

**DEEPHAVEN CITY COUNCIL MEETING  
MONDAY, APRIL 20, 2015  
MINUTES**

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

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

ABSENT: Councilmember Steve Erickson

STAFF: 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 closed 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 Josh Hoogland.

Dan Distel stated that he has served as the City Assessor for the cities of Deephaven, Woodland and Wayzata for the past 26 years. He provided some historical information illustrating the growth of lake shore and off lake properties from 1990 to 2015. He stated that as a result of this growth, the real estate value in Deephaven is almost back to the all time high values that were established in 2007. He stated that most Deephaven properties have increased 20-23% over the last two years.

Brief discussion was held on the impact of market condition adjustments on the development of estimated market value of properties.

Alan Esselman & Jane Friedrich, 19450 Rosedale Avenue

Alan Esselman stated that the 2015 market value of his property is \$301,000, which is too high in light of the fact that a very similar neighboring property recently sold for \$263,200. He stated that he believes his house is worth somewhat more than this property at around \$270,000.

Dan Distel stated that he recommended an \$8,000 reduction in his \$301,000 value due to the fact that Mr. Esselman has a larger home, better basement finishes & bath, the quality of his garage, and the flat roof on the neighboring garage. He stated that he has come up with an additional \$22,000 in value on Mr. Esselman's property over the neighboring property.

Councilmember Gustafson noted that the sale of 19500 Rosedale Avenue could be impacted by the fact that it is proposed to be rebuilt.

Councilmember Kask noted that he is glad that we have two good comparables at 19450 Rosedale Avenue and 19500 Rosedale Avenue and agreed with the City Assessor that the value of 19450 Rosedale Avenue was higher. He stated that he would be agreeable to lowering the value at 19450 Rosedale Avenue from \$301,000 to \$285,000.

Councilmember Gustafson agreed with the argument to readjust the value downward.

Mayor Skrede further agreed that \$285,000 seems to be a reasonable estimate. He added, however, that the estimate is uncertain as we are not in the real estate business and that we certainly couldn't adjust the market value down to the 2014 value.

Alan Esselman stated his belief that \$263,200 should be used as the market value for his property. He noted that the other property has newer windows and roof.

Mayor Skrede stated that a house in that particular neighborhood should carry a value of \$285,000.

Motion by Councilmember Kask to lower the 2015 assessed value of the building \$16,000 from \$169,000 to \$153,000 due to a comparable sale at 19500 Rosedale Avenue and retain the assessed value of the land at \$132,000 for an overall 2015 assessed value of \$285,000 at 19450 Rosedale Avenue. Seconded by Councilmember Gustafson. Motion carried 4-0.

#### John Rodgers, 18950 James Avenue

John Rodgers stated that he has lived in Deephaven for over 43 years and read a statement about the significant increase in his market value and taxes over the years and difficulties of staying at his home with a fixed income. He stated that his home was built in the 1920's and much of his land is unusable. He stated that Dan Distel told him that there was a discount given on his market value and questioned whether older homes should be taxed the same as newer homes. He stated that it is a major financial hardship.

The Council reviewed the recent market value of his property.

Councilmember Jewett enters at 6:50 p.m.

Councilmember Kask stated that we are being asked to evaluate a request when there are no comparable properties in front of us to review.

Dan Distel stated that he brought a number of comparables with him during his visit with Mr. Rodgers. He stated that he believes that the property is worth its market value, as he has over 200' of frontage and backs onto Lake Louise. He stated that he spent a lot of time reviewing these comparables with Mr. Rodgers. He stated that revisions were made to his market value back in 2005. He stated that his property is not considered as two buildable properties but felt it was an excellent lot that is well worth the \$258,000 market value.

Councilmember Kask stated that he can't speak to our property tax system but felt that the 2015 market value of \$258,000 at 18950 James Avenue was a fair value. He stated that he is very sensitive to those on fixed incomes but thought the valuation was accurate.

Dan Distel stated that he would recommend no change in the market value.

Motion by Councilmember Kask to recommend no change and approve the City Assessor's 2015 value of \$258,000 at 18950 James Avenue. Seconded by Councilmember Gustafson. Motion carried 4-0.

Wendy & Gregory Kappes, 4948 Vine Hill Road

Wendy Kappes stated that she believes that her home, like Alan Esselman's property, is overvalued due to the recent sale at 19500 Rosedale Avenue.

General discussion was held on the similarities and differences between 4948 Vine Hill Road and 19500 Rosedale Avenue.

Councilmember Kask stated that we are at a great disadvantage in not having comparables to 4948 Vine Hill Road. He stated that he would not be inclined to make a decision without the proper information. He noted that we are charged with trying to equalize value.

Wendy Kappes stated that there is now a new comparable at 19500 Rosedale Avenue.

Mayor Skrede noted that 19500 Rosedale Avenue will effectively be bulldozed and 80% of the purchase price was just for the land. He stated that land values are what people are looking at now and there is a lower market value for the land at 4948 Vine Hill Road than at 19450 Rosedale Avenue. He stated that it is hard to find comparables for 4948 Vine Hill Road and noted that Dan Distel reevaluated the building last year while other values went up.

Dan Distel stated that there are four sales pending in the immediate area but doesn't know yet what these homes will sell for. He stated that the neighborhood went up 10% this year and that the home at 19450 Rosedale Avenue doesn't have the same sized garage and additional space that the Kappes have at 4948 Vine Hill Road.

Councilmember Jewett noted that the Kappes's home was at the same value last year as the Esselman's home. He stated that the Council reduced the Esselman's value by \$16,000 and asked if a \$16,000 reduction would be suitable.

Dan Distel noted that he recommended an \$8,000 reduction for the Esselman's property due to its comparison with the property at 19500 Rosedale Avenue.

Councilmember Gustafson stated that if you start with the sale price of \$263,200 at 19500 Rosedale Avenue, and then add \$10,000 for the undervalued land, \$15,000 for the additional square footage, and \$9,000 for the quality of the garage, Kappes's market value would be at \$297,000. He stated that these are all factors that we agreed to when determining the market value of the Esselman's home.

Dan Distel added that the Kappes have 1,900 s.f. vs. 1,300 s.f. for the Esselman's.

Councilmember Kask stated that we are being asked to compare two very different homes. He stated that he supports Dan Distel's work.

Motion by Councilmember Kask to recommend no change and approve the City Assessor's 2015 value of \$300,000 at 4948 Vine Hill Road. Seconded by Councilmember Gustafson. Motion carried 3-1. Councilmember Jewett opposed.

Nick Dalsin, 20520 Carson Road

Nick Dalsin provided the 2014 market value of six properties with comparable square footage and size to his property. He noted that these comparables were listed at 2014 market values and asked whether there had been an across-the-board increase in the 2015 market values in these neighborhoods that would account for the 2015 market value of his property being so much higher than the 2014 market value of the six comparable properties.

Dan Distel stated that there had been a wide range of increases for 2015 in that area.

Councilmember Kask noted his frustration that a \$10,000 - \$30,000 difference in market value in this area could simply be a difference in cabinet treatments.

Nick Dalsin asked if market values should be based on the sale price of properties.

Mayor Skrede stated that this was the best indicator.

Dan Distel noted that he had recently revised the value at 20520 Carson Road from \$693,000 to \$681,000.

Motion by Councilmember Kask to recommend no change and approve the City Assessor's 2015 value of \$681,000 at 20520 Carson Road. Seconded by Councilmember Gustafson. Motion carried 4-0.

Michael Sikorra, 3890 Monaltrie Avenue

Michael Sikorra stated that he realizes that there has been a boom and bust cycle in the real estate market that has seen his value increase from \$231,000 in 2014, \$271,000 in 2015 and \$297,000 in 2016. He asked what can be expected in the future as his value has gone up so considerably the last few years.

Mayor Skrede stated that some of this rapid increase is due to a certain amount of impatience from Hennepin County to recover market value as quickly as possible.

Michael Sikorra stated that he doesn't remember the tax rate going down that much in 2008, particularly considering how fast it went up the last few years. He added that he wished he had talked to Dan Distel before tonight's meeting.

Motion by Councilmember Kask to recommend no change and approve the City Assessor's 2015 value of \$297,000 at 3890 Monaltrie Avenue. Seconded by Councilmember Gustafson. Motion carried 4-0.

Robert Beakley, 4255 Jefferson Street

Robert Beakley stated he was present tonight due to the fact that he had just recently purchased his property at 4255 Jefferson Street for \$930,000 and the 2015 market value was listed at \$962,000.

Dan Distel noted that the sale occurred after he had made his appraisal last year. He noted that he wasn't too far off in terms of the sale price and that some market values may be too high and others too low but the hope is to average around 95%. He stated that he was comfortable with the market value at \$962,000.

Mayor Skrede stated that the difference between the sale price and market value might result in a lower increase for this property than the rest of the neighborhood might receive next year.

Dan Distel stated that the market value was at \$1,003,000 in 2014 and he readjusted it to \$962,000 in 2015.

Robert Beakley stated that part of his concern is that he intends on making some additional improvements to the property.

Motion by Councilmember Kask to recommend no change and approve the City Assessor's 2015 value of \$962,000 at 4255 Jefferson Street. Seconded by Councilmember Gustafson. Motion carried 4-0.

Mayor Skrede asked Dan Distel if there were any property classification issues that need to be discussed this evening.

Dan Distell stated that there were not.

Motion by Councilmember Kask to adjourn the Board of Appeal & Equalization and reconvene the Regularly Scheduled Council meeting. Seconded by Councilmember Gustafson. Motion carried 4-0. The meeting adjourned at 8:46 p.m.

**4. APPROVE CONSENT AGENDA**

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

- A. Approve April 6, 2015 Minutes
- B. Approve 2015 SafeAssure Contract
- C. Approve 2015 Boat Committee Chair & Vice-Chair
- D. Appoint Jim Friedlander to Boat Committee
- E. Appoint Lindsey Carr to Park Committee

- F. Adopt Resolution No. 24-15, Granting an Extension for Northome Estates Plat
- G. Approve March 2014 Treasurer's Report

Seconded by Councilmember Jewett. Motion carried 4-0.

Councilmember Kask abstained on the approval of the April 6, 2015 Council minutes as he was absent.

**5. MATTERS FROM THE FLOOR**

There were no Matters from the Floor this evening.

**6. UNFINISHED BUSINESS**

**A. Adopt Resolution No. 25-15, Approving Bid for Pipe Lining & Sealing Project**

The Council reviewed the following bids on the 2015 Pipe Lining & Sealing Project:

<b><u>Bidder</u></b>	<b><u>Total Bid Amount</u></b>
Infratech Infrastructure Technologies	\$ 36,126.30
Visu Sewer	\$ 53,197.00

City Engineer Martini stated that both the Pipe Lining & Sealing Project and the Manhole Rehabilitation Project are intended to address inflow & infiltration issues to essentially eliminate clean water from entering into the sanitary sewer system. He stated that this particular project will repair some pipes that have been identified through televised reports and the scope of the work is as follows:

- Sewer cleaning including the removal of tree roots and mineral deposits
- Chemical grout sealing for open joints and cracks
- Trimming of service openings to cut protrusions into the main
- Short section liners

He stated that he had estimated the cost of this project at approximately \$47,000 and it came in approximately \$11,000 less than the estimate while the Manhole Rehabilitation Project came in around \$10,000 more than estimated.

Councilmember Jewett asked if there could be some changes in the scope of work since these mains were televised back in 2012.

David Martini stated that the televised reports are a couple of years old so there might be some changes. Any changes in the scope of the work would be brought to Administrator Young, the Public Works Committee or the City Council.

Motion by Councilmember Gustafson to adopt Resolution No. 25-15, A Resolution Approving the Bid submitted by Infratech Infrastructure Technologies in the amount of \$36,126.30 for the 2015 Pipe Lining & Sealing Project. Seconded by Councilmember Kask. Motion carried 4-0.

**B. Adopt Resolution No. 26-15, Approving Bid for Manhole Rehabilitation Project**

The Council reviewed the following bids on the 2015 Manhole Rehabilitation Project:

<u>Bidder</u>	<u>Total Bid Amount</u>
Infratech Infrastructure Technologies	\$ 57,195.00
Schneider Excavating & Grading	\$ 67,250.00
Thul Specialty Contracting	\$ 87,120.00

City Engineer Martini stated the scope of work for this project is as follows:

- Clean mineral deposits and roots
- Chimney seals
- Ring replacement
- Casting replacement
- Grouting around pipe connections
- Grouting of base
- Sealing barrel joints
- Restoration

Motion by Councilmember Gustafson to adopt Resolution No. 26-15, A Resolution Approving the Bid submitted by Infratech Infrastructure Technologies in the amount of \$57,195.00 for the 2015 Manhole Rehabilitation Project. Seconded by Councilmember Kask. Motion carried 4-0.

**C. Appoint LMCD Representative**

Mayor Skrede stated that Chris Jewett replaced David Gross as LMCD Representative during David's annual vacation in Florida. He stated that we had to extend Chris's term by one month to cover David's absence. He stated that he talked with David and David indicated that he is more than willing to stay as LMCD representative through this year. He added that Chris Jewett mentioned that he was serving on several committees for the LMCD and didn't think it would be a problem for Chris to stay on these committees. He stated that he thought the Council would want to keep with our plan to keep David Gross as our LMCD Representative.

Motion by Councilmember Kask to reinstate David Gross as Deephaven's representative to the LMCD Board of Governors effective May 1, 2015. Seconded by Councilmember Gustafson. Motion carried 4-0.

**D. Other**

There was no other Unfinished Business this evening.

7. **NEW BUSINESS**

A. **Hire Zoning Coordinator**

Administrator Young provided an update on the interview process on the search for a new Zoning Coordinator to replace Gus Karpas and recommended hiring Dale Cooney as the new Zoning Coordinator.

Motion by Councilmember Kask to authorize hiring Dale Cooney to the position of Zoning Coordinator with the City of Deephaven at a starting wage of \$24.12 per hour. Seconded by Councilmember Gustafson. Motion carried 4-0.

B. **Other**

There was no other New Business this evening.

8. **REPORTS FROM STANDING COMMITTEES**

A. **Public Works Committee**

Administrator Young presented a review of the Public Works Committee meeting held on April 8, 2015 on the following items:

- Reviewed a request to reduce speed limits on Northome Blvd & Deephaven Avenue. The speed trailer will be posted at both locations to review traffic counts and the speed of vehicles.
- City Engineer David Martini presented plans on the 2015 Linden Road Project.
- The Committee recommended documenting all those properties with potential drainage or wetland conditions on the Storm Water Map.
- City Engineer David Martini reviewed the 2015 Mill & Overlay Project.

Discussion was held on the proposed installation of a 6' fence on Cottagewood Avenue for a property bordered on four sides by city streets.

B. **Park Committee**

Administrator Young presented a review of the Park Committee meeting held on April 7, 2015 on the following items:

- Recommended the appointment of Lindsey Carr to a three-year term of office.
- Approved the recommendation from the Public Works Department to remove the boardwalk at Deephaven Beach due to its poor condition.
- Recommended that the City Council consider the authorization of a Deephaven Park and Recreation Strategic Plan, an example is attached to the minutes.

**C. Boat Committee**

Administrator Young presented a review of the Boat Committee meeting held on April 8, 2015 on the following items:

- Recommended the appointment of the 2015 Boat Committee Chair & Vice-Chair.
- Recommended the appointment of Jim Friedlander to a three-year term of office.
- Discussed upcoming changes to LMCD rules pertaining to municipal marinas.
- Continued discussion on the Ten Year Rule / Waiting List.

**D. Lake Minnetonka Communications Commission**

Councilmember Jewett provided a review of the results of the LMCC priorities survey.

**9. ADJOURNMENT**

Motion to adjourn by Councilmember Kask, seconded by Councilmember Gustafson. Motion carried 4-0. The meeting adjourned at 9:45 p.m.

Respectfully submitted,  
Dana H. Young  
City Administrator