REGULAR ANDOVER CITY COUNCIL MEETING –DECEMBER 3, 2019
MINUTES

The Regular Bi-Monthly Meeting of the Andover City Council was called to order by Mayor Julie Trude, December 3, 2019, 7:00 p.m., at the Andover City Hall, 1685 Crosstown Boulevard NW, Andover, Minnesota.

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

Councilmember absent: Valerie Holthus

Also present: City Administrator, Jim Dickinson
City Attorney, Scott Baumgartner
Others

PLEDGE OF ALLEGIANCE

RESIDENT FORUM

Merle Prochniak, 2941-141st Ave, came forward and stated his taxes increased by 10-11%. Mayor Trude informed Mr. Prochniak he can speak during the 2020 Property Tax Levy public hearing.

AGENDA APPROVAL

Mayor Trude noted the additional agenda item received:
  Item #11b – Approve Appointment of Fire Chief, Dennis Jones

Motion by Bukkila, Seconded by Knight, to approve the Agenda as amended above. Motion carried unanimously.

APPROVAL OF MINUTES

November 19, 2019 Regular Meeting

Correct as written.

Motion by Bukkila, Seconded by Knight, to approve the November 19, 2019 Regular Meeting minutes as presented. Motion carried unanimously.

November 19, 2019 Workshop Meeting
Motion by Bukkila, Seconded by Barthel, to table the November 19, 2019 Workshop Meeting minutes for additional detail. Motion carried unanimously.

CONSENT ITEMS

Item 2 Approve Payment of Claims
Item 3 Approve 2020 Kennel Licenses
Item 4 Approve 2020 Tobacco Licenses
Item 5 Approve 2020 Liquor Licenses
Item 6 Approve 2020 Massage Therapy Licenses
Item 7 Approve Used Vehicle Sales Business License
Item 8 Approve City Administrator Review
Item 9 Approve Second Amendment to Sublease Agreement with YMCA
Item 10 Approval of withdrawal of City Code amendment request to the following sections of Title 12 Zoning Regulations: Section 12-2-2 add definition for an impound lot; Section 12-12 updated permitted, conditional and prohibited uses; Section 12-16-4 add requirements for impound lots
Item 11 Consider City Code Amendments to Title 3 Chapter 1: Liquor Control (See Ordinance 498)
Item 11b Approve Appointment of Fire Chief, Dennis Jones

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

PUBLIC HEARING - 2020 PROPERTY TAX LEVY AND BUDGET

City Administrator Dickinson introduced the item for public comment for the 2020 Proposed City Budget and Tax Levy. Mr. Dickinson stated the City Council approved the 2020 Preliminary Levy certification on September 3, 2019. This approval was the outcome of numerous budget workshops held by the Council over the summer. Mr. Dickinson stated the Preliminary 2020 Budget proposes a total property tax levy of $14,479,586 of which $9,314,032 (64.33%) is operational, $3,089,045 (21.33%) is debt service, and $2,076,509 (14.34%) is capital/watershed.

Mr. Dickinson stated the increase in the 2020 Proposed Property Tax Levy is estimated to increase the current City tax rate by 0.68% but will generate additional tax revenue to preserve the City’s current operations and infrastructure assets. Mr. Dickinson reviewed the Budget Development Guidelines adopted at the April 2, 2019 Council meeting. Mr. Dickinson reviewed the taxable market value and the tax capacity value and explained the fiscal disparity contribution.

Mr. Dickinson presented a comparison of the tax rates within the County, pointing out that Andover is near the lower end of tax rates in the comparison. Mayor Trude asked Mr.
Dickinson to explain why Andover remained at a low tax rate when it was projected Andover would be higher than previous years. Mr. Dickinson stated the reason was due to an increase in new construction and the increase in the market value of Andover homes.

Mr. Dickinson stated the average Andover household tax is broken out in the following manner: 40% to the City of Andover; 37.5% to Anoka County; 19% to Anoka-Hennepin School District; and 3.5% to other taxing authorities (Watershed, Met Council, and Conservation District).

Mr. Dickinson explained the types of government funds in Andover: General Fund, Special Revenue Fund, Debt Service, and Capital Projects. Mr. Dickinson explained Proprietary Funds which include the Enterprise Fund and the Internal Service Fund. The Enterprise Fund is comprised of sewer, water, and storm sewer and is operated like a business. The Internal Service Fund includes Risk Management and Equipment and is also operated as a business.

Mr. Dickinson stated the General Fund is 80% supported by property taxes and the rest is supported through licenses, permits, charges for services, intergovernmental revenue, fines and forfeits, interest, and transfers. Mr. Dickinson reviewed how the General Fund is allocated to each City Department.

Motion by Bukkila, Seconded by Barthel, to open the public hearing at 7:29 p.m. Motion carried unanimously.

Merle Prochniak, 2941 – 141st Ave, came forward and asked why his taxes for the City’s portion went up 10-11%. He stated his streets are 40-45 years old and need to be fixed. He stated he does not see that Andover has the resources to keep up with the roads and would like Council to come up with a way to pay for road improvements without increasing taxes.

Jerry Colbert, 56 -146th Lane NW, came forward and stated that the poor condition of University Avenue ruined his equipment and he wanted the streets fixed. Mr. Colbert asked why his home value is higher than a neighbor that has more property and a larger house. Mr. Colbert stated he paid $800 in taxes when he first moved in and is now paying $3,200. Mr. Colbert expressed concern that development in Andover is pushing nature out and into his lot. Mr. Colbert asked why the City is using the old process of valuing property for what they are selling for.

Mayor Trude stated it is the County, not the City, that sets home values. She informed Mr. Colbert that the County assesses property on a 5-year rotation. Mayor Trude explained the County will perform a walk-around if the resident is not available for a thorough walk-through assessment. Mayor Trude explained the City cannot do anything about the home value at this meeting; the market drives the value and the County assesses homes.

Mayor Trude addressed Mr. Colbert’s concern about the condition of the street stating that staff will look into it. Mr. Colbert stated his street has been fixed and he is happy with it now.

Motion by Barthel, Seconded by Knight, to close the public hearing at 7:41 p.m. Motion carried
Mayor Trude asked Mr. Dickinson to address the residents’ street concerns. Mr. Dickinson explained the City fixes random potholes with the spray patcher. Mr. Dickinson stated if a street is in need of a larger repair, they will put down asphalt, also called throw, go and roll. He stated the City is allocating more dollars to street maintenance explaining there was a 5% increase from 2017 to 2018, a 7.5% increase from 2018 to 2019, and a 3% increase from 2019 to 2020. Mr. Dickinson stated the City has changed its methodology of street maintenance to include full street reconstruction and overlays. He further explained the City is only seal coating streets that have been previously seal coated.

Mayor Trude stated the City is spending over $2 million on roads next year. Mr. Dickinson explained the City has around $3 million in total for fixing, reconstructing, and improving roads. Mr. Dickinson stated the City is exploring additional ways to allocate additional dollars into road improvements.

Mr. Dickinson addressed residents’ concerns about how the City taxes. He explained the taxation process is set by the State of Minnesota, market value, and tax rate. The City can control the spending, but not how the tax revenue is raised. Mr. Dickinson stated the County’s method of assessment is outside the City’s control. Mr. Dickinson informed residents that the City has a Board of Review which can support residents in their effort to appeal to the County.

Mayor Trude stated each resident gets a property tax statement in April and residents can contact the County at that time if they disagree with the assessed value of their home. She stated the contact name and phone number is on the tax statement.

Councilmember Bukkila stated if the resident is successful in changing the assessed value of their home, the changes go into effect the following year, not the current year.

Mayor Trude stated the City estimated the average Andover home value would increase by around 10%. Mr. Dickinson stated the average increase in Andover home values was about 9%. Mr. Dickinson explained if the home value went up, taxes went up. If the home value went down, taxes would go down. He further explained if a home is in a hot market, value went up more than average.

Mr. Dickinson reviewed the phone calls and emails he received from residents regarding significant increases in taxes. He stated these cases tended to be a home in a hot market, a lot tax to full home tax, new construction on property, and Veterans Disability Exemption.

Mayor Trude encouraged residents to contact the County if they received a statement that didn’t make sense to them. Mr. Dickinson added the State Department of Revenue has two property tax relief programs: the Property Tax Refund and the Special Property Tax Rebate.

Councilmember Bukkila commented the tax increase is split 50-50 between the City and the School District even though the City’s total tax portion is 40% and the School District’s is 18%.
Councilmember Bukkila stated the items in the budget are discussed and voted on throughout the year and that the hearing tonight is the totality of the work. She stated residents have the opportunity to address Council on these items throughout the year.

Mayor Trude explained the budget is comprised of building blocks. She explained that during the summer the City found out they had budget funds not spent and instead of spending it, the City tightened its belt and reserved the funds. Mayor Trude stated new construction pays for itself and excess revenues goes to the Fund Balance. Mayor Trude explained the Council has made a collective decision to allocate more funds to streets and aggressively tackle street quality.

Councilmember Bukkila commented that some street material is inferior and breaking down faster. Mr. Dickinson explained MNDOT sets the specs for street material and Cities are finding this material breaking down faster than previous material. He stated Cities are pressuring MNDOT to come up with a solution to require a better product, so streets last longer.

Mayor Trude stated the debt for the Community Center Improvement project came in at 15% less than expected. Mayor Trude stated the overall growth of the community, including commercial and new construction, helped keep the tax rate low.

Councilmember Bukkila stated the Council had recent discussions with the Park and Recreation Commission showing that the City needs to replace 3 playgrounds per year and only budgets for 2. She stated the City is doing better, but still has work to do to be adequately funded.

**Motion** by Bukkila, Seconded by Barthel, to approve Resolution No. R098-19 adopting the City of Andover 2020 Budget and 2020 Property Tax Levy to be Certified to the County Auditor. Motion carried unanimously.

**REVIEW/ADOPT 2020 DEBT SERVICE LEVY CHANGES**

Mr. Dickinson reported the 2020 City of Andover Debt Service Budget is current and up-to-date. This item is to approve a resolution to inform the County of any changes that have taken place in the past year as well as any new issuances proposed to be levied for 2020.

**Motion** by Bukkila, Seconded by Knight, to approve Resolution No. R099-19 updating Certified Bonded Indebtedness for 2020. 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.

**(Administrative Staff Report)** Mr. Dickinson reported the Administration Department has been working on the budget, CIP implementation, and staffing. Mr. Dickinson stated with the hiring of Fire Chief, Dennis Jones, the City is fully staffed at the Department Head level. Mr.
Dickinson announced that Dennis Jones has accepted the position of Fire Chief. Chief Jones comes with 26 years of experience and worked for the City early in his career. Mr. Dickinson stated Chief Jones will work alongside Chief Streich for around a month to ensure a smooth transition. Mr. Dickinson stated he is participating in yearend meetings. Mr. Dickinson updated the Council on current construction projects. Mr. Dickinson reported residents were inquiring about the turkey farm and a smell occurring around it. He informed Council the owner was intending to sell turkey manure and moved it to the center of the building. The sale fell through and the manure sat for an extended period of time, creating heat and beginning to smolder. The owner is working on securing another sale and the scent and smoldering should be temporary.

**MAYOR/COUNCIL INPUT**

(League of Minnesota Cities) Mayor Trude attended the League of Minnesota Cities Regional meeting at the City of Ramsey. Local staff and politicians advocated for representation on issues relevant to the northern suburbs.

(2040 Comprehensive Plan) Mayor Trude stated the Council has had several workshops focusing on edits to the 2040 Comprehensive Plan to resolve the Met Council’s concern about housing density and affordable housing within the MUSA line.

(WDE) Mayor Trude reported the WDE hazardous waste and a significant amount of soil have been removed from the site. She stated that household garbage is still stored on the site so the fence will remain as a barrier.

(Snow Removal) Councilmember Bukkila stated she received phone calls about snow removal. She announced that streets are the first priority followed by trails. She informed residents of the “No Overnight Parking” on streets rule from November to May. She also stated the City begins to plow when there is snow of 2 inches or more. Mr. Dickinson added that when school is in session, staff place school access as a higher priority.

**ADJOURNMENT**

Motion by Knight, Seconded by Barthel, to adjourn. Motion carried unanimously. The meeting adjourned at 7:54 p.m.

Respectfully submitted,

Shari Kunza, Recording Secretary
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