WAYZATA CITY COUNCIL
MEETING MINUTES
April 1, 2014

AGENDA ITEM 1. Open Local Board of Appeal & Equalization Meeting.

a. Open Board of Appeal & Equalization

Mayor Willcox opened the Board of Appeals & Equalization. Members present: Amdal, Anderson, and Tanner. Member absent and excused: Mullin.

Assessor Distel described his work as an appraiser, noting that Hennepin County assesses commercial property in Wayzata. He reported on the up-turn in the market that resulted in higher property values with residential properties increasing in a range 5% to 18%, the same values on Lake properties as last year, townhomes going from a 10% decrease to a 15% increase, and condos increasing 1.2% overall but having a range of a 20% increase to an 8% reduction. Assessor Distel provided an overview of the Assessor's responsibilities and explained how valuations were determined that provided for equalization. He advised that with seasonal properties, Hennepin County is noncompliant in that if someone did not homestead their property, it needed to be classified as seasonal/recreational.

b. Hear Appeals

Assessor Distel entered into the record the following seasonal properties: 1720 Crosby Road, 398 Waycliffe North; 293 Grace Point Court, 560 Indian Mound East, unit 3B; 585 Locust Hills Drive; and, 460 Peavey Lane.

Assessor Distel stated the house at 233 Gleason Lake Road has cracks so he recommended an evaluation reduction from $610,000 to $586.000.

Assessor Distel stated 302 Ridgewood Drive was hit by the June storm and the basement is unusable due to mold, so he recommended an evaluation reduction from $271,000 to $250,000.

Assessor Distel stated three people are in attendance to appeal their evaluations and one letter was received.

The Council considered the request from Erwin E. Stobbe, appealing the valuation of two duplex properties at 645 and 661 Ridgeview Drive.

Assessor Distel stated this property was within the Assessor's quintile for re-evaluation. He felt that both properties had been undervalued so one was increased from $242,000 to $310,000 and the other from $246,000 to $319,000.

Erwin E. Stobbe, 315 Pineview Lane N., Plymouth, stated he received the notice only three weeks ago but found one comparable, a duplex in Minnetonka that sold for $125,000 per side; however, it was not a true comparable because it contained two lots. He stated his property is 35 years old and located on the freeway, which depreciates the valuation and if each side is increased $70,000 in value, the rent would have to be increased $50/unit/month. Mr. Stobbe expressed concern that his renters could not afford such a large increase in rent because wages have not increased since the depression of 2009. He felt his duplex property was worth $260,000, not $310,000 or $320,000.

Assessor Distel presented duplex comparables he had used, one located on Beaver Dam that sold for $295,500 in January of 2013, another on LaSalle that sold for $325,000, and another private appraisal that totaled $301,000. He explained the Stobbe duplexes are 3,700 square feet in size and the comparables were 2,600 to 2,700 square feet. Assessor Distel reviewed past evaluations for the Stobbe property and explained that property valuations were back to 2009-2010 levels.

The Council asked questions of Assessor Distel relating to comparable properties and recommendation for a 30% increase in one year. The Council discussed the property and whether to reduce the increase to 15%.

Assessor Distel stated he cannot agree with that reduction as he had already adjusted the entire string of duplex. He reviewed the similar percentage of increases for other duplexes on the same street and explained that this is the quintal year and for equalization and sales, the valuation of Stobbe's properties was too low and should be corrected this year.

Mr. Willcox made a motion, seconded by Mr. Tanner, to reduce the valuation of 645 Ridgeview Drive to $300,000 and to reduce the valuation of 660 Ridgeview Drive to $310,000. The motion carried 4/0.

Mr. Willcox advised of the ability for the property owner to appeal to Hennepin County.

The Council considered the request from Jon and Jerianne Swierzewski appealing the valuation of 470 Peavey Lane.

Jon Swierzewski, 470 Peavey Lane, stated they remodeled the kitchen but the evaluation was increased from $639,000 to $747,000 in one year, an increase of 12-13%. Their concern is that this neighborhood is not close to supporting this higher valuation, their house is one of the oldest in this neighborhood, and two newer homes have been for sale for a long period of time, even after reducing the prices. He felt the increase was too large and noted one of the comparable used was a seasonal house.

Assessor Distel stated this is a very contemporary house located near the highway, considered to be a double negative. He stated one house in the same neighborhood sold for $1.035 million but it was a nicer house. Assessor Distel stated there is question whether the house will sell for the valuation but his data has allowances for the double negative and he had added only $30,000 in valuation for the remodeled kitchen.

Mr. Swierzewski stated the comparable house that sold is newer, nicer, more land, and has a pool. Mr. Distel stated other homes in the neighborhood have a 12% increase, which is not unusual for this year. He stated the valuation of this home deserves a second look and stated support for a decrease to $717,000.

Mr. Tanner made a motion, seconded by Mr. Amdal, to accept a reduction to the appraised value to $717,000 for 470 Peavey Lane. The motion carried 4/0.

The Council considered the letter appealing the valuation for Clock Tower Venture at 700 Lake Street E.

Mr. Distel stated Jeffrey W. Lambert has made an appeal on behalf of his client Clock Tower Venture, for Sunsets. It was noted there is pending litigation on prior year valuations.

The appeal of Sunsets was read into the record.

The Council considered the request from Eugenie Villamil appealing the valuation of 240 Minnetonka Avenue South/Haglund's Corner.

Eugenie Villamil, owner of Haglund's Corner, LLC, 240 Minnetonka Avenue South, stated this property has been in her family since 1960, her father constructed the building, and not many improvements have been made.

Bruce Vandornum, partner with Ms. Villamil, stated she is appealing a 68% increase in assessed valuation since last year. He referenced the two comparables that had been used to establish this increase, noting one sits on property that is 40% larger than Ms. Villamil's non-conforming lot. Mr. Vandornum stated Mr. Bennett appraised Ms. Villamil's building at $850,000, just $25,000 less than the property at 222 Minnetonka Ave. S. (Lorie Line's) that has a 40% larger lot. Then, Mr. Bennett bumped the valuation up again to $1.275 million, a 250% increase in taxes over last year.

Ms. Villamil stated she owns three properties and is appealing the increased assessed value of 240 Minnetonka Avenue South. She stated the valuation is now recommended at $1.227 million, a little lower than stated previously.

Mr. Bennett stated he has appraisals of four properties to support the valuation on 240 Minnetonka Avenue South.

Mr. Bennett stated this is a corner site and the land is valued at $35 to $40 per foot. Initially when he set the number, he had looked at the two properties on Minnetonka Avenue as being one property because there appeared to be tight parking on the parcel with the office building. He wrote off the two small structures and valued the large 5,000 square foot structure at $225 per foot. Then he split off $35/square foot and assigned it to the small retail property that is next door.

The Council discussed the property and change in valuation. Mr. Bennett stated the property owner asked for a review so he looked at 240 Minnetonka Avenue South separately and came up with $1.275 million. He stated the two good comparables are both on Minnetonka Avenue. Comparable #1 is the Lorie Line property that sold for $875,000 ($290/square foot) while it was in poor condition. The Lorie Line land is larger but it is elongated in shape with 3,600 square feet not being very usable so it doesn't add much value. Comparable #2 is for 214 Minnetonka Boulevard with a first floor condominium for $630,000 ($265.60/square foot). Mr. Bennett stated the Villamil property is twice as large as Lorie Line's and the building is of a higher quality construction. With regard to last year's evaluation of $507,000, Mr. Bennett stated it had been too low and there were other property evaluations that increased by 60%.

Mr. Vandornum stated Ms. Villamil's property is 6,600 square feet and the building is 5,000 square feet. Lorie Line's property is over 10,000 square feet, noting it had been stated earlier that the real estate is worth more than the buildings. Mr. Bennett stated Lorie Line has more land but it is inferior as being elongated in shape with the rear being unusable. He noted he had made a 20% adjustment for the land differential and it still equals $250/square foot for building area.

Ms. Villamil stated her building is 54 years old. Mr. Bennett stated the Lorie Line's building was constructed in 1930. Mr. Vandornum stated why he didn't agree with a valuation comparison between the Lorie Line and Villamil buildings.

The Council discussed the property and asked questions of staff relating to how the valuation can increase from $507,000 to $1.227 million. Mr. Bennett explained that the unit of comparison was square footage of the building and adjustments were already made for differences in the land. The Council discussed whether to consider a lower evaluation of $750,000, which would be a 50% increase over last year. Mr. Bennett stated he had also provided an income analysis based on market rents because he found the rents for this property were extremely low. The Council asked questions of Mr. Bennett and discussed the option of step increases to adjust the evaluation.

Mr. Willcox made a motion, seconded by Mr. Amdal, to reduce the appraised evaluation to $760,500 (a 50% increase) for 240 Minnetonka Avenue South.

Ms. Villamil explained why she objected to the comparison between her property and Lorie Line's property. Mr. Willcox noted Ms. Villamil has the opportunity to appeal the evaluation to Hennepin County, if desired

The motion carried 4/0.

c. Adjourn Board of Appeal & Equalization Meeting

Mr. Willcox adjourned the Board of Appeal & Equalization meeting.

AGENDA ITEM 2. City Council Meeting.

Mayor Willcox called the meeting to order at 7:55 p.m.

AGENDA ITEM 3. Call to Order and Roll Call.

Council Members present: Amdal, Anderson, and Tanner. Council Member absent and excused: Mullin. Also present: City Manager Nelson, City Planner Gadow, and Public Works Director Dudinsky.

Mr. Willcox announced that prior to tonight's meeting, the Council met in Workshop to discuss next steps for the Lakefront Plan

AGENDA ITEM 4. Approve Agenda.

Mr. Amdal made a motion, seconded by Mr. Tanner, to approve the agenda, as presented. The motion carried 4/0.

AGENDA ITEM 5. Public Forum – 15 Minutes (3 minutes per person).

a. Cellular Towers

Cathy Carlson, 226 Minnetonka Avenue N., requested an update on negotiations with the cellular providers and moving the cellular towers.

Ms. Nelson stated the Council held a workshop in November and directed staff to research options to improve the existing site. Staff will present that proposal before the Council in April or May.

AGENDA ITEM 6. Consent Agenda.

Mrs. Anderson made a motion, seconded by Mr. Amdal, to approve the consent agenda:

a. Approval of Workshop Minutes of March 18, 2014 and Minutes of March 18, 2014
b. Approval of Check Register
c. Approval of Community Room Lease Agreement with LMCD & LMCC
d. Approval of Municipal Licenses
e. Approval of Municipal Licenses which received administrative approval (informational only)

The motion carried 4/0.

AGENDA ITEM 7. Public Hearings.

a. Consider On-Sale Intoxicating Liquor License including Sunday Sales for Bob and Weave, LLC dba "6Smith" at 294 Grove Lane E.

Ms. Nelson presented the request of Bob and Weave, LLC for an on-sale intoxicating liquor license including Sunday sales for "6Smith," a restaurant located at 294 Grove Lane E., for the first floor indoor restaurant, the first floor outdoor patio on the south side of the building, and a second floor patio restaurant on the rooftop. Staff recommends approval of both licenses as the applications are in order.

Randy Stanley, owner of "6Smith," thanked the Council and staff for accepting them into Wayzata. He described menu offerings for this full service restaurant and target opening on June 17.

Mr. Willcox opened the public hearing at 8:03 p.m. There being no input, Mr. Willcox closed the public hearing at 8:04 p.m.

Mr. Tanner made a motion, seconded by Mr. Amdal, to approve the request of Bob and Weave, LLC for an on-sale intoxicating liquor license including Sunday sales for "6Smith," a restaurant located at 294 Grove Lane E., for the first floor indoor restaurant, the first floor outdoor patio on the south side of the building, and a second floor patio restaurant on the rooftop. The motion carried 4/0.

b. Consider On-Sale Intoxicating Liquor License including Sunday Sales for Sakana Sushi, Inc. dba "Sakana" at 683 Lake Street E.

Ms. Nelson presented the request of Sakana Sushi, Inc. for an on-sale intoxicating liquor license including Sunday sales for Sakana, a restaurant located at 683 Lake Street, to include the first floor indoor restaurant and a compact and contiguous outdoor patio area adjacent to the restaurant. Staff recommends approval of both licenses.

Travis Devine, Sakana Manager and Marketing Director, explained why the name was changed for this establishment and thanked the Council for considering their liquor license.

Mr. Willcox opened the public hearing at 8:07 p.m. There being no input, Mr. Willcox closed the public hearing at 8:08 p.m.

Mrs. Anderson made a motion, seconded by Mr. Amdal, to approve the request of Sakana Sushi, Inc. for an on-sale intoxicating liquor license including Sunday sales for Sakana, a restaurant located at 683 Lake Street, to include the first floor indoor restaurant and a compact and contiguous outdoor patio area adjacent to the restaurant. The motion carried 4/0.

AGENDA ITEM 8. New Business.

a. Consider On-Sale Intoxicating Liquor License including Sunday Sales for McCormick Hospitality Group dba "McCormick's" and an On-Sale Wine License for Civitali Restaurant Corp. dba "Punch Neapolitan Pizza"

Ms. Nelson indicated that McCormick's has requested an on-sale intoxicating liquor license including Sunday sales; however, it had not disclosed two liquor license violations in the past five years. In the past 27 months, McCormick's has failed two alcohol compliance checks. Ms. Nelson noted that this establishment also applies for an annual special event permit for St. Patrick's Day and this year, the information for the permit was submitted on March 6th and pertinent information was missing from the application. This late submittal of the application and missing information caused last minute policy/procedure questions to be examined by staff relative to liquor service and temporary licensure.

The Council discussed compliance measures and whether the City will do something more than the State allows. Ms. Nelson reviewed the escalating fee scale for failed liquor compliance checks and when license suspension/revocation is considered. She stated if the Council supported additional measures after two violations, or additional compliance checks, staff could research those options.

Tim McCormick, McCormick Hospitality Group, stated they are embarrassed about the violations because they work hard to be a good business partner in Wayzata and understand the importance of this issue. Mr. McCormick described changes made to their procedures and Alcohol Awareness Policy to bring attention to this issue every day and mitigate future problems. He reported on their expansion plans and thanked the Council for its support.

The Council acknowledged that Mr. McCormick understands the seriousness of this situation and has taken corrective action.

Mrs. Anderson made a motion, seconded by Mr. Amdal, to approve the request of McCormick Hospitality Group, dba 'McCormick's" for an on-sale intoxicating liquor license including Sunday Sales. The motion carried 4/0.

Ms. Nelson presented the request of Civitali Restaurant Corp. for an on-sale wine license and advised there had been two liquor license violations. She indicated staff recommends approval as the application is in order.

John Puckett, Punch Neapolitan Pizza, stated they are embarrassed about the liquor violations and described changes to employee training and license check procedures to prevent future violations.

Mr. Amdal made a motion, seconded by Mrs. Anderson, to approve the request of Civitali Restaurant Corp. dba "Punch Neapolitan Pizza, for an on-sale wine license. The motion carried 4/0.

The Council discussed the work of the Police Department and asked whether officers should participate and/or assist with employee training.

c. Discuss Wellhead Protection Plan

Mr. Dudinsky explained the Wellhead Protection Plan is required by the State and is a means by which public water suppliers can protect the groundwater resources that supply drinking water to the community's wells. He stated Part I of the Plan was approved by the Minnesota Department of Health and will be presented tonight. Part II of the Plan will now be developed and presented at a future Council meeting.

Mark Janovec, Stantec (Bonestroo) Senior Scientist, presented the Wellhead Protection Plan, Part I Study, and advised that the Minnesota Department of Health has determined Wayzata's wells have a moderate vulnerability setting.

With regard to private wells, Mr. Dudinsky explained that Part II will identify those locations so the wells can be monitored and tracked, assuring protection of the City's water supply. If not in use, the State requires that private wells be properly abandoned or obtain a maintenance permit. Mr. Dudinsky stated the drinking water management area will be adjusted slightly to include the Holdridge area.

Mr. Dudinsky explained that following the Minnesota Department of Health's approval of the Part II Plan later in the year, the Council will consider formal adoption of the approved Plan.

Informational; no action required.

c. Discuss Cru Restaurant Development Agreement Update

Mr. Gadow reviewed that the Council, at its September 17, 2013, meeting, unanimously adopted Resolution No. 32-2013 approving an application from Sunset's Restaurant for an amendment to an existing 1988 Development Agreement to allow additional outdoor patio seating and a Conditional Use Permit (CUP) for an outdoor sidewalk café on 12 feet of City right-of-way. He explained that since the 2013 approval, Sunset's Restaurant has changed ownership and the new owner has decided to rebrand with a new name of "Cru," and to reconfigure the existing restaurant space to make it more functional.

Mr. Gadow stated the new owner has decided to not implement some of the items that were included in the 2013 approval including the 18 seat outdoor enclosed bar. Instead, the new owner would like to replace the 18 seat bar with 16 seasonal outdoor seats, similar to what already exists on the patio. This will result in reducing the total number of rear patio seating approved in 2013 by two seats. In addition, eliminating the enclosed bar structure also eliminates the need for the condition of a future financial obligation for 14 parking spaces.

Mr. Gadow described the changes proposed by the new owner to maintain the same number of interior seats as approved in 1988, with the exception of reducing the standard seating and increasing the number of bar seats by 7, from 18 to 25. The net result is that the overall number of interior seats would not exceed the 210 seats approved in the 1988 Development Agreement.

Mr. Gadow stated the new owner would still utilize the approved outdoor sidewalk CUP to have tables and chairs on the City's right-of-way but would not remove the three brick planters as previously proposed. Instead, the new owner would add a bench on the eastern side of the planter boxes in keeping with the 2013 conditions of approval. The outdoor waiting area that was approved on City right-of-way in 2013 would be relocated off City right-of-way and onto the rear patio area of the property. He stated the new owner would be willing, if the Council desired, to replace the three existing crab apple trees with autumn blaze maple trees. Mr. Gadow presented the landscaping plan and materials board.

Mr. Gadow explained that staff wanted to provide the Council with an update on the new owner's proposed revisions for the restaurant space and receive guidance on how to proceed with these proposed modifications.

The Council reviewed the new plans and asked questions of Mr. Gadow relating to safety of the outdoor seating area and bench design. It was noted that the location of the proposed new bench cuts off the other area. Mr. Gadow stated the bench could be wrapped or relocated, if the Council desired.

Neal Webber, representing the new owners, stated the ownership has changed and the concept has changed. He stated the first floor has been gutted and the new concept will be for an open Hamptons-style décor. Mr. Webber stated the landscape designers recommended replacing the crab apple trees to create unity; however, that is at the option of the Council. He explained the proposed bench is made of teak and the location is the same as recommended by the Council.

The Council asked that the bench location be adjusted so it is more interwoven and does not create a barrier. The Council indicated a preference to keep the existing crab apple trees and expressed concern that the proposed maple trees may block viewscapes once matured. With regard to parking, Mr. Gadow stated the 2013 approvals and draft agreement included language that the building owner would have obligation for 14 additional parking spaces. However, that obligation would not be triggered with the new concept as the enclosed bar structure is no longer part of the plan. Staff was asked to work on the location of the bicycle racks. Mr. Gadow explained that should the paver sidewalk be damaged during this project, the building owner would be required to make the repairs. Mr. Webber stated they talked about the paver sidewalk, which has deteriorated and is a trip hazard, and whether they may like it replaced. He suggested they meet with staff on the paver sidewalk on whether it will be replaced. The Council agreed with that suggestion.

Mr. Gadow stated the attorney would finalize this development agreement for presentation to the Council at its next meeting.

<u>AGENDA ITEM 9. City Manager's Report and Discussion Items.</u>

Ms. Nelson provided an update on the construction projects that will occur this summer and status of the Walgreens/Anchor Bank project. Mr. Gadow stated the Planning Commission, at its next meeting, will consider the related final plat for the three residential parcels and associated variances. In addition, bylaws will be considered and absences addressed.

With regard to commercial property valuations, Ms. Nelson stated she thinks the City is dealing with some anomalies with commercial properties that had been under valued. She stated she will follow up on this matter with Jim Atchison.

Mr. Gadow stated part of the Lakefront discussion included a partnership with Minnesota Nice Ride, which is looking at a test expansion. He stated he has asked Minnesota Nice Ride staff to attend a future Park & Trails Board meeting to determine whether a partnership can be worked out.

Mr. Gadow advised of the opportunity, May 5-8, to have Gil Penalosa, a placemaking expert, lead a discussion or conduct a walking tour related to walkability. Mrs. Anderson asked whether staff had considered other walkability experts such as Jeff Speck. The Council discussed options including having a lecture series to keep interest high in the Lakefront Effect and conducting a pedestrian movement survey through the summer months. Ms. Nelson noted this may be an opportunity to look at sidewalks in the 600 block, which had been delayed. The Council supported staff's suggestion to schedule a presentation by Gil Penalosa.

Mr. Gadow reported on interest in having a Taproom in the east end of the Boat Works building. He asked whether the Council was willing to consider this topic at a future workshop. The Council discussed what is meant by a brewpub and taproom. Mr. Gadow stated if approved, the Boat Works PUD would need to be amended and parking addressed. The Council supported discussing this matter at its April 15, 2014 Workshop.

Ms. Nelson reported that Senator Dave Osmek will provide an update at the April 15, 2014 Council meeting. The Council supported starting the process to improve pedestrian crossings and walkway.

Mrs. Anderson reported on activities of the Wayzata Volunteer Committee and opportunities to volunteer.

Ms. Nelson advised of the two newly hired employees and recruitment for two park positions. The Council invited newly hired staff members to introduce themselves at an upcoming meeting.

<u>AGENDA ITEM 10. Public Forum Continued (if necessary).</u>
There were no comments.

<u>AGENDA ITEM 11. Adjournment.</u>
Mr. Tanner made a motion, seconded by Mr. Amdal to adjourn. There being no further business, Mr. Willcox adjourned the meeting at 9:25 p.m.

Respectfully submitted,

Becky Malone

Becky Malone
Deputy City Clerk

Drafted by Carla Wirth
TimeSaver Off Site Secretarial, Inc.