

**DEEPHAVEN CITY COUNCIL MEETING  
MONDAY, APRIL 16, 2018  
MINUTES**

1. **CALL MEETING TO ORDER:** Mayor Paul Skrede called the meeting to order at 6:00 p.m.

PRESENT: Mayor Paul Skrede, Councilmember's Tony Jewett, Steve Erickson, Kent Carlson, and Darel Gustafson

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

2. **PLEDGE OF ALLEGIANCE**

The Council recited the Pledge of Allegiance.

3. **LOCAL BOARD OF APPEAL & EQUALIZATION**

Mayor Skrede recessed the Regular Council meeting and convened the Board of Appeals and Equalization at 6:01 p.m. He introduced City Assessor Dan Distel and Hennepin County Assessor Ashley Gunderson.

Dan Distel stated that 20% of the City is reappraised each year and provided a list of neighborhoods that he reappraised last year and those he planned to reappraise this year. He noted that he will be taking pictures of the properties this year and the Police Department has provided him with a sign identifying him as the City Assessor. He stated that he is required to place a value on each home in Deephaven, with the estimated market value targeted at 95% of actual sale prices.

Mayor Skrede asked him how the value of land is determined after a home is torn down.

Dan Distel stated that, for example, a \$350,000 home on Rutledge Road may get torn down with a value of \$200,000 on the land and \$150,000 on the building. He stated that he would still keep the value of \$200,000 on the land even if the new value of the property was listed at \$650,000.

Mayor Skrede asked if this house in this example later sold for \$650,000, what value would it be given. Would it be given a value close to \$650,000?

Dan Distel stated that it would. He added that a number of homes he had valued were on the low side. He noted that sales have indicated that there should be a higher value given to newer homes, at double or triple the sale price of other homes.

Councilmember Jewett stated that he is occasionally asked whether there is a multiplier used for on-lake properties vs. off-lake properties.

Dan Distel stated that there is no multiplier used, as it all depends on the individual property.

Councilmember Erickson stated that there would be a significant value change with the same home located in the Park or in Cottagewood.

John Flynn, 19200 Cedarhurst

John Flynn stated that the value of his property is proposed to increase \$86,000. He noted that this is a large increase in one year. He stated that property taxes are unfair as it is based on the value of a property you may have purchased years ago. He stated that he could see this increase spread over three years.

Dan Distel stated that the sales in Cedarhurst indicated a need for a significant increase. Most properties have gone up 3-4% per year. He stated that this property had been kept at \$640,000 in 2015 & 2016 and \$648,000 in 2017. He stated that there are certain areas such as Amesbury, Robinson's Bay and Cedarhurst that have been identified as too low.

Mayor Skrede noted that the increase is only on the land. Dan Distel agreed.

Further discussion was held on the sales of comparable property in Cedarhurst.

Dan Distel noted that all indications show that values in this area were too low.

Mayor Skrede asked if land values were similar in these properties.

Dan Distel stated that they were similar. He also noted that there is an easement across John Flynn's property and no allowance has been made for this factor.

Councilmember Carlson asked for the values on properties in Cedarhurst that had been demolished. Dan Distel provided several examples.

Mayor Skrede stated that he would have preferred this valuation increase spread over several years instead of a one-year increase.

Councilmember Jewett asked why land values dropped from 2015 to 2016.

Dan Distel stated that after conducting an overall study, land values at the time were shown to be too high for properties with lake rights. He stated that he offset this by increasing the building value.

Councilmember Erickson stated that he knows it is a large one-year increase but noted that it is very comparable to other properties in this area and doesn't find the value out of line. He stated that \$50,000 could be added to the land value simply for lake access. He stated that the owner probably has had a pretty good deal the past few years with his overall value.

Councilmember Jewett stated that he is familiar with at least three of the comparables. He stated that in consideration of the value of the teardowns, he felt that the value of this property was there. He added that a 13% increase stinks, but it is fair.

Councilmember Carlson stated that it would be hard to lower the value and be fair to the neighborhood.

Councilmember Gustafson stated that this is a tough increase, but has seen it happen on Rutledge Road. This type of increase places undue pressure on whoever lives there. He agrees with the assessment but it is a tough increase.

Motion by Councilmember Erickson to approve no change in the land value of \$516,000 and building value of \$218,000 for a total market value of \$734,000 at 19200 Cedarhurst. Seconded by Councilmember Carlson. Mayor Skrede and Councilmember Gustafson opposed. Motion carried 3-2.

Wendy & Gregory Kappes, 4948 Vine Hill Road

Wendy Kappes stated that she had sent a letter to the Board outlining her comments regarding the comparables used by Dan Distel. She stated that her house has a number of challenging factors, including the surrounding traffic, her driveway is not paved, and her basement can't be finished. She stated that the relatively new addition should be offset by the fact that there is no new wiring in the house. She stated that her house is not in a prime neighborhood and is in need of a major remodel if not a tear down.

Dan Distel reviewed his comparables and noted that he even provided a second analysis that adds an annual growth rate to the value of recent teardown properties, which results in a value of approximately \$285,000. He stated that adding the \$44,500 addition to this value makes it comparable in value to the Kappes's property. He stated that he believes \$321,000 is a fair market value for this property considering the newer addition. He did note, however, the impact of the traffic of the property bordering two busy streets.

Wendy Kappes stated that she can't see someone paying an additional \$44,500 for her property above Dan Distel's estimate of \$285,000.

Dan Distel stated that the value has not gone up very much on this property since 2015, despite the State requiring a 3-4% increase per year. He stated that he figured this as an old house valued at \$265,000 but the addition has added \$60,000 in value to the property.

Councilmember Erickson asked if the house had ever been on the market.

Wendy Kappes stated that it had not.

Councilmember Erickson stated that he struggles with a \$289,000 comparable on Vine Street. He stated that a number of comparables have a lower value and don't have nearly the same traffic issues as this property. He stated that even with the addition, this house is going to be a tear down. He stated that it is a small lot in a terrible location.

Councilmember Jewett agreed that this is a tricky property. He stated that it is hard to figure out the detriment due to the busy streets and he would be agreeable to lowering the value.

Councilmember Carlson stated that he struggles a little with the size of the lot and with the traffic. He noted that the land value has not changed but the building value has been increased \$9,000.

Councilmember Erickson stated that he would be agreeable to moving the value back to last year's value of \$312,000 due to the detriment of the busy roads and the property owner didn't challenge last year's value,

Motion by Councilmember Erickson to approve a land value of \$132,000 and building value of \$180,000 for a total market value of \$312,000 at 4948 Vine Hill Road. Seconded by Councilmember Jewett. Motion carried 5-0.

Charles & Jylan Johnson, 18145 Hummingbird Road

Dan Distel stated that he was contacted by the Johnson's who expressed concern that most of their neighborhood had lower values than their property. He stated that after reviewing the data conversion, he found a clerical error that would lower their value from \$461,000 to \$449,000.

Mayor Skrede noted that Dan Distel would normally have made this adjustment himself but since he noted the error within ten days of this meeting, he has to obtain approval from the Board.

Motion by Councilmember Carlson to approve a land value of \$195,000 and building value of \$254,000 for a total market value of \$449,000 at 18145 Hummingbird Road. Seconded by Councilmember Gustafson. Motion carried 5-0.

Motion by Councilmember Gustafson to adjourn the Board of Appeal & Equalization meeting. Seconded by Councilmember Erickson. Motion carried 5-0. The meeting adjourned at 7:12 p.m.

Mayor Skrede reconvened the Regular Council meeting at 7:18 p.m.

**4. APPROVE CONSENT AGENDA**

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

- A. Approve April 2, 2018 Council Minutes
- B. Approve 2018 SafeAssure Contract
- C. Approve March 2018 Treasurer's Report

Seconded by Councilmember Erickson. Motion carried 5-0.

## 5. MATTERS FROM THE FLOOR

There were no Matters from the Floor this evening.

## 6. PLANNING & ZONING REQUESTS

### A. Variance Request of Joel Conner and Rachel Jarosh to exceed the maximum permitted impervious surface coverage for the property at 4300 Chimo East

Zoning Coordinator Cooney said that the City Council reviewed the application at their April 2 meeting and tabled a decision until the applicants were able to obtain signatures from the affected stakeholders on the project: the Chimo Homeowner's Association and the Schott household at 4290 Chimo East. He distributed an agreement provided by the applicant that included signatures from both the HOA and the Schott household.

Cooney said that the applicant has modified the original mitigation plan by replacing the filtration system with a rain garden based on cost and maintenance concerns for current and future property owners. He said that the applicant has also eliminated the street curbing from the proposal, although it remains something they may pursue with the HOA at a later date.

Cooney summarized the request stating that the property owners have applied for variances to redo the hardcover on the R-2 property at 4300 Chimo East. He said that Section 1302.04(2) of the zoning ordinance limits the maximum impervious coverage of the property to 25%. He noted that the applicants are proposing an impervious surface area of 27.11% and are seeking a variance to exceed the maximum impervious surface area by 2.11%. Cooney stated that the property is currently at 27.56% impervious, and that the proposal is a slight reduction from existing conditions.

Cooney said that the property would be required to provide 110.6 cubic feet of mitigation volume. He noted that the applicants are proposing 117 cubic feet of mitigation volume via a rain garden, with excess runoff routed towards the lake via stormsewer belonging to the homeowners association.

Cooney recommended approval with conditions of the variance requests of Joel Conner and Rachael Jarosh to exceed the maximum allowable impervious surface area by 2.11%, for the property at 4300 Chimo East, as proposed, with the following condition:

- A. The applicants enter into a maintenance agreement with the city to ensure the long-term operation and maintenance of the stormwater management improvements. The maintenance agreement shall be executed and recorded against the parcel.

Cooney said that his recommendation is based on the following findings:

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

Yes. The requested excess impervious surface area reduces impervious conditions from existing while also providing required mitigation.

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

The request is consistent with the Comprehensive Plan's Housing Elements Goals and Policies which encourages safe, healthy and quality housing that respects the natural environment of the community.

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

Yes. The impervious areas, while they exceed code requirements, are improvements from existing conditions.

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

Yes. The excess impervious areas are an existing condition of the property created prior to their purchase of the home in 2015.

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

No. The proposal would not alter the essential character of the locality.

Cooney said that the Planning Commission held a public hearing at their March 20 meeting, and on a 2-2 vote recommended denial of the application based on the findings that the application did not meet the practical difficulty standard since the hardcover was installed illegally without a variance, the desire to exceed the maximum allowable hardcover is created by the landowner and not a unique circumstance, and that redoing the impervious areas on the property allows the property owner to bring the property into compliance by reducing hardcover areas throughout the property.

Cooney concluded his staff report.

Mayor Skrede confirmed with Cooney that the maintenance agreement was his only condition. Cooney said that was correct.

Joel Conner, applicant, said that the design change was to take into account City Council comments regarding capturing some of the street runoff before it reaches the lake.

Councilmember Carlson made a motion to approve the variance request with conditions based on the recommendation, findings and conditions of staff. Motion was seconded by Councilmember Gustafson. Motion carried 5-0.

## **7. UNFINISHED BUSINESS**

### **A. Accept Resignation of Police Officer Troy Stransky**

Motion by Councilmember Erickson to accept the resignation of Police Office Troy Stransky effective April 11, 2018 and to authorize the Police Department to post an opening, interview and make a conditional offer to a candidate. Seconded by Councilmember Gustafson. Motion carried 5-0.

**B. Approve Cost to Encrypt Police Mobile Radios (\$5,423.63)**

Mayor Skrede noted that Chief Johnson informed him that we can cover these costs through a recent forfeiture and donation.

Chief Johnson stated that the encryption of mobile radios is really being pushed by Hennepin County as it allows for inner operability between neighboring agencies. He stated that when we replaced our mobile radios in 2012, encryption was never an option. Fortunately, the mobile radios still have the ability for encryption because they are relatively new.

Councilmember Jewett asked about the difference between portable radios and mobile radios.

Chief Johnson stated that portable radios are carried by the officers and mobile radios are in the police cars. He stated that we have six mobile radios.

Motion by Councilmember Gustafson to approve the encryption of six mobile radios for the Deephaven Police Department at a cost of \$5,423.63. Seconded by Councilmember Erickson. Motion carried 5-0.

**C. Discuss Coordination of Warming House Project**

Administrator Young stated that it has become apparent from the Warming House preconstruction meeting and from earlier Council discussions that at least two committees will need to be formed to ensure that the Warming House Project moves forward in a timely manner. He stated that one committee would be the Design Committee, which would make all final decisions relating to lighting fixtures, bathroom fixtures and color schemes.

He stated that the second would be the Construction Committee, which would meet with the contractor on a bi-weekly basis and make all decisions regarding the construction of the warming house, including change orders.

Mayor Skrede stated the Construction Committee may include Chief Johnson for safety considerations, Councilmember Jewett would advise on the hockey rinks, and Councilmember Carlson would help with the building decisions. He stated that we want to make sure that the building moves forward and any significant change order would come back to the City Council.

Councilmember Erickson stated that he does not have an issue with the committees and no issue with authorizing a cap on change orders.

Mayor Skrede stated that he didn't think we'd see any large change orders.

Councilmember Erickson stated that he would be willing for the Construction Committee to have the ability to authorize change orders up to 10% of the project cost or \$30,000.

Mayor Skrede stated that the committee can get by with authority to approve change orders up to 5% of the project cost or \$15,000 total.

Councilmember Gustafson stated that he would be agreeable to approving any one change order up to \$5,000, with a \$15,000 cap on total change orders.

Mayor Skrede stated that we can revisit this amount if necessary and will provide a list of names of committee members.

Motion by Councilmember Gustafson to authorize the Warming House Construction Committee to approve any single change order up to \$5,000, with a total cap on change orders not to exceed \$15,000. Seconded by Councilmember Erickson. Motion carried 5-0.

**D. Adopt Resolution No. 13-18, Approving Bikeway Study Grant Agreement**

Mayor Skrede stated that discussion on the Cooperative Agreement was delayed at the March 19<sup>th</sup> meeting until the Council could be given more information on the grant. He noted that none of the City Council submitted questions to staff regarding the information they received.

Councilmember Jewett stated that if Hennepin County is comfortable with the language in the Cooperative Agreement, particularly on the reimbursement language, why we would want to change it.

Administrator Young noted that this section of the Cooperative Agreement closely mirrors that language in the Thorpe Park Grant Cooperative Agreement.

Mayor Skrede noted that the Thorpe Park Agreement included some proportionality language that this agreement does not have.

Councilmember Jewett asked how much was spent by the City of Minnetonka on the Plymouth Road Bike Feasibility Study.

Mayor Skrede stated that he would estimate the study to cost around \$50,000. He added that we can dictate how much is spent on our own study.

Councilmember Carlson stated that we are looking at a two-pronged approach. He stated that the grant funds could be used for in-depth design. He stated that the benefit would be that we can undertake the preliminary design with this grant and apply for a second grant for construction.

Mayor Skrede stated that if we can determine feasible bike paths and determine those paths that are not feasible, we could move forward from there.

Councilmember Jewett noted that the grant application was to study a bike path on Minnetonka Blvd and other routes were discussed. He asked if we need to revise the grant.

Councilmember Carlson noted that Hennepin County staff encouraged reviewing other routes in their grant approval letter.

Mayor Skrede stated that one such route was the gap between Minnetonka Blvd and Co. Rd. 101.

Councilmember Jewett asked if we want to move forward with a feasibility study or not.

Mayor Skrede suggested approving the Cooperative Agreement and develop the in-house feasibility of the three different routes.

Councilmember Gustafson asked if we would actually conduct the feasibility of routes in-house.

Mayor Skrede stated that some of these routes may not make the cut for inclusion in the feasibility study.

Councilmember Gustafson stated that he still thinks the money for the bikeway feasibility grant doesn't have to be spent and referenced the staff memo comparing this study to the 1996 Water Study.

Motion by Councilmember Carlson to adopt Resolution No. 13-18, a Resolution Approving a Cooperative Agreement for Cost Participation in a Bikeway Feasibility Study with Hennepin County. Seconded by Councilmember Erickson. Motion carried 5-0.

**E. Other**

There was no other Unfinished Business this evening.

**8. NEW BUSINESS**

**A. Special Event Permit Request (Fulton Gran Fundo)**

Councilmember Jewett asked if this event had happened before in Deephaven.

Administrator Young stated that he didn't think it had ever been held in Deephaven.

Mayor Skrede stated that we wouldn't want to tell them that they couldn't stop at Thorpe Park; we just don't want to sponsor it.

Councilmember Gustafson noted that we are already down one police officer.

Councilmember Carlson noted that Police Chief Johnson is recommending that we don't approve the event.

Motion by Councilmember Gustafson to follow Chief Johnson's recommendation to deny the Special Event Permit for the Fulton Gran Fundo. Seconded by Councilmember Jewett. Motion carried 5-0.

**B. Other**

There was no other New Business this evening.

**9. REPORTS FROM STANDING COMMITTEES**

**A. Public Works Committee**

Administrator Young presented a review of the Public Works Committee meeting held on April 10, 2018 on the following items:

- Discussed Bridge Inspection Reports and recommended repairs
- Discussed drainage issues at 3635 Montgomerie Avenue
- Discussed 2018 Storm Water Projects

**10. ADJOURNMENT**

Motion to adjourn by Councilmember Erickson, seconded by Councilmember Gustafson.  
Motion carried 5-0. The meeting adjourned at 8:13 p.m.

Respectfully submitted,  
Dana H. Young  
City Administrator