

MINUTES OF THE REGULAR COUNCIL MEETING

September 10, 2012

The Council Meeting was called to order by Mayor John Schaaf at 7: 02 p.m. at the Community Meeting Room, 100 Village Center Drive, Suite 150, City of North Oaks, Minnesota. Present were Council Members Gregg Nelson, Marty Long, Bruce Ackerman., Tim Dunleavy and Mayor John Schaaf. Also present were City Administrator Melinda Coleman, City Attorney Dave Magnuson, Recording Secretary Linda Hanson, and Videographer Kevin Scattum

The Mayor stated that before the regular Council Meeting, the Council had a Special Council Workshop to review the Preliminary 2013 Budget. Sue Iverson (Director of Finance for the City of Arden Hills) attended the meeting to assist the Council with the Budget.

Pledge of Allegiance

Approval of Agenda

Council Member Long moved to approve the agenda. The motion was seconded by Council Member Nelson and passed unanimously.

Citizen Comments

Kathy Laur, 3 Blue Spruce Court, on behalf of NOHOA, the North Oaks Community Foundation, the North Oaks Golf Club and the City of North Oaks announced that there will be a new member social at the North Oaks Golf Club. It will take place on October 7, 2012 from 4 to 7 pm. Council Member Ackerman and Mayor Schaaf will be present at this event.

Jim Daly, Emergency Manager for the City, stated that he will be attending the next Council meeting to get approval for a Ramsey County All Hazardous Mitigation Plan.

Bob Sonnek, 67 West Pleasant Lake Road, wanted to go on record stating that the proposed Lake Charley Development is not similar to the Rapp Farm Development. He was concerned that this was a new developer and builder who have never done business in North Oaks and that the homes would not be custom. Also at this time there is no commitment to join NOHOA. He believes that the proposed density will decrease the value of the North Oaks homes and that the concept does not fit the neighborhood.

City Administrator Melinda Coleman gave a quick update on the Pentom project. So far, Pentom has presented to the Planning Commission to get feedback on the proposal. The Planning Commission suggested that Pentom work on the Floor Area Ratio so that they would not have to request a variance on the property. This would involve reducing the number of units. The Commission would also like the Developer to meet with NOHOA to discuss membership. The Developer has agreed to meet with NOHOA at their October meeting and after that the Planning Commission will hold a public hearing at their October 25th meeting.

Philip Apel, 35 Nord Circle Road, came to the podium and stated that this development was not what James Hill had in mind when he developed North Oaks. The density does not fit the intent in his opinion.

Chad Murphy, 59 West Pleasant Lake Road, stated that he was a new homeowner in North Oaks and had done due diligence when purchasing his property. He was drawn to North Oaks by the large lots and was not in favor of rezoning this property. Privacy was one of his concerns as well.

Mayor John Schaaf stated that the place to make comments about this development would be at the public hearing scheduled for October 25, 2012. In the meantime, Dan Herbst from Pentom will meet with NOHOA to discuss their concerns. The proposal would not come to the City Council for action until November at the earliest.

Consent Agenda

1. Minutes of the Regular Council Meeting of August 9, 2012 for approval
2. Planning Commission Minutes of August 30, 2012 for approval
3. Minutes of the Natural Resources Commission, July 10 and August 13, 2012 for approval
4. Licenses for Approval:
 - Mechanical Contractors: Perfection Heating & Air, Woodland Stoves & Fireplaces**
 - Plumbing & Heating:**
 - General Contractors:**
 - Arborists:**
 - Sewer/Water Installation**
5. Claims for Approval: Checks # 10147-10182

Council Member Long moved to accept the Consent Agenda and Council Member Ackerman seconded the motion. It passed unanimously.

Petitions, Requests & Communications

None

Unfinished Business

1. Contract with Ramsey County for Election Services

City Administrator Coleman reviewed the Staff's rationale for entering a contract with Ramsey County for election services. Mr. Mansky from the Ramsey County Elections Office has agreed to include the counting of ballots for 2012 in the contract if he received a signed contract soon so that he could begin to hire staff for this process. This agreement can be cancelled with a six month notice. The Staff finds the election process time consuming and a major interruption to doing their other city work. Three of the four Staff members are part time. Ms. Coleman believes that with elections often so close, this will ensure the integrity of the process. She stated that the cost of elections is about the same, but is not shown in the budget.

Council Member Long stated that the City probably spent close to \$20,000 already over the two years with \$1,800 going to election judges alone. Council Member Ackerman stated that this appears to be a \$10,000 increase not reflected in the current budget that he does not favor. However, he does not want staff to be put under stress. He would like to see a more efficient way to handle this. Council Member Nelson stated that he was in favor of the contract because of the many elections that are contested.

A motion was made to approve the contract for Election Services with Ramsey County for the period of January 1, 2013 through December 31, 2016 and passed unanimously.

New Business

1. A. Public Hearing on Lake Gilfillan Augmentation Project Assessment

The Mayor opened the Public Hearing at 7:26 pm and explained the time limits for comments.

Mike Egelston, 28 Duck Pass Road, Current President of the Lake Gilfillan Augmentation Project

Mike wanted to thank the Council and the Community for their great effort and support. The Lake continues to rise and the residents around the Lake are happy with the results of their efforts.

Joachim Heberlein, 6 West Shore Road

Dr. Heberlein expressed his gratitude for the improvements and stated the assessment is well worth the price for increasing the value of the properties around the Lake.

No other comments were made. The Mayor closed the Public Hearing at 7:29 pm.

B. Review of Financing Options- Doug Green, Springsted, Inc.

City Attorney, Dave Magnuson, reviewed the process for financing the Lake Gilfillan project until the funds come in. The assessment process includes the following;

- A feasibility study
- Public award of the contract
- Published notice of the hearing
- A chance to object at the public hearing
- A finalization of the assessment

Homeowners have 30 days starting on September 10, 2012 to pay the assessment in full without interest. After 30 days, if paid in full, interest for 2013 will be added. At any time, the balance can be paid off, but interest will be added for the following year. The assessment is not deductible on taxes as it is an improvement cost.

This is the first time that the City has done an assessment hearing.

Craig Janssen, 11 East Gilfillan Road, questioned the 6% interest rate. City Attorney Magnuson stated that the amount is set at between 1 and 1.5% above the long term interest rate for bonds sold. Once the financing amount is known the rate will be finalized, but the Council could state that the rate would not exceed 6%. The rate could be lower once the bonds are finalized in November.

Council Member Gregg Nelson made a motion to approve Resolution 1263 for Adopting the Assessment for the Lake Gilfillan Lake Augmentation Project (see attachment). Council Member Bruce Ackerman seconded the motion and it passed unanimously.

The Mayor on behalf of the City Council thanked Jim Fox and Mike Egelston for the work they did. They had to work through nine government entities to make this happen and the Mayor stated it will make a big difference for generations to come.

Council Member Ackerman asked for clarification that the resolution adopted was changed to read that the interest rate would not exceed 6%. It was agreed by the Council that this correction would be made.

Nick Dragasich from Springsted, Inc came to the podium to discuss financing options.

Originally, a line of credit from US Bank was put in place so money was available to pay bills as they came due. Now that the cost of the project is known, the City has the option to convert to a long term loan from US Bank at 4.02%. Instead, the City could seek a General Obligation Improvement Bond at a rate of 1.79% over ten years. This would realize a cost savings of \$53,023 to \$99,306 depending on the number of residences that prepay. The \$99,306 savings would be for a million dollar bond that would cover the cost of the project as well as the fees involved in securing the financing. The savings to the homeowners involved could be \$1,000 to \$2000 over the life of the assessment depending on the number who prepay.

The rate is based on an AA rating, but could be a higher rating once the credit agency looks at the City's finances. The Mayor reviewed the process which involves first waiting the 30 days to see how many will prepay. Then Springsted will make a recommendation based on the bond amount needed. The Council will then pass a resolution to call for the sale and date of the sale of the bonds if so desired. If decided to go with a bond the sale will take place December 1, 2012.

Council Member Ackerman asked about the risks involved in a general obligation bond. Nick Dragasich explained that the risk would be if someone did not pay, but then the City could levy a tax and recover any costs when the property was sold. Mr. Magnuson stated that this is a very secure way to finance as the bond is 100% assessed against the property and the City would eventually get all money due when

the property is sold. If foreclosed, the amount can be re-assessed to the new owner. No one has filed an objection to the assessment, so this financing is very secure.

Because some residents will prepay as time goes on, there will almost always be more money in the debt service fund than needed at any given point. The City collects money a year ahead of when the money is due. Should it happen that the payment is more than what is in the fund, other funds would have to be utilized. Because of a state law, the levy is 105% of the payment that is due on the bonds to assure that enough money will be collected. It is highly unlikely that the City will have to assess others for non-payment.

The City Administrator will be sending letters out to the 41 property owners on the amount of the assessment and how to prepay if desired. The interest rate will not be determined until the bond sale takes place. All homeowners in this project will be levied the same amount.

Michael Russ, 10 Poplar Lane, asked about the date for pre-payment. It is 30 days from September 10, 2012 to pay with no interest and then if paid after October 10, 2012 but by November 15, interest will be included.

Dr. Heberlein, 6 West Shore Road, asked about the filling of other water ways north and east of Lake Gilfillan and wanted to know how the financing would be handled if this project took place. Mayor Schaaf explained that a committee headed by Bruce VanDeWalker has been formed to look at the 5 or 6 ponds. The Committee is working with Mike Egelston and Dan Lutch from SEH to determine the cost. The cost would be paid by the affected properties if residents are interested. The DNR will need to be involved because the ponds are designated wetlands.

Nick Dragasich came back to the podium and stated that he will give the Council a report showing the annual cash flow with the fund amounts and payments to alleviate any concern about risks to the City.

2. **Rapp Farm Phase III, Final Plan Approval**

City Administrator Coleman presented an application from the North Oaks Company for final plan approval for Rapp Farm, Phase III. The plan includes 23 new lots on 15.21 acres in Development Site D. A little over fifty seven acres remain for development based on the Master Plan Amendment approved earlier this year.

Ms. Coleman addressed the Floor Area Ratio for this development and how it differs from the Charley Lake Project. North Oaks Company did an analysis. The zoning for Rapp Farm is Multiple Family High Density allowing a FAR of .375 or 37.5% set aside for all buildings. The gross lot size is 502,788 square feet with the average home approximately 6,000 square feet. The FAR for this phase will be .27 with the overall FAR for Rapp Farm at .21. Lots in Charley Lake will be smaller (approximately 3,000 square feet).

Paul Pearson from MFRA went over the plan submitted by North Oaks Company. The Staff recommendations for Conditions of Approval include the following:

- Completion of the Developer's Agreement
- Escrow established for any work not yet done (site grading, sanitary/sewer/water main and utility improvements are now completed; street improvement has yet to be done)
- All easements identified on the registered survey at Ramsey County
- Drainage easements to cover all wetlands
- All improvements installed per construction documents
- Landscaping plan reviewed and approved by the City forester
- Provide final calculations of the required fire hydrant pressure
- Local street signs posted at each proposed intersection
- Completion of a traffic study (now completed but a public meeting will still take place with a review done by Ramsey County as well). A right turn lane established on Ash Street (County Road J) is recommended.
- All issues surrounding the reconfiguration around the issue of Monarch Way entrance to be resolved before Phase IV.

Chris Heim from North Oaks Company addressed the Council. She stated the conditions are typical conditions except for the entrance revision on Monarch Way.

Council Member Ackerman asked about the comparison of Rapp Farm and the Charley Lake Project. Rapp Farm is limited to .25 FAR but they do not propose to build as many homes as allowed. The zoning allows 200 homes, but 156 homes will be built. Ms. Coleman stated that Rapp Farm is zoned for high density and Charley Lake is medium density.

Mr. Magnuson stated that in the concept plan (PDA) a large amount of land was set aside and protected from development, so higher density may appear, but lands are set aside for conservation. Total density is equal to low density if the homes were spread out in the whole area.

Phase IV is expected to begin in 2013. Resolution of the entrance will be completed by that time.

Council Member Ackerman made the motion to approve the final plan for Rapp Farm Phase III with the conditions listed above. Council Member Long seconded the proposal and it passed unanimously.

3. Set Preliminary 2013 Budget and Levy

City Administrator Coleman discussed the proposed 2013 levy. Required by State law the preliminary levy must be approved by September 15, 2012 and cannot be higher than the final levy but can be lower. The final levy must be certified by the County Auditor by December 28, 2012.

The preliminary levy shows a 3.3% increase amounting to approximately a \$40,000 increase. This includes \$20,000 in capital expenditures for the Lake Johanna Fire Department and \$20,000 in a contingency fund for uncollected taxes and reduced payments due to tax petitions and possible reductions. The increase includes a little over \$5,000 for additional services or programs yet to be identified or costs that do not have final numbers.

Permits and fees have increased this year and are expected to continue next year. The City expects just over a 3% increase in 2012 amounting to \$1,920,584. On the expense side, the Lake Johanna Fire Department for fire equipment in 2013-14 is \$170,000. This would be split over two years with \$20,000 set aside in the 2013 Budget, \$35,000 from the existing fire fund and \$35,000 from the existing building fund. This is a total of \$90,000. The balance in 2014 would be \$80,000. The City anticipates a \$60,000 a year capital fund for fire equipment over the next ten years.

The \$20,000 set aside in the contingency fund will help offset the costs of tax petitions. There have been fourteen tax petitions in 2012 with a total current valuation of \$52,000,000. Three larger value properties include Walgreens, Village Center, and the Golf Club. The City is in a better position this year with the contingency fund set aside.

The total estimated expenses are \$1,915,419. The Finance Committee will continue to work on the Budget.

Council Member Ackerman asked about the budget item concerning tree preservation. It appears that this item is down from \$43,000 to \$35,000. Ms. Coleman stated that this was based on what was spent this year. In 2012 \$26,500 has been spent to date with \$43,000 budgeted. Council Member Ackerman wants to make sure there will be enough in the budget. Some of the money has been put in the Natural Resource Commission budget. If EAB hits the community, the homeowner will have to remove the trees. Council Member Long mentioned that the City is moving away from the City financing the tree removal. The larger cost of tree inventory will be a NOHOA expense. The City may use some of the money for replanting. Mr. Ackerman stated that 90% of the City's trees are oak or elm with only 7% ash. Council Member Long stated that the ash trees are closer to 20% of the total. Council Member Ackerman stated that many homeowners have spent a lot of money removing the diseased oaks and elms without any help from the City. The Mayor stated that in the past there was State money given to the City to help with tree removal which is no longer available. The City policy is to have residents take care of the trees on their property. In 2011, \$39,000 was spent. Council Member Ackerman asked why the decrease is so much. Ms. Coleman explained that it is going down only \$4,000.

Council Member Nelson questioned the intent of the Capital Building Fund. Ms. Coleman explained that at one time, the Staff felt they would need new City offices; however, now that the City has contracted for office space on a long term lease, this money is no longer needed and can be used to fund fire equipment. Mr. Nelson also

asked how the amount for the preliminary tax levy was decided. Ms. Coleman stated that the Finance Committee tries to get as close as possible to the actual levy. Council Member Nelson wondered if a higher number should be approved in case of unforeseen expenses. Council Member Ackerman asked if the preliminary budget is approved can money still be moved around. The Mayor stated that the resolution is for the levy not the final budget, so more discussion can take place with adjustments if needed.

Council Member Dunleavy moved to approve Resolution 1238 for the Preliminary 2013 Budget of \$1,253,459.00 and seconded by Council Member Long it passed unanimously.

4. **Set Truth in Taxation Hearing Date**

City Administrator Coleman explained that the City is obligated to set a Truth in Taxation hearing date to set the Budget and allow residents to make comments. This must be done after November 24 but before December 28, 2012. She suggested November 26 or December 3rd, 2012.

Council Member Long made the motion to set the Truth in Taxation hearing date as December 3rd, 2012. Council Member Nelson seconded the motion and it passed unanimously.

Council Member Report

Tim Dunleavy

Finance Committee

The Finance Committee is meeting every Monday until December to complete the 2013 Budget.

Lake Johanna Fire Board

The Lake Johanna Fire Department is a big part of the City's budget. Council Members were given a list of recent calls.

Bruce Ackerman

NOHOA

Council Member Ackerman attended the NOHOA meeting which was a short meeting. A budget discussion was the main emphasis.

Marty Long

NRC

The NRC is down to five members and they will ask the Council if they would prefer seven members. If so, the NRC will ask the Community for volunteers to fill the positions. Missy Patty has resigned from the committee.

City Administrator Coleman and Council Member Long have been meeting with the DNR regarding the fish survey that will take place on Pleasant Lake on September 27, October 4, and October 11, 2012. They will be sampling approximately 20 fish from five different species. They will be looking for heavy metals such as mercury.

The committee also moved on the Wildlife Feeding Ordinance and it has moved on to the Planning Commission.

The EAB inventory was given. Mark Rehder and Ms. Coleman will give this report to the NOHOA Board on October 4th. Council Member Long stated it might be a shock to hear how many trees may need to be removed along the lake trail and the cost of doing so. The Shoreview model will be used in planning what to do in the City. They will be moving into planting, educating, and letting the homeowners know what needs to be done. The forester may need to come out to affected properties which could cost around \$100.00 for each visit.

Council Member Ackerman stated he has lived in North Oaks for 38 years and he has never had anyone plant in his yard even though he had to take down a number of trees. He is in favor of taking care of the trees, but he is wondering why the City seems to be doing more now when the Ash trees are not as many as the elms and oaks in the City forest. Council Member Long stated that the report will be shared soon and will answer some of these questions.

Gregg Nelson

Planning Commission

The Planning Commission met on August 30th where a preliminary plan from Pemtom for Charley Lake Development was presented. Mr. Herbst from Pemtom and the City Planner made the informational presentation and a number of concerns were raised. The discussion continues. A public hearing will take place later this year after the NOHOA membership issue is resolved. Residents will have a chance to express their concerns at the public hearing.

Pleasant Lake Oxygenation Committee

The Committee met and looked at a report on this issue given by outside counsel. Council Member Nelson stated that the Committee is making good progress and they should be ready to make a recommendation on the public utility soon.

Mayor John Schaaf

The Mayor thanked all of the members of the Hill Farm Historical Society for the great event they planned. He served as a greeter along with Dick Leonard and the event was well attended.

Administrator Reports

2012 Planned vs. Budget Expenditures

Ms. Coleman gave the Council an updated financial statement and the comparison of to date expenses vs. planned. The City is slightly ahead on the Budget with receipts and on the expense side the City is about where they usually are at this time of the year using the General Fund until tax payments come in.

Charley Lake Preserves Project Status

The Pentom Company will be making a presentation to NOHOA on October 4th and then a public hearing will take place at the next Planning Commission Meeting held on October 25, 2012.

Report on Hwy. 96 Resurfacing (Noise Reduction) Option

Ms. Coleman spoke to Ramsey County who will be putting in new lights on Hwy. 96. She asked for a bid to resurface the portion of the highway near Sucker Lake to reduce the noise. It would be around \$20,000 to do so. The homeowners on Willow Road are concerned about the noise. The City does not include this in the Budget. When the Hwy. 96 project was considered, homeowners comments were not taken into account. Council Member Nelson would like to see something done. Council Member Long also has received a few calls about this. Half of the highway belongs to Vadnais Heights who has not expressed an interest in spending money on this improvement.

Council Member Nelson made a motion to have the Staff look into this issue and set up a neighborhood meeting. Council Member Long seconded the motion and it passed unanimously.

Building Permit Report

Ms. Coleman shared the list of building permits through August 31st of this year. North Oaks has quite a few new homes with fifteen new homes in Rapp Farm alone. The valuation ranges from \$360,000 to \$525,000 and have generated almost 12 million dollars in permit valuation.

City Attorney Reports

1. Update on Frandsen, et al Pool Fence Case

An appeal was filed in regards to the pool litigation. City Attorney Magnuson will have an update of the timeline at the next meeting. In the meantime, citations will be issued.

2. Recommendation on Ordinance Revision- Allowing Essential Services in Recreation District with a Conditional Use Permit

The St. Paul Water Board Project was reviewed by Mr. Magnuson. His opinion is that there are other structures that do not fit the zoning on the land zoned for recreational uses and NOHOA should also be able to locate essential services on this zoning district as well. He suggested that the language be changed to allow essential services by the City, NOHOA and a nonprofit such as the Golf Club. His only concern was if the definition essential services as permitted was made an assumption of validity would be set in place and more difficult to deny any other

essential services. With careful wording, he believed the change would be best for the City. He would change the definition and a conditional use permit for the Water Board in the same process.

The new language would include what is currently there and what the Water Board is proposing.

|
The Committee was in favor of rewriting this ordinance and presenting it to the Planning Commission. Any impact to the neighboring properties would be considered in the future. The motion passed unanimously

Miscellaneous

NOHOA Informational Meeting on the West Recreation Building Monday, September 17, 2012 in the Community Meeting Room

Next Planning Commission Meeting – Thursday, September 27th, 2012 @7:00 pm in the Community Meeting Room

Next Natural Resource Commission Meeting – Tuesday, October 2, 2012 @ 7:00 pm. in the Community Meeting Room

Next Regularly Scheduled Council Meeting – Thursday, October 11, 2012 @ 7:00 pm in the Community Meeting Room

Adjournment

On motion duly made, seconded and carried unanimously, the meeting was adjourned at 9:08 p.m.

Attest:

Respectfully submitted,

Mayor John Schaaf

Linda M. Hanson
Recording Secretary

Attachment

State of Minnesota)
 County of Ramsey) ss
 City of North Oaks)

RESOLUTION NUMBER 1263

**Resolution Adopting Assessment
Lake Gilfillan Augmentation Project**

WHEREAS, pursuant to proper notice duly given as required by law, the council has met and heard and passed upon all objections to the proposed assessment for the Lake Gilfillan Augmentation Project.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF NORTH OAKS, MINNESOTA:

1. The proposed assessment, a copy of which is attached hereto and made a part hereof, is hereby accepted and shall constitute the special assessment against the lands named therein, and each tract of land therein included in hereby found to be benefited by the proposed improvement in the amount of the assessment levied against it.

2. The assessment shall be payable in equal annual installments extending over a period of years, the first of the installments to be payable on or before the first Monday in 2013, shall bear interest at the rate not to exceed 6 percent per annum from the date of the adoption of this resolution. To the first installment shall be added interest on the entire assessment from the date of this resolution until December 31, 2012. To each subsequent installment when due shall be added interest for one year on all unpaid installments.

3. The owner of any property so assessed may, at any time prior to certification of the assessment to the county auditor, pay the whole of this assessment, with interest accrued to the date of payment, to the city treasurer, except that no interest shall be charged if the entire assessment is paid within 30 days from the adoption of this resolution; and an owner may, at any time thereafter, pay to the city treasurer the entire amount of the assessment remaining unpaid, with interest accrued to December 31 of the year in which the payment is made. The payment must be made before November 15 or interest will be charged through December 31 of the next succeeding year.

4. The clerk shall forthwith transmit a certified duplicate of this assessment to the county auditor to be extended on the property tax lists of the county. The assessments shall be collected and paid over in the same manner as other municipal taxes.

ADOPTED BY THE CITY COUNCIL of the City of North Oaks this 10th day of September, 2012.

APPROVED:

John Schaaf, Mayor, City of North Oaks

ATTEST:

Melinda Coleman, City Administrator