestview Ln	Deerwood Ln	Plymouth	1971	6"	CIP	850	1	6.2
Deerwood Ln	Balsam Ln	Plymouth	1971	6"	CIP	650	2	16.2
Balsam Ln	Zachary Ln	Plymouth	1971	6"	CIP	650	0	0.0
Plymouth Total						5050	9	9.4
Vinewood Ln	Milbert Rd	Minnetonka	1997	6"	DIP	550	0	0.0
Sunset Dr	Synnyvale Ln	Minnetonka	1975	6"	CIP	1200	9	39.6
Synnyvale Ln	Park Ln	Minnetonka	1997	6"	DIP	1100	0	0.0
Park Ln	Hopkins Crossroad	Minnetonka	1974	6"	CIP	2600	8	16.2
Minnetonka Total						5450	17	16.5

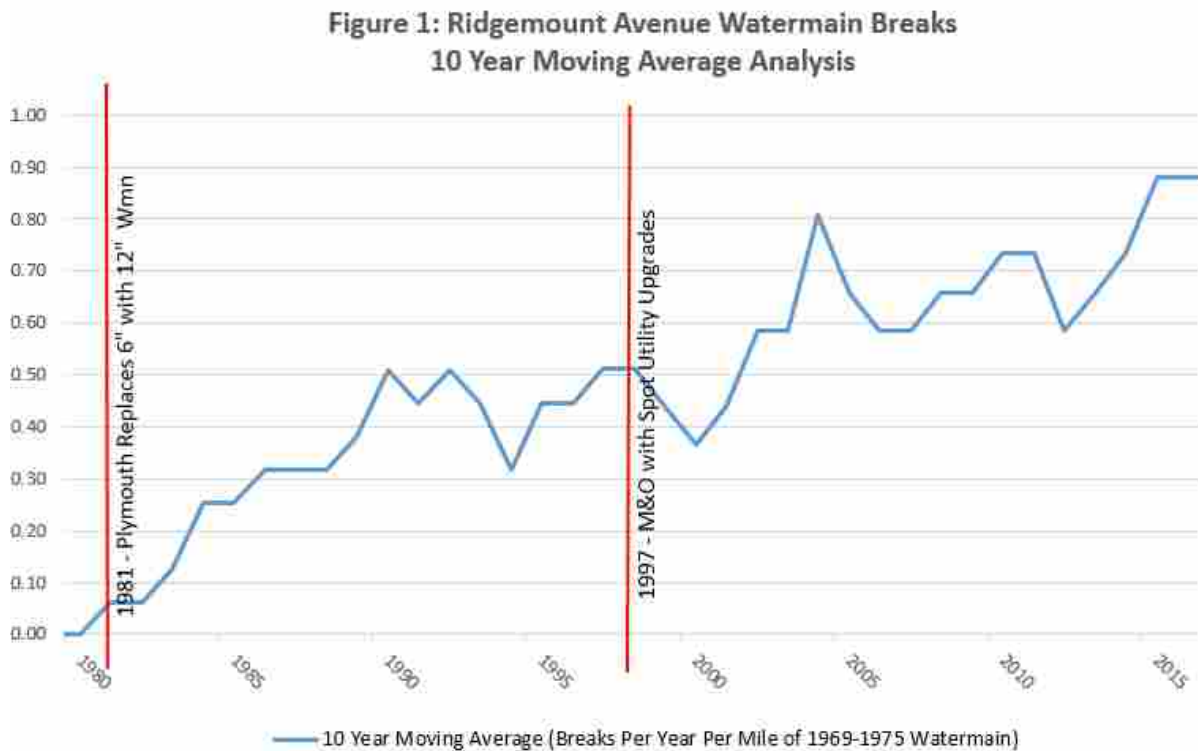
On the Minnetonka side, watermain break locations appear to be generally spread out over the length of the watermain installed in 1974 and 1975. The segment between Sunset Drive S and Magnolia Lane has seen the highest frequency of breaks within the corridor, however. Breaks had also occurred in the 1969 watermain before it was replaced. In Plymouth, the breaks encountered are scattered but most commonly found at valves.

The cast iron mains replaced with ductile iron in both communities have performed relatively well. There has not been a break on any Minnetonka watermain that was replaced with ductile iron in 1997. Subsequent analysis of watermain break history is therefore focused on the cast iron mains installed in both cities between 1969 and 1975.

Estimated Frequency of Future Watermain Breaks Using Break History

Watermain was initially installed by the two cities between 1969 and 1975, though some portions were replaced in 1981 and 1997. Since 1981 a total of 36 watermain breaks occurred along Ridgemount Ave within both communities. Breaks are often triggered by an event of some sort, but are also a function of pipe condition. For example, breaks often occur when frost penetrates the ground deeply. Such breaks still typically occur at a weak point in the watermain. Cold weather may be producing break data in flurries (i.e. exposing multiple deteriorated pipes at a singular point in time) but not truly representing a deterioration curve of the watermain pipe. In some years three or four breaks occurred, but in others zero breaks occurred in consecutive years. To best characterize the frequency of breaks and the rate of change of the watermain condition, a 10 year moving average of breaks per length (mile) of the 1969-1975 watermain was calculated.

Figure 1 below illustrates the 10 year moving average of Ridgemount Ave watermain breaks over time.



There are currently about 0.88 breaks per year per mile of 1969-1975 era watermain occurring along Ridgemount Ave. The rate of breaks has accelerated, in a nearly linear pattern over time, within the corridor at a rate of 0.023 breaks/mile/year (per year).

Project Scoping Alternatives

Three alternative project scopes were developed for purposes of direct cost and benefit comparison. The three alternatives and their assumptions are as follows:

1. Mill and Overlay

- Street would be milled and overlaid with 2” of new bituminous
- Spot replacement of curb and pedestrian facilities
- Replacement of all pedestrian curb ramps
- Watermain would not be addressed. Watermain breaks would be repaired as they occur.
- This alternative assumes the City will continue to accept watermain breaks. Breaks are assumed to occur at a rate of 0.88 breaks/mile/year which equates to 1.20 breaks per year over the 7,200 foot long corridor. The frequency breaks was estimated to increase at a rate of 0.03 breaks/year over the full corridor length.
- Each watermain break repair is estimated to cost at \$25,000. The cost of repair was assumed to increase at a rate of 5% per year.

2. Full Reconstruction

- Full depth reconstruction of the road, curb and pedestrian facilities
- Replacement of existing (1969-1975) 6” cast iron watermain via open cut methods with 8” ductile iron

3. Hybrid Pavement Reclamation & Trenchless Watermain

- Reclaim street and re-pave with 5” of new bituminous
- Spot replacement of curb and pedestrian facilities
- Replacement of all pedestrian curb ramps
- Replace the existing (1969-1975) 6” CI watermain with a new 8” ductile iron watermain via trenchless methods (i.e. bursting or other)
- No work is performed on 6” ductile watermain installed in 1997
- It is noted this scope is similar to work completed on Oakland Road in 2006

The actual costs of each alternative will assuredly vary from the estimated costs for each alternative listed in this memo. The concept cost estimates provided herein do not include costs for sanitary sewer, storm sewer, or pedestrian improvements, though such improvements may be desired through further, separate evaluation and costs weighed on their own merit. The function of these concept level estimates is for purposes of comparison of watermain and street cost alternatives. Detailed cost estimates for each alternative can be provided upon request with confirmed project scope. Total estimated costs for each alternative are listed on the next page.

Project Scope Alternatives: Cost Comparison											
Year	Option 1 - M&O					Option 2 - Reconstruction			Option 3 - Reclaim / Trenchless WMN		
	Total Estimated Street Cost	Watermain Break Frequency	Break Repair Cost	Watermain Break Costs Per Year	Total	Total Estimated Street Cost	Watermain Replacement	Total	Total Estimated Street Cost	Watermain Replacement	Total
2019	\$660,000	1.20	\$25,000	\$30,000	\$690,000	\$3,310,000	\$750,000	\$4,060,000	\$1,150,000	\$1,760,000	\$2,910,000
2020		1.23	\$25,800	\$32,000	\$32,000			\$0			\$0
2021		1.26	\$26,600	\$34,000	\$34,000			\$0			\$0
2022		1.29	\$27,400	\$35,000	\$35,000			\$0			\$0
2023		1.32	\$28,200	\$37,000	\$37,000			\$0			\$0
2024		1.36	\$29,000	\$39,000	\$39,000			\$0			\$0
2025		1.39	\$29,900	\$41,000	\$41,000			\$0			\$0
2026		1.42	\$30,800	\$44,000	\$44,000			\$0			\$0
2027		1.45	\$31,700	\$46,000	\$46,000			\$0			\$0
2028		1.48	\$32,700	\$48,000	\$48,000			\$0			\$0
2029		1.51	\$33,700	\$51,000	\$51,000			\$0			\$0
2030		1.54	\$34,700	\$53,000	\$53,000			\$0			\$0
2031		1.57	\$35,700	\$56,000	\$56,000			\$0			\$0
2032		1.60	\$36,800	\$59,000	\$59,000			\$0			\$0
2033		1.63	\$37,900	\$62,000	\$62,000			\$0			\$0
2034		1.67	\$39,000	\$65,000	\$65,000			\$0			\$0
2035		1.70	\$40,200	\$68,000	\$68,000			\$0			\$0
2036		1.73	\$41,400	\$71,000	\$71,000			\$0			\$0
2037		1.76	\$42,600	\$75,000	\$75,000			\$0			\$0
2038		1.79	\$43,900	\$79,000	\$79,000			\$0			\$0
Total Cost Over 20 Years					\$1,690,000	\$4,060,000			\$2,910,000		

Conclusions

1. The current (2017) frequency of breaks can be estimated to be 0.88 breaks/mile/year for those segments of watermain installed between 1969 and 1975.
2. The frequency of breaks appears to be accelerating at a rate of 0.023 breaks/mile/year/year. For example, this implies that in 2027 the estimated frequency of breaks will be 1.1 breaks/mile/year.
3. There is currently 7,200 feet (1.36 miles) of watermain along Ridgemount Ave that was installed between 1969 and 1975. Therefore, the current anticipated frequency of watermain breaks along Ridgemount Ave is 1.2 breaks per year, on average. Accounting for the accelerating break frequency, in 2027 the frequency is estimated to be about 1.5 breaks per year, on average.
4. Most new watermain installed is required to be 8-inch diameter to meet minimum required fire flows. While modeling of watermain is not within our scope, it can reasonably be assumed that necessary replacement of watermain due to condition (high break history) creates an opportunity for upsizing to 8 inch or greater diameter to better serve the surrounding area for fire flows. Therefore, replacement of the 1969-1975 watermain due to poor condition would also yield secondary benefits of upsizing.
5. The project scope having the lowest direct cost, measured strictly in dollars, is estimated to be the mill/overlay. This would imply acceptance of continued watermain breaks, however. Other indirect impacts and costs of this alternative should be considered however, including:
 - a. The impact of watermain breaks on adjacent land uses, such as the impact of a watermain break temporarily limiting water service to a school or church;
 - b. Public perception of the continued breaks after a significant mill/overlay investment;
 - c. Public safety issues associated with watermain breaks;
 - d. Emergency response needs;
 - e. Indirect opportunity costs of efforts which could be spent elsewhere; and
 - f. Pavement life cycle cost perspectives, as it is anticipated Ridgemount Ave will be due for reconstruction or reclamation within 20 years if mill/overlay is chosen.

In consideration of the indirect costs and impacts of continued acceptance of watermain breaks, an evaluation matrix was created to compare the three alternatives evaluated:

Project Alternative Evaluation Matrix				
Criteria		Mill & Overlay	Full Reconstruction	Reclaim / Trenchless Hybrid
Watermain	Replaces Existing Watermain	No	Yes	Yes
	Proposed System Meets Fire Flow	No	Yes	Yes
	Reduces Future Water Service Outages	No	Yes	Yes
Street	Treats Root of Pavement Distresses	No	Yes	Yes
	Duration of Construction	Weeks	Entire Season	1/2 Season
	Resulting Pavement/Curb Condition	Fair	Great	Good
	Cost of Next Pavement Management Project	High	Low	Low
	Tree Removals, Landscape Impacts, Yard Restoration	No	Yes	Limited
	Proposed facilities meet City Pedestrian Facilities Plan	Yes	Yes	Yes
Other	Opportunity for Other Public Utility Improvements	Some	Yes	Some
	Opportunity for Private Utility Improvements	No	Yes	Some
	Opportunity for Other Surface Improvements	No	Yes	Some
	School Impacts	No	Yes	No
	As Scoped in Capital Improvement Plan	Yes	No	No
	Estimated 20 Year Direct Cost (in dollars)	\$1.7M	\$4.1M	\$2.9M

Recommendation

We recommend the City of Minnetonka consider a reclamation and trenchless watermain replacement approach to the improvement of Ridgemount Avenue. The following primary rationale has led us to this recommendation:

1. The history of breaks indicates an average of 1.2 breaks/year should be anticipated, and that rate is accelerating.
2. Given their unscheduled nature, semi-routine watermain breaks are anticipated to be unacceptable to the residents of Minnetonka and Plymouth, including the adjacent school.
3. In addition to addressing the primary watermain break issue, the reclamation project offers multiple secondary benefits;
 - a. Upsizing of the watermain from 6” to either 8” or 12” for adequate fire flows
 - b. Improves the pavement section and prevents need for reconstruction or reclamation in 20 years.
 - c. The reclamation of Ridgemount Ave creates a better opportunity for addressing other improvements which may be desired but are too costly to implement with a mill and overlay project, such as minor drainage improvements, spot sanitary sewer repairs, and larger pedestrian improvements.

Ultimately, the risk of continued watermain breaks must be balanced against available public funding for such improvements, and weighed against other potential uses for such funding. We welcome discussion regarding our recommendation.

Services Provided:

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Water and Wastewater Engineering

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Water Resources Engineering

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