WAYZATA CITY COUNCIL
MEETING MINUTES
July 5, 2017

AGENDA ITEM 1. Call to Order.

Mayor Willcox called the meeting to order at 7:00 p.m.

AGENDA ITEM 2. Pledge of Allegiance.

AGENDA ITEM 3. Roll Call.

Council Members present: Koch, McCarthy, Plechash and Tyacke. Also present: City Manager Dahl, Director of Planning and Building Thomson, and City Attorney Schelzel.

AGENDA ITEM 4. Approve Agenda.

Mr. Tyacke made a motion, seconded by Mr. Plechash, to approve the agenda. The motion carried 5/0.

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

a. Recognition of 2017 C. C. Ludwig Award Winner

Mayor Willcox described the C.C. Ludwig Award, and recognized this year's award recipient, Terry Schneider, Mayor of Minnetonka. He highlighted Mayor Schneider's years of service with Minnetonka, his accomplishments, and ways he has helped the City of Wayzata.

AGENDA ITEM 6. New Agenda Items.

Mr. Tyacke requested a report from the City Manager regarding Sunday liquor sales. City Manager Dahl agreed.

AGENDA ITEM 7. Consent Agenda.

Mayor Willcox referred to item 7(f), and noted they should talk with Mr. Rapp regarding his previous recommendation of hiring an Administration person to handle liquor operations.

Mayor Willcox referred to item 7(g), and stated he objects to some language in the agreement. He referred to page 120 of the meeting packet, item Nos. N(1) and N(2), and inquired what the requirements have to do with block grants. He commented it feels like a political requirement and does not mean anything because they already follow those policies.

Mr. Tyacke agreed the requirements felt out of place. City Manager Dahl suggested they table it to the next meeting and ask the County why the requirements are part of the agreement.

Mayor Willcox referred to item 7(d), and expressed concern that they are asking the public to give notice and pay a $35.00 fee to remove a tree. The intent of the ordinance is to prevent someone from clear-cutting their property and the previous ordinance had a penalty that worked. It seems they are penalizing people for something that may or may not happen.

Mr. Tyacke stated there have been problems that warrant this ordinance and the reason for the permit is to assure there is a licensed contractor to remove the tree and allow the City to provide assistance with utilities, if needed.

Mr. Plechash advised he was initially opposed to having a fee and calling it a permit, but was then convinced the fee was appropriate because of the work staff would be doing to make sure the contractor was licensed. If this ordinance was not in place, someone could completely clear-cut their property and suffer no consequence.

Mayor Willcox requested item 7(d) be pulled from the Consent Agenda, and voted on separately.

Mrs. McCarthy suggested they waive the fee if a homeowner plans to remove the tree on their own and not hire a licensed contractor.

Mayor Willcox explained he understands that with any type of development, a person is required to come to the City for a permit. However, he does not support penalizing a homeowner for removing a tree.

Mr. Dahl suggested they table item 7(d), determine if they can make some decisions through the fee schedule component, and approve the second reading at the next meeting.

Mr. Koch agreed the permit process is onerous to someone who wants to cut down a tree and does not capture the original intent of the ordinance.

City Attorney Schelzel advised an ordinance requires a reading at two consecutive meetings, and if this is tabled, it will be on the agenda for two additional meetings. The fee issue is not addressed in the amending ordinance, but is part of the fee schedule.

Mayor Willcox made a motion, seconded by Mrs. McCarthy, to pull item 7(d) from the Consent Agenda. The motion carried 4/1. (Tyacke)

Mrs. McCarthy made a motion, seconded by Mr. Koch to pull item 7(e) from the Consent Agenda. The motion carried 4/1. (Tyacke)

Mr. Plechash made a motion, seconded by Mrs. McCarthy, to pull item 7(g) from the Consent Agenda. The motion carried 5/0.

Mayor Willcox commented he would like staff to consider what the old ordinance used to be, and incorporate the protection of heritage trees.

Mrs. McCarthy suggested they address items 7(d) and (e) as part of a workshop.

Mr. Plechash made a motion, seconded by Mr. Koch, to table items 7(d) and (e) to a future meeting, and bring it to a workshop for more discussion. The motion carried 4/1. (Tyacke)

Mrs. McCarthy made a motion, seconded by Mr. Tyacke to table item 7(g) to the next regular meeting, and direct staff to provide a report on the intent of the items raised by Mayor Wilcox and if the agreement can be amended. The motion carried 5/0.

Mr. Tyacke made a motion, seconded by Mrs. McCarthy, to approve the amended consent agenda, with the removal of items 7(d), 7(e) and 7(g):

a. Approval of City Council Workshop Minutes of June 20, 2017, and City Council Regular Meeting Minutes of June 20, 2017

b. Approval of Check Register

c. Approval of Municipal Licenses

~~d. Approval of Second Reading of Ordinance No. 772 Amending Chapter 710 and Section 801.36 of the City Code Pertaining to Tree Regulations~~

~~e. Approval of Resolution No. 24-2017 Amending the City's Fee Schedule~~

f. Approval of Professional Services Proposal from Craig Rapp, LLC to Conduct an Update to the 2014 Organizational Analysis

~~g. Approval of Resolution No. 23-2017 Authorizing the Execution of a Joint Cooperation Agreement with Hennepin County for Participation in the Urban Hennepin County Community Development Block Grant Program~~

h. Approval of Resolution 25-2017 Calling for a Public Hearing on September 5, 2017 for the Modification to Tax Increment Financing District #3 (Widsten)

The motion carried 5/0.

<u>AGENDA ITEM 8. Public Hearing.</u>

a. Public Hearing and Consider Approval of an On-Sale Intoxicating Liquor License and Sunday On-Sale Intoxicating Liquor License for Sushi Fix Holdings LLC DBA "Sushi Fix" at 862 Lake Street East

City Manager Dahl reported the applicant and new owner, Sushi Fix Holdings, LLC, has applied for an on-sale intoxicating liquor license and Sunday on-sale intoxicating liquor license for their restaurant located at 862 Lake Street East.

Mrs. McCarthy commented in the past they have had more information regarding liquor license applications and inquired if they had received a report from the Police Chief regarding this establishment. Mr. Dahl advised he will provide more information to the Council with future liquor license applications.

Mr. Tyacke inquired if the new owner is affiliated with the previous owner. Mr. Dahl stated there is a new owner and the previous owner will not be part of the ownership. It is a partnership with another owner in Japan.

Mikoko Inamoto, Restaurant Manager, stated the restaurant will remain the same. Mr. Shoji Suzuki, former owner, commented he has been helping to make a smooth transition of ownership.

Mayor Willcox opened the public hearing at 8:00 p.m. There being no input, Mayor Willcox closed the public hearing at 8:01 p.m.

Mrs. McCarthy made a motion, seconded by Mr. Plechash, to approve the On-Sale Intoxicating Liquor License and Sunday On-Sale Intoxicating Liquor License for Sushi Fix Holdings LLC DBA "Sushi Fix" at 862 Lake Street. The motion carried 5/0.

AGENDA ITEM 9. New Business.

a. Consider Termination of Covenant at 150 Lake Street West

Director of Planning and Building Thomson reported TCF National Bank currently owns the vacant property and 150 Lake Street West, and Inland Development Partners has a purchase agreement to purchase the property. It is a two-story office building with 85 parking stalls on site.

Mr. Thomson reported in 1998, a covenant that was filed against the property that restricts the use of the lower level basement. Staff's understanding is that the covenant was put in place to ensure that the site would provide adequate parking to serve the uses within the building. Inland Development Partners expressed concern that the covenant is more restrictive than what the current zoning of the property would allow, and has requested its termination. They have indicated they would like to use the basement for mechanical and storage, with the potential of adding common amenities for the tenant of the building. Its use would not increase parking demand and require additional parking.

Mr. Thomson reported if the new owner decided to add commons amenities, it will require a building permit. The permit would only be issued if the change of use complied with parking requirements. City staff recommends the City terminate the covenant on the property.

Mrs. McCarthy suggested they amend the existing covenant instead of terminating it completely, and inquired how many more offices they would be allowed with the current parking available. Mr. Thomson responded with 26,000 square feet of office space and 85 parking stalls, there is very limited excess parking on the site. Staff could amend the current covenant, but it is uncommon to have covenants on a property that are addressing zoning ordinance provisions that apply to the property regardless if there is a covenant. The zoning code could also change over time, and if there is a covenant on the property, it would have to be amended as well.

Mrs. McCarthy explained that there is currently leased storage in the basement, and this requires tenants to use parking while they access their storage. She expressed concern with removing the covenant and does not support a rental storage facility use.

Mr. Thomson commented the entire west lake development is also covered by a cross parking agreement by all of the properties.

Mr. Tyacke inquired if rented storage is an authorized use of that space. Mr. Thomson responded they were aware of it, it has been that way since the building was constructed, and they have never found it to be in violation of the City's ordinance.

Mr. Tyacke inquired what interest the Housing and Redevelopment Authority (HRA) has with the property. Mr. Thomson responded the HRA originally owned the property. It was sold, subject to a development agreement between the HRA, and a TIF agreement with the HRA and all the property owners in that development. The only property the HRA owns is the water treatment plant west of this site.

City Attorney Schelzel advised if the covenant were terminated, it would require action by both the City and the HRA. In order to amend the covenant, they would need the cooperation of the current property owner.

Mayor Willcox inquired how the use of a storage facility is allowed and if the basement could be used for residential. Mr. Thomson responded the zoning ordinance and development agreement for this property regulates uses on the upper floors of a building differently than a basement. In the Lake Street zoning district (C-4), it allows uses of retail and office on the upper floors of a building, while the basement does not have the same restrictions.

City Manager Dahl commented it is their understanding that the basement is currently leased out to one party.

Nick Ruehl, former Mayor of Excelsior, commented if the basement has no daylight available, residential would not conform to codes.

Mr. Koch commented he supports termination of the covenant. It was poorly written if it allows rented storage space, and may not be worth much anyway.

Mr. Tyacke stated he is still perplexed with the use of rented storage space and would like verification if it is allowed in the (C-4) district.

Mrs. McCarthy stated she would be more comfortable with a carefully crafted amendment. Parking challenges are only going to get worse and they must be very conscientious on how they move forward.

Mayor Willcox inquired how the City would be triggered if a more intense use was requested since there is a cross parking agreement throughout the development site. Mr. Thomson responded the parking ordinance requires a minimum number of parking stalls for use on the property itself.

Mr. Plechash made a motion, seconded by Mr. Koch, to terminate the covenant on the property located at 150 Lake Street West, and adopt the Termination of Covenant document.

Mrs. McCarthy commented the potential buyer is also the HRA Chair, and is listed in the Covenant along with the City. City Attorney Schelzel stated if the HRA votes on this matter, he will need to recuse himself from the vote due to a conflict of interest.

Mr. Tyacke requested a condition be added that City staff will determine if the use for rental storage is a permitted use. Mr. Thomson responded in the zoning district, an allowable accessory use is "enclosed storage of merchandise in either the principle or the accessory building solely intended to be retailed by a related and established principle use." He explained it allows for storage of goods for tenants of the building, but not for someone who is not related to the principle tenants. Mr. Dahl stated they need to better understand who is storing things in the basement.

Mr. Koch pointed out it is a zoning issue, not a covenant issue. Mr. Dahl agreed.

Mr. Plechash commented the covenant was put in place to make sure use of basement would not require additional parking. However, the current ordinances cover that and the covenant is useless. Any change in the use will require review by the City through a building permitting process.

Mr. Tyacke inquired if there will be a development agreement with the new owner, or if they will be deeded the property and the covenant will terminate. He does not see a problem with terminating the covenant, but does not support grandfathering in a noncompliant use.

The motion carried 4/1. (McCarthy)

b. Consider Approval of 2017-2020 Strategic Business Plan

City Manager Dahl reported on the background, benefits, and strategic objectives for the development of the 2017-2020 Strategic Business Plan. The five strategic objectives include: 1) Wayzata has a strong financial foundation; 2) Wayzata offers efficient and effective operations; 3)

Wayzata provides thoughtful growth; 4) Wayzata is an active and healthy community; and, 5) Wayzata celebrates an engaged community.

Mr. Dahl reported they plan to track and update the plan twice a year, determine timing of tasks and how realistic they are, and make the Strategic Plan more user friendly and marketable. Some areas that were pushed back to next year were allocation of funds to the parks masterplan and ordinance tweaks there were not critical.

Mr. Tyacke referred to page 155 of the meeting packet, item No. 3.3, Develop Branding and Marketing Campaign. He inquired if that is being done for the business community or if they are doing their own. Mr. Dahl responded they intend to develop an organizational branding plan. This involves how they use their logos and finding other opportunities through communications where they can do a better job of branding the organization. There is separate initiative to work on a visitor's bureau tax that would be addressed in a few years.

Mrs. McCarthy stated it would be helpful to have a "percent complete" column included on the Gantt chart. She also pointed out in January 2018 through April 2018, Planning and Building has six initiatives above and beyond their daily work. Mr. Dahl responded he has discussed this with Mr. Thomson and they feel comfortable with how it is. It is a flexible document that can be amended as things come up.

Mrs. McCarthy inquired if the City department heads and staff support this plan. Mr. Dahl stated they have provided feedback and appreciate direction on what they should be working on in addition to typical operations.

Mayor Willcox referred to page 157 of the meeting packet, item No. 4.1.1, Develop a Comprehensive Park Plan for the Community. He stated the purpose of it was not to be huge, but to encourage the Parks and Trails Board to consider what they want in their parks and how it fits into their overall vision of what the parks should deliver. He does not care to hire an expensive consultant. Mr. Dahl stated they will have to figure out the scope of this project and work with the Council for approval.

Mrs. McCarthy stated there are two objectives: 1) For the Parks and Trails Board to be able to deliver a product that provides a vision that the City can incorporate into the budget process and Comprehensive Plan; and, 2) To assist the volunteers on the Board during this process. She requested staff work with the Board to gage their level of comfort to meet these objectives. It does not make sense to spend a lot of money on something they do not want. The Board's role may be to help facilitate, but not actually draft the document.

Mr. Plechash inquired if the Council will be updated on progress made with the plan. He agreed with Mrs. McCarthy that it would be helpful to have a percentage completion rate on the chart, or a green/yellow/red light rating. Mr. Dahl stated they plan to have two updates a year and would also like to show how agenda items fit into the Strategic Plan, or if they do.

Mayor Willcox referred to page 156, item No. 3.1.1, Study Downtown Retail Market. He stated they conducted a study on the retail market in the past in conjunction with the Wayzata Chamber of Commerce, and it would be beneficial to partner with them again.

Mr. Koch commented they looked at past strategic plans the City has done and he was impressed with the number of items on the plan had been completed or were significantly underway.

Mr. Dahl thanked Mr. Ruehl who facilitated the process and helped draft the Strategic Plan document. He stated they intend to put this document on the website to let people know what they are working on.

Mr. Plechash made a motion, seconded by Mr. Tyacke to accept the 2017-2018 Strategic Plan.

Mr. Tyacke thanked City staff for their help throughout this process.

The motion carried 5/0.

AGENDA ITEM 10. City Manager's Report and Discussion Items.

a. Report on Sunday Liquor Sales

City Manager Dahl reported Sunday liquor sales were strong. It was a holiday weekend, they had $8,000 in sales and were open fewer hours than a typical day.

b. Mill Street Parking Ramp

City Manager Dahl reported the parking ramp did open before the holiday weekend and they are still putting some finishing touches on the outside and some signage. It provides almost 400 additional parking stalls to the public.

Mrs. McCarthy she has received a lot compliments about the aesthetics of the ramp and it looks beautiful at night. She suggested they have a ribbon cutting or some other type of celebration to recognize all that has been invested in this project. It is a huge milestone for the City. City Manager Dahl advised he will look into it.

c. Comprehensive Plan Engagement Process

City Manager Dahl stated he has received inquiries regarding the next stage in the Comprehensive Plan engagement process. He will be getting a timeline this week and will distribute it to the Council. They will then start talking about key dates and steering committees.

Mayor Willcox commented the Flying Pancake Breakfast served 1,600 people and was a great success, Sue Johnson was the grandmother of the year selected to ride the firetruck on Broadway, and the current issue of *MSP* magazine has an article on Wayzata and retail.

AGENDA ITEM 11. Public Forum Continued (as necessary).

There were no comments.

AGENDA ITEM 12. Adjournment.

Mrs. McCarthy made a motion, seconded by Mr. Tyacke to adjourn. There being no further business, Mr. Willcox adjourned the meeting at 8:48 p.m.

Respectfully submitted,

Becky Malone 07-18-2017

Becky Malone
Deputy City Clerk

Drafted by Shannon Schmidt
TimeSaver Off Site Secretarial, Inc.