

PROCLAMATIONS AND RECOGNITIONS

Mayor Martin stated that this meeting is Councilmember Blake Huffman's last meeting. He has served on the Council for the same 16 years that she has served as Mayor. She expressed her appreciation for Councilmember Huffman's ability to particularly keep an open mind with a willingness to compromise. One early concern of Councilmember Huffman was with affordable housing and rules that should be adopted concerning it. Today he heads a non-profit organization to provide affordable homes to single parent families. Councilmember Huffman has a very kind heart and shows kindnesses to neighbors in inconspicuous and quiet ways that are not widely known. Mayor Martin presented him with a beautiful plaque of Shoreview city views to take with him as he assumes the duties of Ramsey County Commissioner.

Councilmember Wickstrom added that she, too, has enjoyed working with Councilmember Huffman and believes through his discussion and contributions, the City has reached better decisions.

Councilmember Quigley also added that he has appreciated Councilmember Huffman's ability to provide different perspectives in an engaging manner. He is pleased Councilmember Huffman will be representing Shoreview on the Board of Ramsey County Commissioners, which is a win/win for Shoreview.

Councilmember Withhart shared all of the Council's comments and expressed his appreciation to Councilmember Huffman for challenging the Council in a collegial, respectful manner. He commended his ability to make decisions.

Councilmember Huffman stated that it has been a great honor to serve on the Council. He commended staff for making Shoreview what it is, and he has appreciated serving with all of the elected officials over the last 16 years. He is pleased to be able to represent Shoreview at a different level and looks forward to continuing his relationship with the City.

CITIZEN COMMENTS

There were none.

COUNCIL COMMENTS

Councilmember Huffman:

Thank you, Mayor, for her words on the tragedy in Newtown.

Noted that once the item needing 5 votes is concluded, he will have to leave the meeting to take care of family matters.

Councilmember Wickstrom:

Thank you to the Shoreview Northern Lights Variety Band for an excellent Holiday Concert.

Beyond the Yellow Ribbon will have a Steering Committee meeting Thursday, December 20, 2012, at Roseville City Hall, at 7:00 p.m. Anyone interested in helping to support military families is welcome to attend.

There are a number of committee/commission vacancies open. Applications are available on the City website. Anyone interested is encouraged to apply.

The Environmental Quality Committee (EQC) will be holding educational seminars on the third Wednesday of each month for the next four months. The first session is on "What Happens to Recycling". The sessions will be held in the Council Chambers.

Councilmember Quigley:

A reminder to residents to review fire safety measures for the holidays, especially with the use of candles. Information is available on the City website.

A fun New Year's Eve party is planned for families at the Community Center, beginning at 6:00 p.m. Detailed information is on the City website.

Mayor Martin:

A great gift this season is a family membership to the Community Center. Rates are lower than any other fitness center in the Twin Cities.

Wishing everyone a Merry Christmas, Happy Hannukah, Happy Kwanza and Happy Holidays with joy and peace and safe travels during the holidays.

CONSENT AGENDA

Councilmember Withhart requested a short discussion on item No. 9. He noted that the number of delinquent accounts is similar over many years. He asked if there is a pattern why water bills are unpaid. City Manager Schwerm stated that there is no pattern, but many of the same addresses appear year after year. Some choose to pay in this way, even though there are penalties when utility bills are certified to property taxes. As an assessment on the property tax, it is not deductible on taxes.

MOTION: by Councilmember Quigley, seconded by Councilmember Huffman to approve the Consent Agenda, for December 17, 2012, and all relevant resolutions for all item Nos. 1 through the addition of item 16a, purchase of traffic signal equipment for Red Fox Road:

1. November 13, 2012 City Council Canvass Meeting Minutes
2. December 3, 2012 City Council Meeting Minutes
3. Receipt of Committee/Commission Minutes:
 - Park and Recreation Commission, October 25, 2012
 - Economic Development Authority, November 13, 2012
 - Economic Development Commission, November 20, 2012
 - Human Rights Commission, November 28, 2012
 - Bike and Trails Committee Minutes, December 6, 2012
4. Monthly Reports:
 - Administration
 - Community Development
 - Finance
 - Public Works
 - Park and Recreation
5. Verified Claims in the Amount of \$1,269,084.90
6. Purchases
7. License Applications
8. Designation of Official Depositories for 2013
9. Certification of Delinquent Utility Accounts
10. Developer Escrow Reduction
11. Change Order #3 - Floral Drive/Demar Avenue/County Road F Reconstruction, CP 12-01
12. Comprehensive Sign Plan Amendment - TCF/Color Sign Systems, 3836 Lexington
13. Final Plat - Estates of Heather Ridge, 5618 Heather Ridge Court
14. Receive Feasibility Report and Call for Public Hearing - Red Fox Road Reconstruction, CP 12-04
15. Receive Feasibility Report and Call for Public Hearing - County Road D and Cottage Reconstruction, CP 13-01A and 13-01B
16. Renewal of Services Agreement with Greater Metropolitan Housing Corporation
- 16a. Traffic Signal Equipment Purchase for Red Fox Road

VOTE: Ayes - 5 Nays - 0

PUBLIC HEARINGS

STREET REHABILITATION AND RECONSTRUCTION PLAN FOR YEARS 2013-2017 AND ADOPT PLAN

Presentation by Public Works Director Mark Maloney

Bond financing is requested for street renewal in 2013 and to adopt a five-year plan for a street rehabilitation and reconstruction program. When assessing street conditions, three categories are considered: 1) preventative maintenance streets for crack sealing/sealcoating at a cost of \$23,000 per mile; 2) street rehabilitation, a full depth reclamation with emulsion at a cost of \$550,000 per mile; and 3) total reconstruction at a cost of \$1 million per mile. There are a number of total reconstruction projects planned between 2013 and 2020, which will bring all

City streets up to a modern standard. There are not sufficient funds in the Street Renewal Fund to do all these projects in addition to keeping up with preventative maintenance and street rehabilitation needs.

A major portion of the City streets fall in the category of rehabilitation because so many were built in a short period of time. Rehabilitation is a key strategy because it is half the cost of total reconstruction. Rehabilitation projects scheduled for 2013 amount to \$3.2 million covering just over 5 miles. The amount of \$2.5 million is proposed to come from bonding, and \$700,000 from the City's portion of gas tax money.

Under Minnesota Statutes, there are specific requirements to use this funding source. One is to adopt a 5-year plan and to hold a public hearing. Repayment of bonds are paid over a 15-year period. Major bonding projects are timed to begin when other bonds are being paid off. Bonding in the amount of \$2.5 million will amount to approximately \$18 in taxes on a median valued home in Shoreview.

With adoption of the proposed plan, the tentative project schedule is:

December 17, 2012	Public Hearing
March 4, 2013	Council Approve Feasibility Study
March 28, 2013	Bid Opening
April 1, 2013	Award Contract
May 2013	Start Construction
July/August 2013	End Construction

City Attorney Filla stated that he has reviewed the required affidavits that indicate the public hearing is in order at this time.

Mayor Martin opened the public hearing. There were no comments or questions.

MOTION: by Councilmember Quigley, seconded by Councilmember Huffman to close the public hearing at 7:34 p.m.

VOTE: Ayes - 5 Nays - 0

Councilmember Withhart asked if the \$18 is a tax increase to the homeowner. Mr. Maloney explained that the homeowner's increase is not \$18, as other debt is retired which offsets the amount when this debt begins. Finance Director Jeanne Haapala added that this is already on tax statements. Of the amount of taxes paid to the City, approximately \$18 will be used for this debt issue. With the retiring of debt levies and beginning of new ones, there is very little fluctuation year to year on taxes for debt.

Councilmember Withhart commended the Departments of Finance and Public Works for working together to keep the debt levy low and fund repair of streets.

Councilmember Huffman noted that a neighboring city was able to issue bonds at 1.5% interest. The rate of borrowing is very reasonable at this time.

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to adopt the Street Rehabilitation and Reconstruction Plan for the years 2013 through 2017.

Discussion:

Councilmember Wickstrom referred to the difference in cost for rehabilitation and total reconstruction street work. She emphasized that if the money is not spent on full depth reclamation, much more money will have to be spent later. City Manager Schwerm added that full depth reclamation costs are not assessed.

Mayor Martin stated that this approach to streets is very proactive. The Street Renewal Fund is the reason Shoreview residents are not assessed more than once for street work. Residents can thank former Councilmember Weyandt and his co-councilmembers for having the foresight to put \$2 million aside in a special fund for streets that enabled the City to adopt such a policy, which is unique in the metro area.

ROLL CALL: Ayes: Huffman, Quigley, Wickstrom, Withhart, Martin
Nays: None

At this time, Councilmember Huffman left the meeting.

PUBLIC HEARING - PROPOSED MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 2, ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 8 (A REDEVELOPMENT DISTRICT) AND RELATED ADOPTION OF A TAX INCREMENT FINANCING PLAN, AND APPROVAL OF A TAX INCREMENT DEVELOPMENT AGREEMENT - LAKEVIEW TERRACE PROJECT (MIDLAND PLAZA DEVELOPMENT)

MOTION: by Councilmember Withhart, seconded by Councilmember Wickstrom to continue the public hearing.

ROLL CALL: Ayes: Quigley, Wickstrom, Withhart, Martin
Nays: None

PUBLIC HEARING - VACATION - FINAL PLAT AND FINAL PUD - LAKEVIEW TERRACE, 3588 OWASSO STREET

Presentation by City Planner Kathleen Nordine

This project is to redevelop Midland Plaza to a 104-unit upscale, market rate apartment complex. The vacation is of Owasso Street in order to realign the road with County Road E for a new dedicated Owasso Street. The final plat divides the property into two parcels. Lot 1 is the new

apartment complex. Outlot A is a reconfigured parking area. The final PUD calls for demolishing the existing retail center for the apartment redevelopment.

The plan is consistent with previously approved plans in the Development Stage PUD. The setback from the wetland is 23.2 feet. The setback from Victoria is 65 feet. A surface parking lot will have 65 stalls and underground parking will provide 115 stalls.

Agencies were notified of the proposal. Comments were received from the Lake Johanna Fire Department, which have been distributed to the Council. Staff is recommending vacation of Owasso Street and approval of the final plat and final PUD.

City Attorney Filla stated that the public hearing is in order.

Mayor Martin opened the public hearing. There were no comments or questions.

MOTION: by Councilmember Withhart, seconded by Councilmember Wickstrom to close the public hearing at 7:50 p.m.

VOTE: Ayes - 4 Nays - 0

Planning Commissioner McCool stated that the City Planner's report is consistent with what the Planning Commission reviewed and voted to recommend for approval by the Council.

MOTION: by Councilmember Quigley, seconded by Councilmember Withhart to adopt Resolution 12-117 authorizing the vacation of Owasso Street and adjoining easements and approve the Final Plat and Final Stage - Planned Unit Development application, including the Development Agreements, submitted by Lakeview Terrace/Tycon Companies for the redevelopment of Midland Plaza, 3588 Owasso Street, with an upscale 104-unit apartment complex. Said approvals are subject to the following:

Vacation:

Prior to the release of the Final Plat, Lakeview Terrace No. 2, for recording, the applicant shall provide the City with the legal description of that portion of Owasso Street being vacated (see Attachment A).

Final Plat

1. A public use dedication fee shall be submitted as required by ordinance prior to release of the final plat by the City.
2. The final plat shall include drainage and utility easements along the property lines. Drainage and utility easements along the roadways shall be 10 feet wide and along the side lot lines these easements shall be 5 feet wide as required by the Public Works Director.
3. Private agreements shall be secured between the parcels in the subdivision and the adjoining Midland Terrace Apartment complex regarding joint driveway, parking and maintenance agreements. Said agreements shall be submitted to the City Attorney for review and approval prior to the City's release of the Final Plat.

4. This approval shall expire within one year of the date approved by the City Council.

Planned Unit Development - Final Stage

1. This approval permits the redevelopment of 3588 Owasso Street parcels with a 104-unit 6-story tall apartment building as depicted in the plans submitted as part of this application.
2. Private agreements shall be secured between the parcels in this PUD and the adjoining Midland Terrace apartment complex regarding joint driveway, parking and maintenance agreements. Said agreements shall be submitted to the City Attorney for review and approval prior to the City's review of the Final Stage PUD plans and Final Plat.
3. Items stated in the memo from the Engineering Department shall be addressed prior to the issuance of grading or building permits for this project.
4. Additional landscaping is required along the south side of the building to soften the structure's appearance when viewed from the adjacent single-family residential neighborhood.
5. The applicant is required to enter into a Site Development Agreement and Erosion Control Agreement with the City. Said Agreements shall be executed prior to the issuance of any permits for this project.
6. This approval shall expire within one year of the date approved by the City Council.

ROLL CALL: Ayes: Wickstrom, Withhart, Quigley, Martin
 Nays: None

SITE AND BUILDING PLAN REVIEW - VENTURE PASS PARTNERS, 1041 RED FOX ROAD

Presentation by City Planner Kathleen Nordine

The site and building plan review is for Trader Joe's, a specialty market to be located on Red Fox Road. This is Phase 2 of three phases of the PUD for the Red Fox Road redevelopment approved in 2011. Phase 2 is 14,000 square feet for a specialty market. Phase 1 is the 10,000 square foot retail center, which is complete. Phase 3 is for a commercial bank building.

A Master Plan unit development agreement was executed, which included easements for cross access, parking, and maintenance; future phases to be reviewed through the site and building plan review process; and Code deviations for structure and parking setbacks. A permit has been approved through the Rice Creek Watershed District.

There is shared parking throughout the PUD. A setback deviation was approved for Trader Joe's; the required setback is 50 feet and 48.5 feet is proposed. The site plan is consistent with the PUD. The building materials are consistent with the materials used in the retail center. Three wall signs were approved as part of the Comprehensive Sign Plan for the PUD.

Property owners within 350 feet and agencies were notified of the development. Comments were received from the Lake Johanna Fire Department.

The Planning Commission has reviewed the plan and recommended 6 to 0 Council approval. Staff is recommending approval with the conditions attached in the staff report.

Councilmember Withhart noted that the deviation setbacks are from the ramp to the freeway, not the freeway itself, and there is a significant amount of grassy area. The deviation is inconsequential.

Councilmember Wickstrom stated that there has been some concern expressed about traffic on Red Fox Road. In the Consent Agenda earlier in the meeting, the Council did approve a feasibility study for improvements to Red Fox Road to accommodate additional traffic.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to approve the Site and Building Permit Review application, including the Development Agreements, submitted by Shoreview Ventures for the development of 1041 Red Fox Road with a Trader Joe's specialty grocery market. The submitted development plans are consistent with the approved PUD master plan and the City's development standards.

1. This approval permits the development of this parcel with a 14,000 square foot specialty grocery market.
2. Approval of the final grading, drainage, utility, and erosion control plans by the Public Works Director, prior to the issuance of a building permit for this project.
3. The applicant is required to enter into a Site Development Agreement and Erosion Control Agreement with the City. Said agreements shall be executed prior to the issuance of any permits for this project.
4. The master development agreement for the plat and PUD for this development shall remain in effect and said terms which apply to Lot 1 shall be adhered to.
5. The items identified in the memo from the Assistant City Engineer/Public Works Director must be addressed prior to the issuance of a building permit.
6. The items identified in the memo from the Fire Marshal shall be addressed prior to the issuance of a building permit.
7. The Building Official is authorized to issue a building permit for the project, upon satisfaction of the conditions above.

This approval is based on the following findings of fact:

1. The proposed land use is consistent with the City's Comprehensive Plan.
2. The proposed land use and development plans are consistent with the approved PUD and the Development Code standards.
3. The use is in harmony with the general purposes and intent of the Development Code and Comprehensive Plan.

ROLL CALL: Ayes: Withhart, Quigley, Wickstrom, Martin
Nays: None

Councilmember Wickstrom asked when Trader Joe's is anticipated to open. **Mr. Dave Karlan**, Venture Pass Partners, introduced his colleagues, Jim Ottenstein and Randy Rowerdien who were with him. The plan is to have the site ready for Trader Joe's by July.

ITEMS RELATED TO THE BUDGET AND 2013 TAX LEVY

A. AMEND 2013 DEBT LEVIES

B. ADOPT 2013 TAX LEVY (CITY, HRA AND EDA)

C. AMEND 2013 BUDGET

D. AMEND CAPITAL IMPROVEMENT PROGRAM FOR 2013 THROUGH 2017

E. EMPLOYEE WAGE AND BENEFIT ADJUSTMENT

Presentation by Finance Director Jeanne Haapala

The Council is asked to take action on five items:

Amend debt levies for a recommended debt levy of \$685,000. Without this amendment the debt levy would have been \$211,000 higher.

Adopt the 2013 tax levy for the City in the amount of \$9,604,567, which is \$77,470 less than the biennial budget planned for 2013; and adopt the 2013 HRA levy in the amount of \$75,000. The impact to a median valued home in the Mounds View School District with a 5.7% decrease in value would mean a total tax reduction of \$22.00 and an increase in City taxes of \$27.00. For those in the new Ramsey-Washington Metro Watershed District, a median valued home with a 5.7% decrease in value will see a raise in total taxes by \$52.00.

Amend the 2013 biennial budget and legally adopt it.

Amend the Capital Improvement Program (CIP) to establish projects for five years. Projects are not authorized but this establishes a plan. Separate Council action is needed to approve a project. Replacements are estimated at 82% of the CIP.

Authorize a 2% wage adjustment with health insurance contribution changes and approval of the job classification system.

By Minnesota law, the budget must be adopted by December 28, 2012. Staff is recommending approval of all five actions.

MOTION: by Councilmember Withhart, seconded by Councilmember Wickstrom to adopt proposed resolution number 12-111 reducing debt levies for fiscal year 2013 per Minnesota Statutes.

ROLL CALL: Ayes: Quigley, Wickstrom, Withhart, Martin
Nays: None

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to adopt proposed resolution number 12-112 adopting a City tax levy of \$9,604,567 and an HRA tax levy of \$75,000 for taxes payable in 2013.

ROLL CALL: Ayes: Wickstrom, Withhart, Quigley, Martin
Nays: None

MOTION: by Councilmember Quigley, seconded by Councilmember Withhart to adopt resolution number 12-113 amending the 2013 budget as detailed on the attached pages.

ROLL CALL: Ayes: Withhart, Quigley, Wickstrom, Martin
Nays: None

MOTION: by Councilmember Withhart, seconded by Councilmember Wickstrom to adopt resolution number 12-114 amending the capital improvement program for the years 2013 through 2017 as detailed on the attached pages.

ROLL CALL: Ayes: Quigley, Wickstrom, Withhart, Martin
Nays: None

MOTION: by Councilmember Quigley, seconded by Councilmember Withhart to approve a 2.0% wage adjustment for all regular employees, to increase the City contribution for employee health insurance to \$745 per month, to maintain the VEBA contribution amount at its current level, to adopt the attached Job Classification System and Pay Plan effective December 22, 2012, and to authorize the City Manager to submit all necessary reports to Minnesota Management and Budget as required by law.

ROLL CALL: Ayes: Wickstrom, Withhart, Quigley, Martin
Nays: None

ADOPT ORDINANCE ESTABLISHING 2013 UTILITY RATES

Presentation by Finance Director Jeanne Haapala

The objectives in setting utility rates are to: 1) maintain sufficient cash balances; 2) support operating costs; 3) provide for repair and replacements; 4) use a long-term emphasis for setting rates so there are not big fluctuations; and 5) use a base year approach for estimating gallons sold.

Water consumption fluctuates due to weather or rainfall, and declining household water use. Overall residential use is trending down. Last year a new tier system was adopted, which has helped significantly. The sewer rate is based on sewage flow and water usage. Recent groundwater infiltration impacts sewage treatment, which is 55% of sewage costs. Sewage flow

is trending down, but sewage treatment is trending up. In 2012, there was no rate increase, but there is an increase in 2013.

Operating costs are impacted by emergency repairs and debt payments. The City is preparing to take on the \$9 million debt for the water treatment plant, depreciation on City assets, sewer asset management project, and energy and fuel costs which fluctuate year to year. Capital costs include water tower, water and sewer line repair, sewer televising and relining, sanitary sewer lift stations, street light repairs and replacements and planning for the water treatment plant in 2015.

The water availability rate for 2013 will be \$13.40 per quarter, if no water is used. Tiered rates per thousand gallons will be:

Tier 1 \$1.08 per 1,000 gallons (5,000 gallons)
Tier 2 \$1.74 (5,000 gallons)
Tier 3 \$2.41 (20,000 gallons)
Tier 4 \$3.96 (all remaining water)

The sewer availability rate for 2013 is \$37.91 per quarter. Tiered sewer rates are \$16.02 to \$74.73 per quarter.

Surface water rates are \$19.33 per quarter for a single-family home and \$20.47 per quarter for multi-family units. Street light fees will be \$9.47 per quarter for a single-family home and \$7.10 per quarter for multi-family units.

Average usage is considered to be 17,500 gallons per quarter and 12,000 gallons in winter. The overall impact of the new rates is approximately an increase of \$8.00 per quarter. The biggest increase is the sewer rate. Of the \$8.00 increase, \$4.50 is for sewer. The proposed rates will generate a modest profit in each utility fund for 2013. Staff is recommending adoption of the ordinance.

Councilmember Withhart noted that Shoreview works very hard to address the infiltration problem in the sewer system to reduce treatment costs. He would be interested to know how Shoreview ranks with other cities for sewage treatment costs. Ms. Haapala stated that there are some communities who are seeing dramatic increases, although she has not looked at a comparison of rates of individual cities.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to adopt the attached ordinance number 901 establishing a utility fee schedule effective January 1, 2013.

ROLL CALL: Ayes: Wickstrom, Withhart, Quigley, Martin
Nays: None

ADJOURNMENT

MOTION: by Councilmember Withhart, seconded by Councilmember Quigley to adjourn the meeting at 8:27 p.m.

VOTE: Ayes - 5 Nays - 0

Mayor Martin declared the meeting adjourned.

THESE MINUTES APPROVED BY COUNCIL ON THE 7th DAY OF JANUARY 2013.

Terry C. Schwerm
City Manager