

**REGULAR ANDOVER CITY COUNCIL MEETING – MAY 7, 2019
MINUTES**

The Regular Bi-Monthly Meeting of the Andover City Council was called to order by Mayor Julie Trude, May 7, 2019, 7:00 p.m., at the Andover City Hall, 1685 Crosstown Boulevard NW, Andover, Minnesota.

Councilmembers present: Mike Knight, Sheri Bukkila, Valerie Holthus and Jamie Barthel

Councilmember absent: None

Also present: City Administrator, Jim Dickinson
Community Development Director, Joe Janish
Director of Public Works/City Engineer, David Berkowitz
Recreational Facilities Manager, Erick Sutherland
City Attorney, Scott Baumgartner
Others

PLEDGE OF ALLEGIANCE

RESIDENT FORUM

No one wished to address the Council.

AGENDA APPROVAL

Mayor Trude noted the supplemental information received:

Item #10b – Approve appointment of Fire Technician

Item #11 – Additional communications received on the Community Center Expansion Project

Motion by Holthus, Seconded by Barthel, to approve the Agenda as amended above. Motion carried unanimously.

APPROVAL OF MINUTES

April 16, 2019, Regular Meeting: Correct as written.

Motion by Holthus, Seconded by Knight, to approve the April 16, 2019 Regular meeting minutes as presented. Motion carried unanimously.

April 30, 2019, Special Meeting: Correct as written.

April 30, 2019, Board of Review Meeting: Correct as written.

April 30, 2019, Workshop Meeting: Correct as written.

Motion by Barthel, Seconded by Knight, to approve the April 30, 2019 Special meeting minutes, the April 30, 2019 Board of Review meeting minutes and the April 30, 2019 Workshop meeting minutes as presented. Motion carried unanimously.

CONSENT ITEMS

- Item 2 Approve Payment of Claims
- Item 3 Award City Contract for Emerald Ash Borer (EAB) Injections/18-25/EAB Management Program
- Item 4 Order Improvement/Order Plans & Specs/18-33, Kelsey Round Lake Park Trail Expansion & 18-34, Andover Station North Trail Connection (See Resolution R038-19)
- Item 5 Adopt Resolution Setting Annual Income Level for Senior Citizen and Disabled Individuals for Deferral of Assessments & Reduced Sanitary Sewer Rates (See Resolution R039-19)
- Item 6 Accept Resignation/Retirement of Barbara Wells – Administrative Assistant
- Item 7 Approve Temporary Intoxicating Liquor License/Andover Lions/Fun Fest
- Item 8 Approve Application for Exempt Permit
- Item 9 Approve Purchase/Stump Grinder
- Item 10 Approve City Code Amendment/Title 3-5 (Ordinance 492)
- Item 10b Approve Appointment of Fire Technician

Motion by Knight, Seconded by Bukkila, approval of the Consent Agenda as read. Motion carried unanimously.

PUBLIC HEARING – PROPOSED PROPERTY TAX ABATEMENTS FOR A COMMUNITY CENTER EXPANSION PROJECT/CONSIDER APPROVAL OF RESOLUTION APPROVING PROPERTY TAX ABATEMENTS

City Administrator Dickinson explained a presentation will be made and then the City Council is asked to hold a public hearing and consider approval of a resolution approving the use of tax abatements in connection with the financing of the Community Center Expansion Project. He explained staff and Ehlers & Associates are of the opinion the City should consider the abatement of property taxes levied by the City on benefited properties within close proximity of the Community Center. Mr. Dickinson stated the public hearing was noticed, identifying properties within the proposed abatement area. He displayed a map depicting the abatement area and explained that based on how the City's tax base is set up, the City taxes collected within the identified area will pay for the Community Center expansion project. It was noted that any parcel in a TIF District will be exempt from the tax abatement.

Mr. Dickinson stated the cost of the abatement is estimated not to exceed \$18,200,000. This was

an estimate that will be reevaluated based on the actual bids received and it will be adjusted accordingly. The Council will need to determine that the benefits to the City of the abatement to be at least equal to or exceed the cost to the City. Also the Council will need to find that granting the abatement is in the public interest because it will provide or help acquire or construct public facilities and will help provide access to services for residents of the political subdivision and, as mentioned, properties included are not located in a TIF District.

Mr. Dickinson referenced the Minnesota Statutes 469.1812 – 469.1815 relating to tax abatement and explained it uses property tax revenue from a geographic area to fund abatement eligible uses such as a recreational facility. Tax abatement does not require consent from the abatement owners, nor does it change their tax impact relative to other property taxpayers. Tax abatement is simply a designation of taxes for an eligible purpose and is not an exemption from paying taxes.

Mr. Dickinson stated the abatement cannot exceed 10% of the City's net tax capacity or \$200,000, whichever is greater. He stated based on the City's 2018 net tax capacity, it could abate approximately \$3.1 million. Mr. Dickinson estimated the City will not use abatement financing again for the next 15 years or when the original community center debt is paid.

Mr. Dickinson provided an overview of the project's components, noting the areas for parking, points of access, entry, meeting room space on the first floor, sports complex (ice, turf, other related activities), ice system, storage, change of the existing ice sheet (which will not be financed by tax abatement), expansion of one court, crash space, teen usage, and dedicated senior activity space. Mr. Dickinson displayed a floor plan and described the first and second floor uses. The second floor will have dry floor training area, walking track, and smaller-sized meeting rooms.

Mr. Dickinson reviewed the project budget estimate of \$17,849,782 and milestone schedule as detailed in a previous meeting packet. If bids are favorable, the Council will consider the award of the project on June 4, 2019 and if approved, construction could start in July 2019.

Mr. Dickinson repeated the main finding required of the Council that the project is in the public interest, the benefits to the City are equal to or exceed the cost to the City, and it provides a public facility for use by the public.

Todd Hagen, Ehlers & Associates, stated Mr. Dickinson did a good job of talking about the project because there are a number of local sports facilities, other organizations, the public, and YMCA who also use this facility. He stated on June 4th, they will preplan the bond issue based on the bids received. Mr. Hagen explained rates have been fairly low so generally speaking, there is a flight to quality, which means people start to buy bonds and that results in lower bond prices and interest rates to the issuer. He stated they looked at various financing options, and this type of financing is not new to Andover as it was used in 2012 to refinance the 2006 and 2007 lease revenue bonds, which saved over \$4 million.

Mr. Hagen stated the City recently financed \$10 million for the Public Works project and a rating report was conducted. Standard & Poors, at that time, gave Andover a bond rating of AA+, which is due to the City's strong economy, strong management, budgetary performance, and strong reserves. As a result, many will compete for these bonds and a lot of interest will be created. Mr. Hagen explained the City's market value grew by 6.6% and its net tax capacity has grown by 28.7% from 2014 to 2018. As the City's market value grows, taxes will follow suit the other way. He noted the City's debt is very low at this point so Standard & Poors was told the City may issue \$18 million for this project and Standard & Poors indicated that additional debt would not change the City's AA+ rating. Mr. Hagen commented on the City's debt service ratio as compared to other governmental agencies, noting it is at 11.9% and the new debt will not increase it too much.

Mr. Hagen commented on the healthy number of building permits the City issues each year, which increases the City's market value. He noted if bonds need to be issued, it is a good market to consider today.

Mayor Trude reviewed the process that will be followed during the public hearing, noting those interested in speaking have written down their name and address. If more residents are interested in speaking, they can add their name. Mayor Trude asked those speaking to limit their comments to three minutes so all can be heard.

Motion by Bukkila, Seconded by Barthel, to open the public hearing at 7:27 p.m. Motion carried unanimously.

Jan Rachel, 1320 137th Lane NW, 30-year resident, stated she is a pickleball advocate and supports the addition of pickleball courts as they have outgrown the current facility. She explained they want to be more active and social and pickleball is a growing sport. The pickleball program will bring 300 people into Andover for a tournament this coming weekend, which will bring in business for the City. She volunteers to teach pickleball and all are then welcome to play on the courts, which has a charge. Last year it raised about \$40,000. Ms. Rachel stated they can currently only accommodate 36 so they have to modify the sport by shortening the game to let everyone play. She stated this sport brings in people from all over, they pay to play pickleball, and then they stop at local businesses, which brings in revenue to the community. Ms. Rachel stated there is a lot of interest and that's because they offer pickleball skills and drills. She noted they also need outdoor courts but there are none in Andover, so those players go Coon Rapids and Anoka. Ms. Rachel stated as residents age, more move to pickleball so the demand is there.

Wayne Vistad, 3046 169th Lane NW, stated he was in real estate for 31 years and saw the extreme of a downfall and a rapid increase. He noted currently, only 50% of the population can own a home but that will top out and then go down. Mr. Vistad asked with this project, how much are the Andover taxpayers going to pay because their taxes in the last three years have increased 30-35%.

Brenda Clausen, 941 140th Lane NW, asked about the cost per household over the life of the bonds. She stated she has heard \$3,000 to \$3,500, which is upsetting to her. She asked why she wasn't told sooner before this became a 'done deal.' Ms. Clausen asked who on the Council voted for this project.

Mayor Trude and City Attorney Baumgartner described the public hearing process for the public to make comment and indicated it is more efficient for questions raised to be answered by staff after the public hearing is closed.

Cindy Ingelin, 961 140th Lane NW, 11-year resident, stated she was happy to hear of the City's good financial situation. She stated the people she knows feel this big of a project should have gone to a vote even if it didn't have to. That is what people are concerned about and feel there should have been more notification and information provided.

Don Legge, 14417 Vintage Street NW, 40-year resident, stated this should have been brought up to the people for a decision. He stated there are no figures on the break even or how much the arena will be rented out. He believed the people need to know those figures before the Council should vote approval or disapproval. Mr. Legge stated his situation is the approval on this project is his vote against them in the next election.

Jolene Alger Hansen, 13676 Marigold Street, stated she called Mayor Trude after the Fox 9 report and described the conversation from her perspective.

Mayor Trude explained this meeting is not a personal attack opportunity and asked Ms. Alger Hansen to change her comments and address the topic under consideration, the public abatement bond or the Community Center.

Ms. Alger Hansen stated she will speak to the 17% increase in her property tax including the taxation of the hockey rink, which she did not expect when she purchased her house three years ago. She doesn't know why the 28% increase in the City's tax evaluation does not result in her taxes going down. Ms. Alger Hansen stated the Mayor may have more discretionary income than she does but a 17% increase is too much to expect of her. As to the public interest, Ms. Alger Hansen asked what this project does for her or any who are not part of the Andover school district, which is a measurable group. She stated they have to pay Andover taxes but do not receive the benefits and a 17% tax increase in four years is simply too much.

RECESS & RECONVENE

Mayor Trude indicated Ms. Alger Hansen's comments continue to be a personal attack and called a recess at 7:48 p.m. The meeting was reconvened at 7:53 p.m.

Kevin Harding, 1493 154th Avenue NW, stated \$10 million for the Public Works facility is a need but \$18 million for a glorified hockey arena is not. He stated he sent questions to the Councilmembers. He stated the Mayor made a case and when asked why it didn't go to a vote, the Mayor explained the financing used did not need a resident vote because it was not an

education bond. Mr. Harding stated he felt it should be voted on by the people because he does not know if the hockey arena and pickleball courts are needed. He believed the Council was skipping the voter's rights on \$18 million (without cost overruns), plus there will be upkeep and the user fees will not cover the cost to run this, much less build it and eventually they will have to pay to tear it down. Mr. Harding asked the Council how many think they will be here after the next election. He stated this is a luxury item and the people should vote on it since it is taxpayer's money and coming from resident's pockets, and then some. He believed it will be a cost on Andover's residents for 20 years, noting the constituents put the Council in office.

Merlyn Prochniak, 2941 141st Avenue NW, listed the basic infrastructure of the City and stated other items are not necessary or crucial needs but desired wants. His concern is with streets that need to be repaired and replaced. He complimented the Street Department for trying to keep up, as they do a good job. Mr. Prochniak stated out of the 140 miles he traveled, 100 miles have to be fixed and he does not know when or how it will happen or if it will be done right. He noted a temporary patch is only temporary and he thinks it is a safety concern when the streets are this bad in some spots. Mr. Prochniak stated the City needs to fix the streets and that should be a priority before anything else happening. Mr. Prochniak thought a few on the Council had a different priority and no matter how it is addressed, it will raise taxes. He suggested the people be asked whether they want their streets fixed or the new Community Center.

Ben Riechers, 15844 Martin Street NW, stated this should have been a referendum, noting there is a lot of tension in Andover because people didn't get a chance to vote. He pointed out that even little kids are in the middle of a grown-up fight since it wasn't voted on. Mr. Riechers stated no matter how this goes, go home and hug your family and remember what is important. He believed without the accountability of a referendum, it gives unlimited delegation to the Council for unlimited debt that the lenders will lend. He referenced the League of Minnesota Cities handbook on financing and lending and commented on the City's bonds issue debt that is backed by the full faith and credit of the City's taxpayers. He asked why we are not having a referendum as this is the largest capital expenditure project in the history of Andover, not counting the Public Works facility. He stated you would think they would apply the Statutes specifically created for capital improvement spending and use capital improvement bonds. But instead, the Council is using a general obligation abatement bonds, which also applies the full faith and credit of the residents. Mr. Riechers noted capital improvement bonds require the improvement to be in the Capital Improvement Plan (CIP) and allows citizens to petition for a referendum. However, tax abatement bonds do not have any of those protections.

Larry Schalo, 4208 161st Lane NW, stated he attended three other meetings and Councilmembers Knight, Holthus, Barthel, and Mayor Trude voted for this and Councilmember Bukkila did not. He stated he found out the Community Center loses \$200,000 a year and the taxpayers pay for it. Also not addressed, are the taxes against our businesses, \$10,000 to \$15,000 per property which we all pay for every time we buy something from the business. Mr. Schalo thought a small part of the community would use the ice rink, which has not been brought up. He stated resident's property taxes will weigh heavily on him and the rest of us but no one realizes that businesses can't absorb a tax increase. Instead, the community absorbs it in the cost of their purchase from

the business. Mr. Schalo stated that puts stress on everybody. He asked the Council to consider the expenditures and stress it places, from children to elderly.

Susan Wood, 2301 139th Avenue NW, stated she made phone calls and spoke with some councilmembers. She asked how the Council can make a decision on this amount of money without a referendum on this issue. She asked if there is a contract with the State for the Council to take that power away from the people to make that decision. Ms. Wood stated she has lived here for 43 years and seen a lot of change. She stated the people are the government and the Council is to represent them. Financially, she asked how the income is coming in and the amount being brought in by the YMCA and ice arena. She noted the Boston Tea Party was taxation without representation and to her, this falls into the same category. Ms. Wood asked if they are being represented and if the original YMCA is paid off and if not, for how long.

Mary VanderLaan, 2120 154th Lane NW, stated she is saddened by the lack of civility and what is happening here. She stated she was the first woman who held office in Andover when it became incorporated and was on the first Planning and Zoning Commission when similar things were considered. She mentioned the types of issues they had considered and asked all to stick to facts and be decent to our people as they are decent to you. Ms. VanderLaan stated she is again serving on the Planning and Zoning Commission. She explained the City Council has the right to vote on a project without the residents voting, mentioning it was the same thing with sanitary sewer and road projects. She stated the Council was elected and if people don't like them, they can decide to not vote for them in the next election. She asked all to be decent about it. Ms. VanderLaan stated with her experience on the City Council and Planning and Zoning Commission and running a business in Anoka, she is asking residents to think about the need to be forward thinking, progressive, and improve the Community Center so Andover has a market share. She noted if it is not improved, Andover will not have the market share. She believed it was a safe investment because the assets will maintain the debt nicely. She stated the taxes will go up but in the long run, it will be contributing to the City that has an estimated increase of 7,900 people in the next 20 years. Ms. VanderLaan stated the Council is qualified to make this decision.

Bob Lex, 15741 Xenia Street NW, 15-year resident, stated this is the first Council meeting he has attended and asked if this project is already a done deal. He stated even today, \$18 million is a lot of money. He likes Andover because it is not Coon Rapids, where he also owns a house and taxes go up and up there too. He stated Andover has done a good job of holding down taxes. But he does not think government should be in business and he views the ice arena as a business. Mr. Lex stated he has worked for regional government and seen too much waste, fraud, and abuse, and citizens should be able to trust their elected leaders. He stated his friend is a project manager, does a good job, and says if it were a not for profit organization, they prove it every day. Mr. Lex believed it was a travesty to consider this project. He would like the City to shelve it, though that may not be possible, but the City should cut its losses and walk away from the table.

Sheila Dewitt, 2603 166th Avenue NW, suggested the City is having an identity crisis in building

the new Community Center. She noted a Council Member had referred to Andover in comparison to Blaine and Maple Grove that have multiple ice rinks and community centers and they can afford it so we should as well. Ms. Dewitt stated it was decided by Andover 12 years ago to stay a small town and started a program to purchase land and acreage to prevent Andover from huge expansion and development. The City wanted to protect its small-town atmosphere. Now 12 years later, the City has the land, new ideas, but not enough citizens or revenue. She noted that Andover has half the population of Blaine and Maple Grove so it also has less revenue, business, industrial, retail, and restaurants so there is no comparison to those towns. Ms. Dewitt stated Andover is a small town with more churches than restaurants with a drive-thru window and an equal number of fitness centers as gas stations. She believed needing to build to attract people to Andover is as ridiculous as comparing Andover to Blaine and Maple Grove. Ms. Dewitt suggested instead to offer more programs and opportunities instead of building what we already have. She stated the appeal is more schools and a small-town feel. Ms. Dewitt recalled when Coon Rapids lost the ability to have an indoor mall, which was devastating and those businesses moved to Maple Grove where the money was. Coon Rapids got Costco instead and now Maple Grove has the retail development. She suggested the City offer something to kids who do not play team sports, like a place to use 4-wheelers or go horseback riding. She stated she wants to go horseback riding or 4-wheeling and not play pickleball. Ms. Dewitt suggested selling the land we have and offer more affordable housing, more businesses. She stated if you want a big city, plan for it, and if you want a large Community Center, save for it. Ms. Dewitt asked what is your view for Andover's identity, to be a big city or stay a small town.

Frank Kellogg, 15120 Zilla Street NW, 24-year resident, stated he is involved in the community and lived in Andover when there were junk yards and not good infrastructure. He applauded the past and present Councils for improving the City. Mr. Kellogg stated the WDE landfill will now be cleaned, which has been a blight. He stated he respects others' opinions and asked others to respect his opinion. He commented on the impact of his 58-year-old sister's recent death and stated we can be compassionate in what we believe while still respecting our neighbors. Mr. Kellogg stated he chairs the Community Center Advisory Commission and worked to get the high school here, grow schools, and evolve the Community Center. He noted the City had spent \$18.98 million to build the Community Center, it did not go to a referendum, and the vote was 5/0 by the Council. He stated his belief that the vast majority of residents consider the Community Center to be a phenomenal asset with services and value associated with property value increases. Mr. Kellogg noted the Community Center generates \$900,000 in revenue on an annual basis to pay for costs associated with that infrastructure. He explained they wanted to be prudent in what they proposed 13-15 years ago and had looked at Sunshine Park that served 900 kids, noting the associated costs equated to \$5,000 per individual. Then they came to the Council and asked for \$5,000 to build a rink and that evolved. Mr. Kellogg stated this reminds him of 14-15 years ago when there were 100 people at the meeting and they didn't disagree with the decision going forward.

Angie Sedesky, 1162 157th Lane NW, noted the public was asked to talk to the Council, not lecture the crowd. She stated people have said the Council was elected to represent us and asked how many who ran for office said they wanted to expand the Community Center and increase

taxes. She noted Councilmember Barthel had said he wanted to bring the cost down but he still voted for it. Ms. Sedesky stated she also asked the Mayor. Ms. Sedesky stated people should be asked if they are expected to pay and she will remember it in the next election.

Scott Roth, 648 142nd Avenue NW, 15-year resident, stated he moved to Andover because they like a small town feel even though there were not a lot of businesses and they liked the low property taxes. He stated he does not know whether the expansion is needed but as a person in this industry, an industry he has known for 30 years, when these projects start it will cost more than you think it will cost, the revenue will be less than expected, and the property taxes will continue to go up, for sure. Mr. Roth stated he has learned that from exhaustive industry studies. He stated home values were as expensive in 2005 when he purchased his home and his home lost \$120,000 in 2008. Mr. Roth noted payments will have to be made on the debt even if the housing market goes down again. He stated his house has never been worth more than it is now but that's not a limitless thing. He stated streets, more streetlights, pothole repair, those should be the main purpose before having a new building. Mr. Roth believed the property taxes would be eaten up by the Community Center expansion and the main function of government is to assure roads and lights, noting the \$18 million could go for infrastructure. He stated he has seen nice facilities but the road is a disaster to get to it and asked if the City's money is going to subsidize the facility instead of maintaining roads.

Nancy Hill, 3595 144th Avenue NW, resident since 1994, stated she has attended several meetings. She stated her area got some of the new streets that were paid for. She referenced the newsletter article about the construction of the original Community Center and asked if there is a bond for the City Services building and how many bonds will the City have that the taxpayers are paying for.

Jean Carlstrom, 14941 Butternut Street NW, stated in her personal opinion it is criminal and irresponsible to raid resident's pocketbooks without a referendum. She stated the City should save before it pays. She pointed out that with a referendum, more residents would have been on board if the majority support the project. She disagreed with the need for more streetlights in her neighborhood because she wants to see the stars. Ms. Carlstrom stated she understands pickleball is popular but if bringing in \$40,000 a year it would take 450 years to pay \$18 million.

Blair Bucciconi, 140th Lane NW and Prairie, stated frankly, he does not think this is a forum for laughter. He described his son's and daughter's involvement in sports, and stated the football coach is here tonight but afraid to talk because of the mentality of the audience tonight. He stated universally, when people from Andover heard he was coming here tonight, it was an 'eye roller' as he was here two elections ago asking the Council to do this. Mr. Bucciconi stated he had left a high school playoff soccer game early to come to the meeting, taking his then 6-year-old daughter from watching girls she idolizes playing a section tournament game because the meeting was that important to him. He stated the people from whom he purchased his house, nearly four years ago, got the benefit of a Community Center and their house increased in value because of it. He stated he and his friends want the expansion, voted in the last election, and have been paying attention for the last three years. He listed the activities he uses the Community

Center for and stated he does not use the YMCA but knows plenty of folks who do and some don't have a lot of money and get a reduced rate at the YMCA. Mr. Bucciconi stated progress is hard and noted a lot of the audience look like their kids are grown. He asked for the same benefit for his kids and stated people move to Andover because of the schools, not for the small-town feel, noting that south of Constance is not small town. Mr. Bucciconi stated it scares him to think that people can shoot a shotgun shell near his house. He again noted that progress is hard and it costs money. Mr. Bucciconi thanked the Council for their positive vote in favor as it is a wise investment in the youth of the community because it keeps them busy and out of trouble.

Motion by Holthus, Seconded by Knight, to close the public hearing at 8:39 p.m. Motion carried unanimously.

Mr. Dickinson answered questions raised during the public hearing. He presented a chart that was in the last newsletter identifying the potential annual operating cost based on \$17.650 million construction proceeds. He noted the Hockey Association is providing funding if the project moves forward so that amount will be reduced to \$17.6 million, which will provide for the sports complex, multipurpose rooms, fieldhouse, and site work. He explained the operational numbers include the net cost of staffing, utilities, maintenance, and senior and teen programming. The teen programming of \$50,000 would be funded through the levy and approximately \$30,000 associated with the senior programming would be levy funded and the services provided through a partnership with the YMCA. Mr. Dickinson stated their projections are on the conservative side.

Mr. Dickinson stated on the home value increases questions homes in the \$200,000 to \$350,000 range is where the most volatility is in market value, he agreed it can depend on the school district boundary you are in.

Mr. Dickinson stated they are not predicting user fees will pay 100% of the operational costs of the facility and the Council discussed the amount of subsidy early on. With the original facility, a business plan was created as well as the Community Center Advisory Commission to strive to seek revenues to cover the operations of the facility. It was not identified to pay for the debt of the facility through those revenues. He stated in 2004, they were targeting \$60 on a \$200,000 home.

Mr. Dickinson stated the 30-year bond issued in 2004, will expire in 2031. The debt on the facility was refinanced in 2006, 2007 and 2012. Between those re-financings, about \$5 million in long-term debt service costs were saved and the YMCA will receive some of that. He explained that abatement bonds were done in 2012 and that is where the big savings were realized because it reduced the payments by three years. Mr. Dickinson stated the YMCA lease is \$635,000 a year plus \$50,000 to \$80,000 for common costs. Any excess goes to pay down debt, which will be paid in 2031 but additional payments from the YMCA will be received during the additional three years when the City is not paying debt.

Mr. Dickinson stated Andover's slogan is Welcome Home and he read Andover's vision

statement “Andover, a safe growing community in which to live and work which enhances the quality of its citizens’ lives through recreational opportunity, quiet neighborhoods, civic involvement and fiscal and environmental stewardship”. He described the number of bonds the City currently has, noting the City has also issued some capital equipment notes for large equipment pieces.

Mr. Dickinson explained if all individual property values drop the same amount and the City’s levy is the same, the tax rate increases and the same amount of money is collected. He stated the values help to alleviate the burden and there are opportunities when debt comes off to lower property taxes. Mr. Dickinson explained all property tax valuations are different, so he speaks in averages. The average market value will increase by 9%, but some will be more, some will be less, and some may have lost value. Mr. Dickinson stated total taxes will likely increase if this project moves forward unless other revenue sources are found. He stated meeting the top priorities is what the Council identifies for capital and basic services, and he is challenged to deliver that and present a budget in September. Mr. Dickinson stated for next year, there will be an increase in total market value.

Mr. Dickinson stated a question was asked about the authority the City has to issue debt. He noted he had identified the State Statute that grants that authority in his earlier presentation. The City will also seek a bond counsel opinion. Mr. Dickinson reviewed some municipalities that have used this type of bond to finance facilities.

Mr. Hagen explained that unlike school districts, cities have certain means to issue bonds without a referendum. He described funding options and stated most projects (water, sewer, equipment, streets with special assessments) are at the discretion of the Council in being stewards of the City. He reviewed the types of buildings that can be constructed within those parameters and confirmed the City works with legal counsel for review of the bond terms, noting Ehlers has regulatory authority to represent the City and has many municipal clients.

Mayor Trude stated Ehlers & Associates has worked with a lot of growing cities that are carrying debt on their city hall, fire stations, and streets. Mr. Hagen agreed and stated Andover is relatively low on the debt scale when compared to other cities, which affects the bond rating. He stated as part of the planning process, he knows there is a large document the finance department has with the Capital Improvement Plan (CIP) that the Council works on from March through November. The CIP is one of the most important planning tools of the City and includes projects for streets, the fire department, public works, and the community center. He stated Andover is on the top of the curve with planning and also looks at cash reserves that can be used without hurting the rating. Mr. Hagen agreed that Andover does not bond for everything and looks at issuing bonds for large projects. He noted with bonding, residents enjoy and pay for the improvements while living here and then if they sell, the new buyer pays for and enjoys the improvement. Mr. Hagen explained it is a balancing act with the payment matching the benefit. He stated 30 years ago, it was a different story but now planning is an important tool as well as matching the payment with the benefit whether a fire station or facility like this.

Mayor Trude asked whether Andover is pulling money away from roads to consider this project. Mr. Dickinson stated the City increases funding for roads and public safety and continually monitors the contract with the Sheriff's Department to make sure it is keeping pace. He stated there are a lot of projects that can be done (trails, streets, other buildings, equipment) but the City has worked through the CIP, plans the next five years, and finances for the next five years. He stated the City has increased dollars towards streets but you need to strike a balance and that is the Council's challenge with the CIP and budget process, which is started early to assure adequate time for consideration.

Director of Public Works/City Engineer Berkowitz stated the five-year CIP identifies streets in the worse shape, which is determined through yearly evaluations. Through that process, the City assesses 25% of the roadway project cost back to benefiting properties. The City also does sealcoat and crackseal for ongoing maintenance and spends 30-40 hours a week on pothole patching. Mr. Berkowitz stated staff continues to look for more funding as it is an important part of the City's infrastructure.

Mayor Trude stated she wanted to assure residents that the Council continues to look at every aspect of the community and there are many children in Andover. She recapped that tonight there were 20 speakers with the majority, 16, speaking against and many applauding and 4 speaking for the project. Mayor Trude noted that some audience members left the meeting tonight because they felt threatened and not welcomed to offer their opinion. The City also accepted 28 letters into the public record with 25 in support and 3 opposed.

In response to whether this project is a 'done deal,' Mr. Dickinson stated he had shown the project schedule earlier. Tonight, the Council will consider approving a resolution to use property abatement taxes for a Community Center expansion project. That would provide the tool to finance the project, if it is approved. The bids received on May 14th will be evaluated by staff to determine if the bids fall within the budget. The bids will then be considered by the Council for award on June 4th. If the project is awarded, the Council will consider a request to authorize the sale of bonds, if that is the tool approved tonight.

At the request of Councilmember Knight, Mr. Dickinson again stated the definition of tax abatement based on Minnesota Statutes 469.1812 – 469.1815.

Motion by Knight, Seconded by Holthus, to approve Resolution No. R040-19 approving property tax abatements.

Councilmember Bukkila stated yes, the Council can legally use tax abatement bonds but she does not agree with its use. On the project, she noted she has been against the method the Council has used to go through the process and the lack of communication with the public since June (June 2018). Councilmember Bukkila stated she has an issue with the City obtaining input from the users and stakeholders of the Community Center, asking what they use, how they use it, and how do you operate within the facility. The users and stakeholders were also asked if the City did an expansion, what they would like to see. Councilmember Bukkila stated the

‘Christmas list’ began and that, to her, is what occurred. Everything possible was listed and nothing was subtracted with the exception of meeting room size and/or location. She stated the project was expanded beyond what she thought was possible. Councilmember Bukkila stated she supported meeting rooms and to meet the needs of teens and others who are not involved with athletic activities. To do that, the cost was in the neighborhood of \$2-3 million or \$20 for \$250,000 house. She thought that was an acceptable and wanted the amenity in the community.

Councilmember Bukkila explained when the project expanded to include the rink and concrete floor with turnover to turf, then it looked competitive with private businesses and there are already a couple of these businesses in Andover. Then a walking track and dry floor activities were added. Councilmember Bukkila stated the project grew beyond what she was comfortable with.

Councilmember Bukkila stated she had asked when the public input would start and especially those from the non-athletic community. She was told there were no accurate numbers to tell the public and it was an estimate at \$18.9 million, but it would have at least opened the discussion. She felt the Council could have done more on the front end to communicate what was being discussed. Councilmember Bukkila stated she and former Councilmember Goodrich favored a referendum but there were not three on the Council that supported a referendum so that did not happen. She stated last fall, residents started to attend and get informed and then spoke with each other so the information spread. Councilmember Bukkila noted Citywide events were not held until December and by then, the vote had already been taken. She felt it was disingenuous to hold a public hearing after the vote was taken. Councilmember Bukkila stated she will vote no on this vote tonight and thanked everyone for coming out tonight.

Councilmember Barthel stated he will vote for it but wanted to make some comments. He apologized to the resident for not reaching out to her on Facebook, noting he had replied to many others. He also apologized to the resident who did not receive an e-mail from him, noting he had replied to many emails and also sat down for coffee with many residents.

Councilmember Barthel stated he would support having more industrial sites, but there is not an interstate or major highway in Andover so industrial users are not interested. Councilmember Barthel stated he came to the Council in January and when he ran, said he supported the Community Center expansion and did not support a referendum. He wanted the price to come down by using some of the fund balance but then someone pointed out that residents had paid for the fund balance so why would the City use it to pay for a future building. He stated in Andover there are 27 baseball fields, 21 soccer fields, and the City spends \$1.3 million on those facilities that bring in no revenue as there is no charge for those fields. Councilmember Barthel noted people say the Community Center helps few people but recently, the Council agreed to improve a road that serves few people and they will only pay 25% of the cost for it. He stated the City will pay for it even if it benefits six people and asked whether the City should plow a road that benefits one. Councilmember Barthel explained rarely what the City does affects everyone and more often, it helps a few. He asked how this is any different. Councilmember Barthel stated he had joked with a resident about putting in a toll road, but that will not happen. He believes the

Community Center expansion benefits the community and for the gentleman who asks if it is a done deal, the bids have not come in yet. Councilmember Barthel stated when he ran for election, he said forefront that he agreed with the Community Center expansion and at this time, he will support it. He stated if he doesn't get reelected again, that's fine, but he believes this project is the best for the Andover community.

Councilmember Knight stated the City's population is aged 6 to 60 and creates real demands from the lower age end to the seniors at the other end. He stated a lot of seniors have talked to him about what they need and want because there are a lot of seniors in Andover and it is more than pickleball. He noted Maple Grove has places for seniors to do computer work and many other things and since Andover's population is very broad, the City is looking at services and needs for a larger age spectrum than other cities.

Mayor Trude stated this has been a topic since 2015 and she has spoken on it at many meetings. She stated the Community Center Advisory Commission, a citizen appointed group, has provided a recommendation and she supports their recommendation.

Councilmember Barthel stated he knows some people will not believe him, but this has been a hard decision for everyone on the Council, whether for or against. He stated he has never lost sleep except over this decision, on whether it is right or not right. So, he wanted the audience to know this decision is not taken lightly, at all.

Mayor Trude stated there are many who provided input who are not in attendance and 100 kids are at the hockey arena tonight with parents and fans, others are at baseball and soccer fields, and others are at concerts. That is who is moving into Andover, families with a lot of children, and they buy 4- and 5-bedroom homes.

Motion carried 4-1 (Bukkila).

RECESS & RECONVENE

Mayor Trude recessed the meeting at 9:24 p.m. The meeting was reconvened at 9:30 p.m. Councilmember Bukkila was not present.

CONSIDER CONDITIONAL USE PERMIT – HOME OCCUPATION: SAPPHIRE MASSAGE – 14405 OSAGE STREET NW – SARA JOHNSON

Mayor Trude asked if any neighborhood concerns have been brought forward since the Planning and Zoning Commission meeting. Community Development Director Janish explained that since the public hearing, there was a resident request for a sign indicating that there is a cul-de-sac ahead. The Public Works Department has indicated such a request does not meet the City's past practice or sign policy. Mayor Trude suggested discussion of a "No Through Street" sign can continue outside of this consideration.

The Council dispensed with presentation of the full staff report as it was included in the meeting packet and the Planning and Zoning Commission had recommended approval.

Motion by Holthus, Seconded by Knight, to approve Resolution No. R041-19 approving a Conditional Use Permit for on-site in-home therapeutic massage services on property located at 14405 Osage Street NW. Motion carried 4-0 (Bukkila absent).

CONSIDER APPROVAL OF MASSAGE ESTABLISHMENT LICENSE

The Council dispensed with presentation of the full staff report as it was included in the meeting packet.

Motion by Knight, Seconded by Holthus, to approve the Massage Establishment License for Sara Johnson, 14405 Osage Street NW, for the period of May 8 through December 31, 2019. Motion carried 4-0 (Bukkila absent).

CONSIDER VARIANCE REQUEST – SIDE YARD SETBACK – 2384 151ST AVENUE NW – KEVIN KOSCHAK

Community Development Director Janish stated the property owners/applicants are requesting a variance for their property at 2384 151st Avenue NW to provide an addition above the existing garage that is located six feet from the property line. Mr. Janish stated the Planning and Zoning Commission held a public hearing and no comments were received.

Motion by Holthus, Seconded by Barthel, to approve Resolution No. R042-19 approving a Variance for Property at 2384 151st Avenue NW. Motion carried 4-0 (Bukkila absent).

Mayor Trude commented on the need to review the City's Code to address this issue and asked staff to schedule it for Workshop discussion.

CONSIDER INTERIM USE PERMIT – LAND RECLAMATION – NE CORNER OF PRAIRIE ROAD/146TH LANE NW, PIN 25-32-24-21-0004 MARK AND MIKE SMITH

It was noted that Mark and Mike Smith are seeking an Interim User Permit (IUP) to store/grade up to 60,000 square yards of soil. The soil is excess dirt from the Catchers Creek East development and will be used for future grading of the lots in this property.

Community Development Director Janish stated the recommendation is for a five-year duration and a resident comment was received that they did not want to see additional traffic. He noted the Planning and Zoning Commission recommended, on a 7-0 vote, approval of the IUP request for a five-year timeframe to allow up to 60,000 yards of material to be moved and spread to the area as shown and subject to conditions as outlined in the draft resolution.

Councilmember Barthel asked how long the dirt will be on the site. Mr. Janish referenced the staff report that included the schedule, noting the dirt will be spread. Councilmember Barthel

wanted to assure there would not be a large dirt stockpile blowing dirt into the neighborhood. Mr. Janish described the fill locations. Mr. Berkowitz stated staff continually monitors how dust is controlled.

Councilmember Bukkila returned to the Council dais at 9:38 p.m.

Motion by Barthel, Seconded by Knight, to approve Resolution No. R043-19 granting an Interim Use Permit for land reclamation for the property at the NE corner of Prairie Road/146th Lane NW. Motion carried unanimously.

CONSIDER PRELIMINARY PLAT – CATCHER’S VARIANCE REQUEST – 1049 ANDOVER BOULEVARD NW – MARK SMITH

Community Development Director Janish stated the City Council is asked to review the Catcher’s Creek Preliminary Plat West, which is within the Municipal Urban Service Area (MUSA), consists of nine urban lots located at 1049 Andover Boulevard NW, and the Preliminary Plat conforms to the R-4 Single-Family Urban requirements.

Mr. Janish stated since this was presented, an agreement was reached that the applicant provide for a right turn lane and then the County will allow for a future right-in/right-out. The County will note it in their records for the future. Mr. Janish described points of access and stated this property is in the MUSA with a gross density of 1.87 homes per acre, meeting the City’s gross density requirements. The Park and Recreation Commission recommend cash in lieu of land.

Mr. Janish stated the Planning and Zoning Commission held a public hearing on April 9, 2019. During the public hearing, one property owner spoke regarding assurances that the development layout will not affect future development to the north. He reviewed items discussed by the Planning and Zoning Commission and recommendation for approval on a 7-0 vote with the addition of a condition requiring the rezoning of the property prior to approval of the final plat.

Mr. Berkowitz stated the County wanted to make sure all understood they may limit it to a right-in/right-out in the future so there will need to be other points of access out of the development.

Mayor Trude asked if there is some concern with the neighboring property owner that needs to be addressed.

Mark Smith, 2120 Otter Lake Drive, Lino Lakes, applicant, stated he spoke with the neighbors a year ago to find out if there was interest and he did not hear anything from them. Mr. Smith stated he presented a concept plan that was supported, went through three reviews, and spent \$50,000 on the plans so he wants to move forward with the project as presented. He stated dirt is coming to this site. Mr. Smith explained there has now been a call from the family asking to do something different so he met with them but he does not see any advantage to change his plan at this point.

Mayor Trude stated she appreciates that explanation and that Mr. Smith had met with the Holasek family. She noted the Holasek family is in attendance and had spoken before the Planning and Zoning Commission.

Councilmember Holthus stated she would like to see a sign or plaque placed where the old General Store used to sit to indicate the historical birthplace of Andover.

Mayor Trude offered an opportunity for Mr. Krekelberg to speak on behalf of the Holasek family, noting though that this plan has already been through the process.

Joe Krekelberg, 6282 West Shadow Lake Drive, Lino Lakes, one of the members of the Holasek family who own land to the north and west of the subject property, stated at the Planning and Zoning Commission meeting he had raised two concerns but he is not his father-in-law Winslow and doesn't know much about this process. He explained the family's concern relates to sewer ability across the road and if it would serve the rest of the property. He noted Darren Lazan is a family friend and done extended business with his family so Mr. Lazan is working with them and met with staff to understand the issues. Mr. Krekelberg stated the family has assurances that the sewer capacity has been preserved. The other concern is whether this is the right layout for the rest of the property. He was referred to the ghost plat, which he reviewed with Mr. Lazan, who pointed out that given where the road comes to their property, it will necessitate a cul-de-sac. Mr. Krekelberg stated he thinks the City does not like cul-de-sacs because they are not easy to plow, and the family does not like cul-de-sacs because of the expense and cutting up of the lots. He compared the nine lots Mr. Smith is developing with the eight acres to the east and suggested one could say there is preferential treatment related to maximum lot yield on his property.

Mayor Trude explained the first application gets to layout the street and then the next one has to connect. She noted Mr. Smith is ready to go and has followed the process and while Mr. Krekelberg's comments were made at the Planning and Zoning Commission meeting, the Commission still recommended approval. Mayor Trude thanked the Council for allowing Mr. Krekelberg an opportunity to make comment as the City respects the Holasek family.

Mr. Janish confirmed that is how Andover has developed, both past and present, with the first project laying out the roads and the City assuring an opportunity to connect for the next property to be developed.

Mr. Smith stated the ghost plat showed an outlot and asked if it was removed. Mr. Berkowitz explained the outlot was needed for the drainage and utility easement within Lot 6.

Motion by Holthus, Seconded by Barthel, to approve Resolution No. R044-19 approving the Preliminary Plat of "Catcher's Creek West." Motion carried unanimously.

SCHEDULE MAY EDA MEETING

Motion by Bukkila, Seconded by Barthel, to schedule an EDA Meeting on May 21, 2019, at 6:00

p.m. Motion carried unanimously.

SCHEDULE MAY WORKSHOP MEETING

Motion by Holthus, Seconded by Knight, to schedule a Workshop Meeting on May 28, 2019, at 6:00 p.m. Motion carried unanimously.

ADMINISTRATOR'S REPORT

City Staff updated the Council on the administration and city department activities, legislative updates, updates on development/CIP projects, and meeting reminders/community events.

(Staff Activities) Mr. Dickinson noted the WDE public information meeting is tomorrow night in the Council Chambers, from 6:30 p.m. to 8:30 p.m. The MPCA, Anoka County Health Department, Minnesota State Health Department, City staff, and the contractor will be in attendance.

Mr. Dickinson stated there will be a QCTV budget meeting tomorrow. He has conducted an audit exit for the City's audit and the 2018 financial statements will be presented at the next Council meeting. Mr. Dickinson stated staff has been working on the Community Center lease with the YMCA. The YMCA is contemplating an expansion and will hold a board meeting next week. Mr. Dickinson announced the North Metro Mayors meeting on May 15, 2019 and indicated all are welcome to attend. He noted the City has issued new building permits in the mid-40s.

(Retirement of Barb Wells) Mr. Berkowitz recognized Barb Wells who is retiring after more than 22 years of service. He noted Ms. Wells started working for Andover about six months after he was hired. She started as the receptionist and transitioned to Public Works. Mr. Berkowitz described her years of service and stated she greatly helped him when he transitioned from City Engineer to Public Works Director/City Engineer. He wished Ms. Wells well in her retirement and stated she will be missed. Mayor Trude agreed, noting Ms. Wells also worked on the Community Center Home Show.

(Clocktower Commons) Mr. Janish reported that the Clocktower Commons parking lot is being expanded.

MAYOR/COUNCIL INPUT

(Purple Park Community Build) Mayor Trude announced the need for volunteers for the Purple Park community build on May 18, 2019.

(Recognitions) Mayor Trude announced that resident Briana Clifton was awarded the Comcast Leaders of Tomorrow scholarship. She also announced that the Andover High School is ranked as a top high school and its choir was voted as best Minnesota choir.

(Garage Sales) Councilmember Bukkila noted there are many garage sales coming up this weekend.

(Legacy Academy Groundbreaking) Councilmember Holthus reported on the Legacy Academy groundbreaking that she attended to represent the Council. Mayor Trude thanked Councilmember Holthus for attending, noting Andover is growing with young families.

ADJOURNMENT

Motion by Bukkila, Seconded by Barthel, to adjourn. Motion carried unanimously. The meeting adjourned at 10:02 p.m.

CALL TO ORDER

Motion by Holthus, Seconded by Barthel, to reopen the meeting. Motion carried unanimously.

RECESS & RECONVENE

Mayor Trude recessed the regular City Council meeting at 10:02 p.m. to a Closed Session of the City Council to discuss Public Works Negotiations.

The City Council reconvened at 10:18 p.m.

ADJOURNMENT

Motion by Councilmember Barthel, Seconded by Councilmember Bukkila, to adjourn. Motion carried unanimously. The meeting adjourned at 10:18 p.m.

Respectfully submitted,

Carla Wirth, Recording Secretary

REGULAR ANDOVER CITY COUNCIL MEETING MINUTES – MAY 7, 2019
TABLE OF CONTENTS

PLEDGE OF ALLEGIANCE.....1
RESIDENT FORUM.....1
AGENDA APPROVAL.....1
APPROVAL OF MINUTES.....1
CONSENT ITEMS.....2
Item 2 Approve Payment of Claims.....2
Item 3 Award City Contract for Emerald Ash Borer (EAB) Injections/18-25/EAB Management Program.....2
Item 4 Order Improvement/Order Plans & Specs/18-33, Kelsey Round Lake Park Trail Expansion & 18-34, Andover Station North Trail Connection (R038-19).....2
Item 5 Adopt Resolution Setting Annual Income Level for Senior Citizen and Disabled Individuals for Deferral of Assessments & Reduced Sanitary Sewer Rates (R039-19)...2
Item 6 Accept Resignation/Retirement of Barbara Wells – Administrative Assistant.....2
Item 7 Approve Temporary Intoxicating Liquor License/Andover Lions/Fun Fest.....2
Item 8 Approve Application for Exempt Permit.....2
Item 9 Approve Purchase/Stump Grinder.....2
Item 10 Approve City Code Amendment/Title 3-5 (Ord. 492).....2
Item 10b Approve Appointment of Fire Technician.....2
PUBLIC HEARING – PROPOSED PROPERTY TAX ABATEMENTS FOR A COMMUNITY CENTER EXPANSION PROJECT/CONSIDER APPROVAL OF RESOLUTION APPROVING PROPERTY TAX ABATEMENTS (R040-19).....2
CONSIDER CONDITIONAL USE PERMIT – HOME OCCUPATION: SAPPHIRE MASSAGE – 14405 OSAGE STREET NW – SARA JOHNSON (R041-19).....14
CONSIDER APPROVAL OF MASSAGE ESTABLISHMENT LICENSE.....14
CONSIDER VARIANCE REQUEST – SIDE YARD SETBACK – 2384 151ST AVENUE NW – KEVIN KOSCHAK (R042-19).....15
CONSIDER INTERIM USE PERMIT – LAND RECLAMATION – NE CORNER OF PRAIRIE ROAD/146TH LANE NW, PIN 25-32-24-21-0004 MARK AND MIKE SMITH (R043-19).....15
CONSIDER PRELIMINARY PLAT – CATCHER’S CREEK WEST – 1049 ANDOVER BOULEVARD NW – MARK SMITH (R044-19).....15
SCHEDULE MAY EDA MEETING.....17
SCHEDULE MAY WORKSHOP MEETING.....17
ADMINISTRATOR’S REPORT.....17
 (Staff Activities).....18
 (Retirement of Barb Wells).....18
 (Clocktower Commons).....18
MAYOR/COUNCIL INPUT.....18
 (Purple Park Community Build).....18
 (Recognitions).....18

*Regular Andover City Council Meeting
Minutes – May 7, 2019
Page 21*

(Garage Sales).....	18
(Legacy Academy Groundbreaking).....	18
ADJOURNMENT.....	18
RECESS & RECONVENE.....	19
ADJOURNMENT.....	19