

**DEEPHAVEN CITY COUNCIL MEETING
MONDAY, AUGUST 1, 2016
MINUTES**

1. **CALL MEETING TO ORDER:** Mayor Paul Skrede called the meeting to order at 7:00 p.m.

PRESENT: Mayor Paul Skrede, Councilmembers Steve Erickson, Tony Jewett, Darel Gustafson, and Keith Kask

STAFF: Police Chief Cory Johnson, Zoning Coordinator Dale Cooney, and City Administrator Dana Young

2. **PLEDGE OF ALLEGIANCE**

The Council recited the Pledge of Allegiance.

3. **APPROVE CONSENT AGENDA**

Motion by Councilmember Kask to approve the Consent Agenda, consisting of the following items:

- A. Approve July 18, 2016 Council Minutes
- B. Approve Verifieds
- C. Approve June 2016 Treasurer's Report

Seconded by Councilmember Erickson. Motion carried 5-0.

4. **MATTERS FROM THE FLOOR**

Tim Thompson, 19000 Azure Road, was present to complain about the water runoff coming from the large home built next to his property. He stated that the home was built excessively high and is convinced that the ball was dropped in allowing the increase in grade. As a result, he has received major flooding in his yard. He stated that raising the grade of the house in excess of three feet requires a variance. He stated that this problem is not of his doing and wants a fix. He stated that he believes there was 6-8 feet of fill add to the property.

Mayor Skrede stated that he and Councilmember Gustafson had talked to Tim about this issue over the weekend and he had also talked to Zoning Coordinator Dale Cooney about it this morning. He stated that the City would look into the matter in greater detail.

5. PLANNING & ZONING REQUESTS

A. Approve Final Plat at 19615 Manor Road - Aspect Design Build has made application for a Final Plat at 19615 Manor Road. "Webb Pond" would plat the existing lot into two buildable properties.

Zoning Coordinator Cooney summarized the staff report. He said that Aspect Design Build has applied for a Final Plat for the Webb Pond Subdivision (19615 Manor Road), which would plat the existing R-2 property into two buildable properties.

Cooney said that the City Council reviewed the Preliminary Plat at their July 5th meeting and that the preliminary plat was approved with the condition that the lot areas were confirmed. He said that the City Council also requested a copy of the easement agreement noted on the survey. Cooney said that the lot area was confirmed on the updated preliminary plat survey attached to this staff report. He said that a copy of the easement agreement is attached to the staff report and that the easement agreement is an access agreement for a previously existing gravel driveway.

Cooney said that the applicant has submitted payment for the required fees totaling \$20,400 of which \$18,000 were for park dedication fees and the remainder of which was a sewer lateral connection fee in the amount of \$2,400.

Cooney said that as a condition of the final plat, the applicant is required to show evidence of title. He said that the applicant has submitted a copy of the title insurance policy and the city attorney has confirmed that this is an acceptable form of evidence of title.

Cooney said that the applicant has paid the required subdivision escrow fee of \$3,000. He said that once hourly consultant fees for the project have been accounted for, the escrow will be returned to the applicant, less the consultant fees.

Cooney said that he recommends approval of the Final Plat for Webb Pond, with the following conditions:

- a) That the drainage and grading plans be approved by the City Engineer prior to the issuance of a building permit for each lot on an individual basis.
- b) The applicants comply with the requirements of the Minnehaha Creek Watershed District.

He said that his findings were as follows: the proposed plat does not impact the integrity and general development of the community, does not impact the health, safety and general welfare of the neighborhood, will not negatively impact the traffic on adjacent streets, would not have an adverse impact on property values and will maintain the general character of the neighborhood.

Cooney said that the Planning Commission did not review the final plat, since city code requires the submittal of Final Plats directly to the City Council for action.

Cooney concluded his staff report.

Councilmember Kask said that he recalled a city code requirement that sewer connections over 50 years old would need to be replaced with a new sewer connection when a new house is to be built.

Mayor Skrede asked if the fees exceeded the escrow amount, would the applicant be willing to pay the additional fees. Shaun Winkler of Aspect Design/Build, the applicant, said that they would be willing to pay the additional fees.

Councilmember Jewett said that he would recommend cleaning up the easement issue.

Motion by Councilmember Kask to approve the Final Plat of the Webb Pond subdivision based on the findings and conditions of staff, as presented. Motion seconded by Councilmember Gustafson. Motion carried 5-0.

B. Consider request of New Look Renovations for a variance from the minimum required front yard setback in order to construct a new house at 3700 Hamilton Avenue.

Zoning Coordinator Cooney summarized the staff report. He said that New Look Renovations, builder for the property owners, has applied for a variance to construct a new house at 3700 Hamilton Avenue. Cooney said that the R-3 parcel currently has a legal non-conforming house on the property and that the homeowners would like to remove the existing home and build a new house in roughly the same footprint of the existing house.

Cooney said that Section 1302.05(3) of the zoning ordinance requires a front yard setback of 35 feet. He said that the applicants are requesting a front yard setback of 24 feet and are seeking a variance of 11 feet. Cooney noted that with a lot depth as narrow as 70 feet at the building line and with the required setbacks and house width totaling 75 feet (35 ft. front setback, 15 ft. rear setback, 25 ft. house width), a variance would be required to build on the property, regardless of the proposal.

Cooney said that the steps off of the front porch encroach three feet and that the vast majority of the encroachment is 8 feet into the required front for the proposed front porch. Cooney noted that much of the house maintains the approximate footprint of the existing house and detached garage.

Cooney said that Section 1310.03 of the zoning ordinance requires that a single family residential dwelling must be a minimum of 25 feet wide at its narrowest dimension. Applicants are proposing a house that has a narrowest dimension of 22 feet for the area of the front entry area, with the bulk of the house having a width of 24 feet, 4 inches. Cooney noted that if the front porch is included in the calculation, the house meets the minimum width required by code. He said that in conversations with the architect, they would be happy to comply with the minimum house width requirement if necessary, but that it would not increase the functionality of the house. Cooney said that the house is otherwise zoning code compliant.

Cooney stated that, as proposed, the property would have 40.2% impervious surface area. He said that since the proposed impervious surface expansion is less than 500 square feet, the stormwater management requirements of Section 1353 are not triggered.

Cooney said that he recommends approval of the variance request of New Look Renovations to encroach 11 feet into the minimum required front yard setback for the property at 3700 Hamilton Avenue, as presented, and based on the following findings:

(a) Is the variance in harmony with the purpose and intent of the ordinance?

The purpose and intent of the ordinance is to allow the orderly development and redevelopment of property within the city and when the ordinance standards cannot be met, it outlines the procedures to vary from these standards. The applicant is seeking to vary from the stated setback standards of the ordinance in order to construct a new house in roughly the same footprint of the existing non-conforming house. The lot width creates challenges for the property, but the overall design remains in harmony with the purpose and intent of the ordinance.

(b) Is the variance consistent with the comprehensive plan?

The request is consistent with the Comprehensive Plan's Housing Elements Goals and Policies which promotes the redevelopment of residential property within the city.

(c) Does the proposal put property to use in a reasonable manner?

The proposal puts the property to use in a reasonable manner. The use of the property would be consistent with other similar sized properties in the community. The scale of the proposal and the requested variance is reasonable in that it is typical of the character of the community and would not unduly impact any of the neighboring properties.

(d) Are there unique circumstances to the property not created by the landowner?

The width of the property creates difficulties in meeting the setback requirements of the ordinance. Based on the lot width, a variance is required to construct a zoning code compliant house.

(e) Will the variance, if granted, alter the essential character of the locality?

The proposal would not alter the essential character of the locality. The property is of a similar size to other single-family properties in the neighborhood. The new house is of a scale and character that will integrate well within the community.

Cooney said that the Planning Commission held a public hearing at their July 19th meeting, and recommended approval of the variance request, as presented, based on the recommendations and findings of staff. He said that the Planning Commission requested that the height of the house be shown on the plan delivered to the City Council, but that the applicant had not been able to provide that information prior to this meeting.

Cooney concluded his staff report.

Councilmember Jewett asked about the indication on the survey that said that the northeast corner of the porch was 22 feet from the property line. Cooney apologized for the mistake and said that the variance request would be for a 13 foot front yard setback.

Mayor Skrede said that he understands that the applicant does not want to spend too much money on house plans if a variance is rejected, but he said that the plans are not as well-developed as he would have preferred. He asked if the deck at the back of the house was to remain.

Dale Travis of New Look Renovations said that there would not be a deck in the back yard.

Councilmember Erickson said that he did not feel that the porch should be included in the 25 foot house width requirement and that he would prefer to waive the requirement in this particular case. Erickson said that the property would be 40% hardcover and that the city is not requiring mitigation. Cooney said that the ordinance excludes expansions of hardcover under 500 square feet. Erickson said that he would like to see some kind of mitigation requirements for new construction, regardless of the 500 square foot exception.

Councilmember Kask agreed that he would also like to see some kind of mitigation requirement for new construction.

Mayor Skrede asked if the trees in the back on the neighbor's property would be damaged. Dale Travis said that they would not. Skrede said that he would like to make sure those trees do not die due to the construction and that the screening will be beneficial for both property owners.

Motion by Councilmember Kask to approve the variance request of New Look Renovations to encroach 13 feet into the minimum required front yard setback for the property at 3700 Hamilton Avenue, as presented, based on the recommendations and findings of the Planning Commission. Councilmember Kask further moved to waive the 25 foot house width requirement for the property. Motion was seconded by Councilmember Erickson. Motion carried 5-0.

C. Consider request of Cyclone Construction for variances from the minimum required front yard setback, and minimum required side yard setback in order to construct a house addition at 19450 Rosedale Avenue.

Zoning Coordinator Cooney summarized the staff report. He said that Cyclone Construction, builder for the property owners, has applied for a variance to construct an addition for 19450 Rosedale Avenue. The addition would encroach into the front and side yard setbacks. He said that the property is an R-2 parcel and the existing home has a slightly non-conforming front setback. He said that the proposed changes would make the front setback more non-conforming while also creating a side yard encroachment.

Cooney said that Section 1302.04(3) of the zoning ordinance requires a front yard setback of 50 feet. Applicants are requesting a front yard setback of 42 feet, 1 inch and are seeking a variance of 7 feet, 11 inches. He said that the existing house, built in 1957, is currently 49 feet, 7 inches

off of the front property line, and that both the proposed covered porch and the garage would encroach further into the front setback.

Cooney said that any addition onto the front of the house would trigger a variance. He said that the porch encroachment, while significant, is for an open porch, and is approximately one-quarter of the length of the house. He said that the garage could easily be pushed back such that it would not encroach, but the overall encroachment in this area is less than 3 feet into the setback.

Cooney said that the proposed garage would also encroach into the side yard setback. He said that Section 1302.04(3) of the zoning ordinance requires a side yard setback of 20 feet. Cooney said that the applicants are requesting a side yard setback of 18 feet, 8 inches and are seeking a variance of 1 foot, 4 inches. He said that the proposed garage would allow the applicant to convert the existing garage into living space within the existing footprint of the house. Cooney said that, in his opinion, the garage is as narrow as practical for a new two car garage, and building a new garage in this area would be difficult without some kind of encroachment.

Cooney said that the proposal allows a small, outdated 1950's rambler to be modernized and upgraded, with minimal overall impacts to the adjacent properties or the surrounding community.

Cooney said that the zoning ordinance requires that a single family residential dwelling must be a minimum of 25 feet wide at its narrowest dimension. He noted that the portion of the house that is being converted from garage to living space is 24 feet, 2 inches wide and said that the City Council should determine if the status of the garage represents a legal non-conformity.

Cooney stated that since the proposal expands impervious surface area by more than 10% from existing conditions, and the expansion is over 500 square feet, the stormwater management requirements of Section 1353 are triggered. He said that the applicant would be required to provide stormwater mitigation for those areas over the 25% impervious surface area limitation. He said that since this property is in a non-Shoreland area, these mitigation requirements are not part of the variance request, and will be reviewed with the building permit.

Cooney said that he recommends approval of the variance requests of Cyclone Construction to encroach 7 feet, 11 inches into the minimum required front yard setback, and to encroach 1 foot, 4 inches into the minimum required side yard setback for the property at 19450 Rosedale Avenue, as presented, and based on the following findings:

(a) Is the variance in harmony with the purpose and intent of the ordinance?

The purpose and intent of the ordinance is to allow the orderly development and redevelopment of property within the city and when the ordinance standards cannot be met, it outlines the procedures to vary from these standards. The applicant is seeking to vary from the stated setback standards of the ordinance in order to build an addition onto a slightly non-conforming house. The new garage and front porch are difficult to build without a variance, but are reasonable encroachments and are in harmony with the purpose and intent of the ordinance.

(b) Is the variance consistent with the comprehensive plan?

The request is consistent with the Comprehensive Plan's Housing Elements Goals and Policies which promotes the redevelopment of residential property within the city.

(c) Does the proposal put property to use in a reasonable manner?

The proposal puts the property to use in a reasonable manner. The property is a reasonable expansion and modernization of a 1957 rambler.

(d) Are there unique circumstances to the property not created by the landowner?

The location of the existing house creates practical difficulties for any expansion or upgrades towards the front of the lot. The width of the house and proximity to the setbacks makes it challenging to add a modern garage without some kind of encroachment.

(e) Will the variance, if granted, alter the essential character of the locality?

The proposal would not alter the essential character of the locality. The proposed changes maintain significant setbacks, and the house will remain of a size and scale that is consistent with other updated homes in the area.

Cooney said that the Planning Commission held a public hearing to review the application at their July 19th meeting and recommended approval of the requests based on the recommendation and findings of staff.

Cooney concluded his staff report.

Mayor Skrede said that he would want to waive the 25 foot house width requirement in this case.

Councilmember Erickson asked if this was a non-conformity or a variance. Cooney said that since the garage area is not currently living space, it could be interpreted either way.

Councilmember Kask said that the intent of the ordinance was for a minimum house size of 25 feet by 25 feet and that the intent was not to ensure that the entire house was 25 feet wide.

Mayor Skrede said that he would like to have houses narrower than 25 feet continue to come before the city council.

Ryan Seifert of Cyclone Construction, the applicant, said that this request is very similar to the variance granted for 19500 Rosedale Avenue to remodel that house.

Motion by Council Kask to accept the recommendation and findings of the Planning Commission and approve the variance requests of Cyclone Construction to encroach 7 feet, 11 inches into the minimum required front yard setback, and to encroach 1 foot, 4 inches into the minimum required side yard setback for the property at 19450 Rosedale Avenue, as presented. Kask further moved to waive the 25 foot minimum house width requirement. Motion was seconded by Councilmember Erickson. Motion carried 5-0.

D. Consider the variance request of Mitchell Shephard to exceed the maximum permitted grade alteration in conjunction with the construction of a new driveway at 19255 Cedarhurst.

Zoning Coordinator Cooney summarized the staff report. He said that Mitchell Shephard, the property owner, is requesting a variance to exceed the maximum permitted grade alteration in order to construct a new driveway at 19255 Cedarhurst. He said that the driveway will serve the new house that is being built on the property.

Cooney said that Section 1312.04 of the zoning ordinance requires a variance for any land alteration greater than three feet at any point. He said that the applicant is proposing a land alteration of up to 8 feet, and is seeking a variance of 5 feet from the maximum permitted land alteration.

He said that the current house on the property hosts a tuck-under two-stall garage, with driveway access on two sides of the property and that the applicants are proposing a lower-level tuck-under garage, and a main level garage. He said that both driveway accesses would remain, but the primary driveway access would now access garage stalls on the main level of the structure, creating the need for the grading variance. He said that the main driveway would be separated from the lower-level garage and driveway via a retaining wall.

Cooney said that because of the relationship of the existing home's main level to the site elevation; it is challenging to expand the new house in this direction without some kind of significant land alteration. He said that the existing house is built on a high point on the property, with the grade falling away quickly, particularly to the north and east. Cooney said that while there is ample room to expand the house within the setbacks to the north and east, the grading becomes an issue. He said that the main level of the new home maintains the main level elevation of the existing home.

Cooney said that Section 1310.03 of the zoning ordinance requires that a single family residential dwelling must be a minimum of 25 feet wide at its narrowest dimension and that portions of the proposed house would be as narrow as 18 feet wide. Cooney said that the City Council has not required firm adherence to this rule where the main body of the house has exceeded this width requirement. Cooney said that the applicant is seeking a variance of 7 feet from the minimum required house width.

Cooney said that he recommends approval of the variance request to exceed the maximum permitted grade alteration by 5 feet for the proposed driveway, and the variance request of a reduction of 7 feet from the minimum required house width at 19255 Cedarhurst, as presented, and based on the following findings:

(a) Is the variance in harmony with the purpose and intent of the ordinance?

The purpose and intent of the ordinance is to allow the orderly development and redevelopment of property within the city and when the ordinance standards cannot be met, it outlines the procedures to vary from these standards. The applicant is seeking to vary from the stated land alteration requirements, to build a new house on a property with difficult grading issues. The

alterations are in conformance with the purpose and intent of the ordinance in that they maintain existing drainage patterns and are not an attempt to circumvent height restrictions.

(b) Is the variance consistent with the comprehensive plan?

The request is consistent with the Comprehensive Plan's Housing Elements Goals and Policies which promotes the redevelopment of residential property within the city.

(c) Does the proposal put property to use in a reasonable manner?

The driveway regrading is reasonable. The property is attempting to work with existing but challenging site grading while also expanding the footprint of the house on the lot.

(d) Are there unique circumstances to the property not created by the landowner?

The property has unique topography, including the existing tuck under garage area and a steep drop off in the rear yard. Expanding the house footprint is challenging without some kind of grade alteration.

(e) Will the variance, if granted, alter the essential character of the locality?

The proposal would not alter the essential character of the locality. The proposed grade alteration would maintain the elevation of the main floor of the existing house. The property is of a scope and scale similar with other houses within the community.

Cooney said that the Planning Commission held a public hearing on the application at their July 19th meeting and recommended approval of the request, as presented based, on the recommendation and findings of staff. Cooney said that the Planning Commission requested that the survey be updated to show the required pool setback, that the elevation drawings show the height of the house to the peak of the roof, and that the applicant provides an rendering of the proposed retaining wall.

Cooney concluded his staff report.

Mayor Skrede clarified that the grade and retaining wall are being added to pull up the driveway.

Councilmember Kask said that permits are required for retaining walls over 42 inches high and that a retaining wall must be setback from another retaining wall a distance equal to the height of the retaining wall, otherwise it would be considered a single retaining wall.

Councilmember Jewett said that the survey showed a double retaining wall, but the drawing showed a single retaining wall.

Mitchell Shephard said that he does not want a single eight-foot wall. He said he has children and that he would be worried about a wall of that height but a double wall could impact a number of trees, which is problematic as well. He said he is still finalizing the design of the wall.

Mayor Skrede said that a boulder wall would fit aesthetically with the neighborhood.

Councilmember Erickson said that he would be concerned with the possibility of an 8 foot fall off of a retaining wall.

Councilmember Kask noted that the Cedarhurst Homeowners Association has their own set of rules that are different from the city's rules and that the city's decision does not bind the homeowners association.

Mayor Skrede said that he was aware of a thirty foot height limit for the Cedarhurst houses. Cooney said that the applicant gave him documentation that their property, Tract J, was able to go up to 35 feet, 6 inches.

Councilmember Jewett said that he thought this would be a nice project and that this was a challenging site.

Motion by Councilmember Jewett to approve the variance requests of Mitchell Shephard to exceed the maximum permitted grade alteration by 5 feet for the proposed driveway and for a reduction from the minimum required house width by 7 feet for the proposed house at 19255 Cedarhurst. Motion Seconded by Councilmember Erickson. Motion carried 5-0.

E. Consider the conditional use permit request of Stephen Petersen to operate a boutique coffee roasting business at 18305 Minnetonka Boulevard, Lower Level.

Zoning Coordinator Cooney summarized the staff report. He said that Stephen Petersen is the property owner at 18305 Minnetonka Boulevard and he would like to operate a boutique coffee roasting business in the lower level of his building. He said that the roasting process would be less than 10 pounds of coffee per week, and less than 1 hour per week. Cooney said that the business will be located in the C-1 zoning district. Cooney said that, currently, coffee roasting is not listed in Section 1302.02(2) as a permitted or conditional use in the district and that the closest match staff could find for an existing conditional use under which this proposal could fit would be "catering establishment".

Cooney said that the applicant has enclosed a narrative describing the scope and purpose of the coffee roasting business. He said that the applicant describes the roasting as essentially a hobby, and that the coffee beans would be distributed to his son's restaurant, or for personal and office use. Cooney said that the narrative states that there would be approximately 5 pounds of beans roasted each week, and that the roasting process takes less than 1 hour. He said that no walk-in retail sales are proposed, and deliveries and pick-up of the beans would be by the owner.

Cooney said that currently the C-1 district allows "catering establishments" as conditional uses within the district. Cooney said that coffee is a food product and the applicant is preparing and delivering the product to local vendors. He said that if the City Council is supportive of the use, but feels that "catering establishment" is not a justifiable category for the proposed use, an amendment to the C-1 zoning district will be required to list the new conditional use category.

Cooney said that if the City Council is not supportive of the use, they can recommend denial of

the application since coffee roasting does not easily fall into one of the permitted or conditional uses within the district.

Cooney said that the applicant currently has office hours of 8 AM to 4 PM, Monday through Friday and that he would recommend that any coffee roasting be limited to current office hours. Cooney said that he does not anticipate any traffic impacts from the proposed business.

Cooney said that the primary impact he expects from the roasting would be odor and smoke. He said that the roasting machine uses a gas burner, and other features are powered through a standard electrical outlet. He said that the roasting of the beans themselves takes place internally in a drum. He said that the roasting machine will be required to meet all building code requirements for venting, gas piping, and any other safety regulations.

Cooney said that, while it is hard to quantify the odor impacts from the process, based upon the proposed scale of the business, he expects the impacts would be minimal. He recommended limiting the roasting operation to 1 hour per week. He said that if the business were to expand operation beyond this limitation, further conditions may be required as part of a new conditional use permit process.

Cooney said that he recommends approval of the conditional use permit request of Stephen Petersen to operate a catering establishment at 18305 Minnetonka Boulevard, Lower Level, as presented based on the following findings:

Upon review of the application, it was determined there would be no negative impact on development of the community, the character and development of the neighborhood, the health, safety, and welfare of occupants of surrounding lands, existing and anticipated traffic conditions, including parking facilities, on adjacent streets, and the effect on property values of the subject premises and in the surrounding area.

Cooney recommended the following conditions be placed on the business:

- (a) the business will be limited to roasting not more than 10 pounds of coffee per week, and not more than 1 hour of roasting per week
- (b) roasting will take place between the hours of 8 AM to 4 PM, Monday through Friday
- (c) installation and operation of the roasting machine must comply with all building code requirements and safety regulations for the proposed use
- (d) walk-in retail sales are prohibited
- (e) pick-up or delivery of the product is limited to single rear axle straight trucks or smaller vehicles typically used to serve office and residential areas
- (f) any expansion of the parameters of the business would require approval of a new Conditional Use Permit

Cooney concluded his staff report.

Mayor Skrede said that it would be hard to enforce if the applicant exceed 10 pounds per week. He said that he was comfortable with the “catering establishment” use category. Skrede asked if the amounts stated in staff’s conditions were negotiated.

Stephen Peterson said that the amounts were at the high end of what he proposed. He said that the only reason he would like to move it into the office building is that it is too big to fit into his home kitchen.

Councilmember Erickson said that Dunn Brothers roasts coffee in their stores and that the odor is fine if you like coffee.

Mayor Skrede asked how the applicant would address possible complaints about the smell. Peterson said that it is possible to install an afterburner that would help alleviate the smell.

Councilmember Jewett asked how the city would have found out about this coffee roasting operation if the applicant had not applied for a Conditional Use Permit. Cooney said that he probably would not have known it was taking place unless there was a complaint.

Mayor Skrede asked if staff was fine the conditional use permit process in this case. City Administrator Young said that the conditional use permit is fine and that the conditions of staff help define the permit.

Councilmember Erickson moved to approve the conditional use permit request of Stephen Petersen to operate a catering establishment at 18305 Minnetonka Boulevard, Lower Level, as presented, based on the recommendations, findings, and conditions of the planning commission. Motion was seconded by Councilmember Gustafson. Motion carried 5-0.

F. Ordinance No. 13-75, Amending Section 1305 regarding Temporary Family Healthcare Dwellings - Proposed changes in response to state law enacting temporary family health care dwellings requirement.

Mayor Skrede said that the law is well intentioned but it also allows cities to opt out. Mayor Skrede entertained a motion to adopt the ordinance and waive the second reading.

Motion by Councilmember Erickson to adopt ordinance 13-75 regarding Temporary Family Health Care Dwellings, as written and further moved that the Council waive the second reading and direct staff to publish the amendment in the city's official newspaper. Motion was seconded by Councilmember Jewett. Motion carried 5-0.

6. UNFINISHED BUSINESS

A. Approve 2017 EFD Operating Budget & Capital Equipment Budget

Councilmember Erickson stated that this is the second draft of the 2017 EFD Operating Budget. He stated that he asked for and received a \$16,075 reduction from the first draft of the budget. He stated that this budget includes reductions in non-critical expenses and noted that it was a reasonable reduction due to the \$21,848 decrease in the bond payments owing to the refinancing of the bonds last year. He provided a general overview of the operating expenses.

Mayor Skrede asked if there had been a change to the Standard Operating Procedures in allowing the number of duty crew members responding to calls.

Councilmember Erickson stated that there had been a change, particularly with medical calls. He stated that the duty crew responds to medical calls in smaller vehicles and the first vehicle out in a fire call can now be staffed with only two firefighters. He noted that further discussions and revisions will be needed on duty crew policies. He added that the stay-at-home model hasn't worked very well so that the duty crew is back to operating out of the station.

Councilmember Jewett noted that this helps to keep a crew at the station.

Councilmember Erickson agreed and noted that they try to schedule duty crews for the busiest times of the week. He stated that this emphasis on duty crews has resulted in a \$20,000 increase in the 2017 EFD Budget.

Mayor Skrede asked for clarification on the length of the lease payments for Engine 22 and appreciated the EFD's review of the call data in their consideration of duty crew schedules.

Councilmember Erickson stated that he looks forward to continuing to work with the District on future equipment needs in the effort to potentially reduce the footprint on the overall size of the trucks. He stated that there has been a more aggressive analysis on vehicle needs than there has in the past.

Mayor Skrede noted that Deephaven's 2017 contribution to the EFD will be \$488,979, which is a \$22,644 increase over the current year.

Councilmember Erickson stated that both Deephaven and Excelsior have borne the brunt of the overall increase due to the shift in the tax capacity rates of the five member cities.

Mayor Skrede noted that approval of the EFD Operating Budget requires support from three out of five member cities and approval of the Capital Equipment Fund requires support from four out of five member cities.

Motion by Councilmember Kask to approve the 2017 EFD Operating Fund Budget in the amount of \$999,918. Seconded by Councilmember Gustafson. Motion carried 5-0.

Motion by Councilmember Kask to approve the 2017 EFD Capital Equipment Fund Budget in the amount of \$170,000. Seconded by Councilmember Erickson. Motion carried 5-0.

Councilmember Jewett noted that the EFD only expects to make \$80,000 off the sale of the old Aerial Truck 11 and asked if the EFD should consider keeping it.

Councilmember Erickson noted that the problem with keeping the second aerial truck is that both the old and new aerial trucks would need to be certified and the ladder tested annually. He added that there isn't garage space to keep the old truck and the EFD doesn't need it.

Mayor Skrede agreed that there would need to be additional garage space to keep the second aerial truck. He added that he thought it would be reasonable to ask the District to keep the old aerial.

Councilmember Gustafson noted that with duty crews using smaller vehicles, perhaps the District doesn't need the larger truck.

Mayor Skrede stated that it would be interesting to better understand the ramifications of keeping the aerial truck.

Councilmember Erickson stated that he believes the sale of the old aerial truck, estimated at \$80,000, should be taken out of the annual Capital Equipment Fund levy.

Further discussion was held on the proposed leasing of the aerial truck. Mayor Skrede requested that staff check on the legality of a member city financing the new aerial truck.

B. Approve License Agreement with Kent & Mary Carlson

Mayor Skrede stated that this proposal was presented by Kent Carlson several meetings ago under Matters from the Floor so the Council should be familiar with this proposal.

Administrator Young provided a brief review of the proposed landscaping plan in the unimproved portion of Lakeview Avenue.

Councilmember Kask stated that he appreciated the intent to resolve sand and salt laden snow at the end of Lakeview Avenue, which is a more worrisome type of runoff.

Mayor Skrede stated that the proposed license agreement has been reviewed by Kent Carlson and noted that the unimproved portion of Lakeview Avenue cannot be sold at some future date.

Motion by Councilmember Kask to approve the License Agreement with Kent & Mary Carlson at 20505 Lakeview Avenue for storm water and landscaping improvements on the unimproved portion of Lakeview Avenue. Seconded by Councilmember Gustafson. Motion carried 5-0.

C. Other

There was no other Unfinished Business this evening.

7. NEW BUSINESS

A. Other

There was no other New Business this evening.

8. DEPARTMENT REPORTS

A. Police Department

Police Chief Johnson presented the July Incident Report for Council review and stated that National Night Out will be held on August 2nd with 11 block parties scheduled throughout the City. He added that the Tour de Tonka will be held this Saturday.

B. Excelsior Fire District

Councilmember Erickson provided a summary of response to the boat fire that occurred last week at the Greenwood Municipal Docks.

C. Public Works

Administrator Young provided an update on recent and upcoming public work activities.

D. Administration

Administrator Young provided a brief summary on the following items:

- 2016 Year to Date Summary
- Building Permit Update

9. ADJOURNMENT

Motion to adjourn by Councilmember Erickson, seconded by Councilmember Gustafson. Motion carried 5-0. The meeting adjourned at 9:00 p.m.

_Respectfully submitted,
Dana H. Young
City Administrator