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**WAYZATA CITY COUNCIL
MEETING MINUTES
JANUARY 18 2023**

AGENDA ITEM 1. Call to Order.

Mayor Mouton called the meeting to order at 7:00 p.m. Mayor Mouton shared the multiple options for joining remotely and submitting comments or questions.

AGENDA ITEM 2. Pledge of Allegiance.

AGENDA ITEM 3. Roll Call.

Council Members present: Mouton, Iverson, MacDonald, Plechash, and Parkhill. Also present: City Manager Dahl, Deputy City Manager Yager, Assistant Planner Quarles, and City Attorney Schelzel.

AGENDA ITEM 4. Approve Agenda.

Ms. MacDonald made a motion, seconded by Mr. Parkhill to approve the agenda, as presented. The motion carried 5/0.

AGENDA ITEM 5. Public Forum.

There were no comments.

AGENDA ITEM 6. New Agenda Items.

AGENDA ITEM 7. Consent Agenda.

Mayor Mouton read the items on the consent agenda and asked if any Council member wished to pull an item for further discussion.

Ms. Iverson stated that she would like to have some addition conversation about item 7e. related to Resolution 04-2023. She stated that she would like to understand how this will impact the officers that have currently been approved. Police Chief Schultz stated that because the City did not come across this grant until the end of December of 2022, they are looking at this grant as an opportunity to help the funding for the approved two positions.

Mayor Mouton clarified that this grant funding is offsetting the monies that the City had already approved in the budget for fiscal year 2023 for those two officers. City Manager Dahl explained that this funding will allow the City to reduce the burden of the levy by about \$93,000.

Mayor Mouton stated that the terms of the grant requirements are pretty specific in their expectation for times of the day that the officer will be on duty as well as specific calendar days. She asked if Chief Schultz had any concerns that these requirements will adversely impact staffing or place a burden on the department. Mr. Schultz stated that over the last year, there have been several issues related to traffic complaints and the goal of this officer reflects a need to focus on those types of traffic situations. He noted that this particular officer would be funded by the grant, but that does not preclude the officer from taking part or answering other calls, if needed. He explained that they look at this as an opportunity to enhance their traffic enforcement abilities.

1 Mayor Mouton asked if this was a recurring grant opportunity that could potentially
2 be renewed each year. Mr. Schultz stated that this grant has been around for quite a while
3 and the City can apply for it again in the future.

4
5 Hearing no additional requests, she asked for a motion to approve the Consent Agenda as
6 presented. Ms. Iverson made a motion, seconded by Mr. Plechash, to approve the consent
7 agenda:

- 8 a. Approval of Check Register
- 9 b. Approval of Municipal Licenses
- 10 c. Receipt of Police Activity Report
- 11 d. Receipt of Building Activity Report
- 12 e. Adoption of Resolution 04-2023 Approving Grant Agreement for Funding a
13 Wayzata DWI and Traffic Safety Officer for Fiscal Year 2023

14
15 The motion carried 5/0.

16
17 **AGENDA ITEM 8. New Business.**

18 **a. Consider Adoption of Resolution 03-2023 Approving Variance at 247 Central**
19 **Avenue South**

20 Assistant Planner Quarles gave an overview of the variance request by Olivia Adams for
21 property located at 247 Central Avenue South. She reviewed the zoning and land use of
22 the neighborhood; existing conditions; and specifics of the variance request. She noted
23 that there was a fairly mixed discussion of this request at the Planning Commission meeting
24 with both positive and negative comments. She gave a brief overview of the discussion
25 points covered by the Planning Commission. She stated that there was a lot of discussion
26 about short term rentals throughout the City, but overall there was a lot of positive feedback
27 on the character and design of the porch and recognition of the practical difficulty because
28 of the size of the home. She explained that the Planning Commission was happy that this
29 preserved a small home within the City and had voted unanimously to recommend
30 approval, without any conditions.

31 Mayor Mouton asked if there was a legal definition of what constituted a ‘covered
32 porch’. Ms. Quarles stated that she was unsure if there was a specific definition within the
33 code and explained that what had originally kicked off this process was when there were
34 plans to put a roof on the recently built deck.

35 Mayor Mouton asked if there was any conversation at the Planning Commission
36 regarding future uses for the covered porch, for example, if property owners attempted to
37 enclose the porch, which would expand the living space. Ms. Quarles stated that she
38 believes that the way the Planning Commission discussed this was fairly specific with it
39 being a screened porch. She stated that they spoke a bit about what it would look like if it
40 were fully enclosed and made a part of the home, but since the discussion and the findings
41 were fairly focused on this being a screened covered porch, the approval would also be for
42 a screened covered porch, unless they wanted to specify otherwise.

43 City Attorney Schelzel stated that the resolution is teed up for setback variance and
44 does not say anything about the nature of the structure that will be in the setback, so he
45 does not think a future property owner would be limited if they wanted to enclose it but
46 noted that the Council could add that as a condition.

1 John B. Waldren, representing the applicant, stated that he feels this is a pretty
2 straight forward application. He explained that both the staff and the Planning Commission
3 have recommended approval and asked that the Council also vote to approve this request.

4 Mr. Parkhill noted that this had come through the Planning Commission while he
5 was a Commissioner. He stated that if the Council wants to specify that this space is not
6 to be enclosed and walls added he thinks that should be added because the Planning
7 Commission was told that once this variance was approved the property owner could kind
8 of do whatever they wanted, including enclosing that space. He stated that he feels this
9 request is reasonable and is a wonderful way to preserve a small house in a great little
10 neighborhood so he would be in support of approving this request. He noted that Ms.
11 Adams has done other projects in the neighborhood which have been done really well.

12 Ms. MacDonald stated that she agreed with Councilmember Parkhill and also did
13 not see a problem with granting this variance. She explained that with the lot and the home
14 situated so much higher than the street, she did not feel it would create as big of an impact
15 and agreed that saving this old, small house was a great thing.

16 Mayor Mouton asked if the Council felt that they should specify that this variance
17 is only for a covered screened porch and that there could be no future alterations without
18 review by the City.

19 Ms. MacDonald stated that she does not think it is necessary and noted that she felt
20 the roofline will be the biggest impact and to her she would not see the point in making
21 that specification.

22 Mr. Parkhill stated that, in this case, he agrees that it is unnecessary because the
23 house is so small and can understand the rationale for having additional space.

24 Ms. Iverson stated that she lives very close to this home. She stated that Amanda
25 Adams has always done a really good job on her properties, so she fully supports this
26 variance and thinks it will be a great addition to the neighborhood. She stated that she has
27 no concerns about specifying that it needs to be a covered porch only.

28 Mr. Plechash stated that he also did not have any problem with this request and
29 believes that adding a porch with screening will enhance the house and the neighborhood.
30 He stated that he also did not have a problem with the possibility of this space being
31 enclosed. He noted that he appreciated the work done by the Planning Commission on this
32 application because they did a thorough job asking all the right questions.

33 Mayor Mouton stated that she concurred with her colleagues and explained that she
34 felt the plans for a covered porch were definitely an improvement to the neighborhood and
35 the home. She explained that she had posed her initial question about the possibility of
36 enclosing the space because she did not want there to be any questions in the future about
37 this issue.

38
39 Mayor Mouton asked for a motion on the draft resolution. Mr. Parkhill made a motion,
40 seconded by Mr. Plechash, to Adopt Resolution No. 03-2023 Approving a Variance at 247
41 Central Avenue South. The motion carried 5/0.

42
43 **b. Consider Adoption of Resolution 05-2023 Approving Variance at 507 Rice**
44 **Street East**

45 Ms. Quarles reviewed the variance request for property located at 507 Rice Street East.
46 She reviewed the zoning and land use of the surrounding neighborhood; existing

1 conditions; renderings of the proposed floor plans and elevations; the setback variance
2 request; and stormwater management plans. She gave an overview of the discussion that
3 took place at the Planning Commission and noted that they had voted unanimously to
4 recommend approval.

5 Ms. MacDonald asked for a refresher on the setback rules since the front yard and
6 side yards are a bit confusing.

7 Ms. Quarles explained that the way the City defines the front yard is basically any
8 side of your yard that is next to a street, so, in this instance, the home is situated on the
9 corner, so there are two front yards. She gave a general overview of the City's setback
10 requirements.

11 Mayor Mouton asked about downspouts on the addition and asked if the plans had
12 indicated that they would be buried. She noted that she was concerned about the existing
13 sidewalks.

14 Ms. Quarles suggested that the applicant may be able to better answer that question.

15 Wynne Yelland, Locus Architecture, representing the applicant, explained that
16 about 2/3 of the downspouts will drain into the rain garden so they would not be sheet
17 draining across the yard onto the sidewalk on the west side and the downspout on the east
18 side will drain onto the land where it slopes in the other direction. He noted that they are
19 fine putting caveats on maintaining the tree barrier as discussed by the Planning
20 Commission.

21 Mr. Plechash noted that he had observed the Planning Commission meeting so was
22 familiar with what had been discussed, but asked for a brief explanation for the Council on
23 the reasoning behind the extension wall being aligned with the bay window and not the
24 wall of the building. Mr. Yelland stated that this home has a very compact floor plan and
25 explained the layout of the kitchen on the northeast corner and small dining room on the
26 northwest corner. He explained that in order to facilitate a possible transition to be able to
27 use the downstairs area as an 'age in place' area in a situation where they may be unable
28 to manage the stairs, the flow works best to have it aligned as far to the west as possible.
29 He stated that they felt aligning the wall with the bay window was a reasonable request
30 because if they started moving things to the east it would also occlude a kitchen window
31 and make the yard smaller on the east side. He stated that they felt the proposed design
32 maximized the yard spaces for this property as well as the property to the east nor would it
33 alter the experience of the pedestrian movement on the street.

34 Ms. Iverson confirmed that the height of the addition was just 14 feet and noted that
35 she loved how Mr. Yelland had described it as a 'jewel box'.

36 Ms. MacDonald asked about the City's follow up and follow through for the
37 ongoing maintenance of a rain garden. Ms. Quarles stated that typically a project is out of
38 her hands at that point, so she does not have a good answer to that question.

39 Mr. Dahl explained that staff can follow up with that issue and noted that he knows
40 that there is some follow up, but usually it stops after about a year.

41 Mayor Mouton stated that she believed that there was an expectation that the rain
42 gardens stay in place because it is a condition of approval, but becomes more 'self-policed'.

43 Mr. Dahl stated that was correct but noted that if things come up, for example,
44 drainage issues, the City can go back to the plans.

45 Mayor Mouton asked what the City had in their records in terms of previous
46 approvals for this home. Ms. Quarles stated that the City's records only go back so far and

1 suspects that a home built in 1910 was probably done before the City was talking much
2 about zoning or setbacks, if at all.

3 Mr. Parkhill stated that there are so many things to like about this request and
4 believed that it was another example of something that will preserve a small home. He
5 stated that it fits into the neighborhood and explained that he loved that the addition wasn't
6 huge. He stated that he is a bit bothered by the alignment with the bay window rather than
7 the wall, but not enough to vote against it.

8 Ms. Iverson stated that this is a beautiful, old home and she thinks it is great that
9 they are planning this addition because it indicates that they are planning to stay in the City
10 for a while. She stated that the rain gardens should be beautiful and noted that the house
11 has always been very well maintained and explained that she was in favor of the request.

12 Mr. Plechash stated that he also has no problems with this request. He stated that
13 this is a charming and lovely location and noted that he loved to see people improving their
14 properties in this way. He stated that he will defer to the work that has gone into the plans
15 regarding the logic of aligning the addition with the bay window rather than the house. He
16 explained that he liked the idea of a rain garden and reiterated that he has no problem with
17 this request.

18 Ms. MacDonald stated that she agreed with everything that has already been stated
19 and expressed her appreciation to the property owners for saving a beautiful old home in
20 the City. She stated that because there is a bit of elevation off the sidewalk, she thinks it
21 will make it feel less intrusive to pedestrians and people driving on the street. She stated
22 that she is glad they are planning to keep a line of trees in place and noted that she supports
23 the request.

24 Mayor Mouton stated that she is also in favor of this request and noted the difficulty
25 with a corner lot in this type of situation. She stated that similar to the previous application,
26 she felt that preservation of this home is very important and valuable to the Council. She
27 stated that the Council has had many conversations about having the opportunity to 'age in
28 place' and this addition will give the homeowners that option.

29
30 Mayor Mouton asked for a motion on the application. Mr. Plechash made a motion,
31 seconded by Mr. Parkhill, to Approve Resolution 05-2023 Approving Variance at 507 Rice
32 Street East. The motion carried 5/0.

33
34 **c. Consider Adoption of Resolution 06-2023 Supporting the Authority to Impose**
35 **a Special Local Food and Beverage Sales Tax to Fund Operational and Capital**
36 **Improvements Providing a Regional Benefit**

37 Deputy City Manager Yager gave an overview of the City's strategic priorities and past
38 discussions surrounding the possibility of having a food and beverage sales tax. She
39 explained that City's do not have the authority to pass a sales tax without approval from
40 the legislature and noted that in order to pursue this, certain criteria need to be met
41 including things like its regional significance. She reviewed some data gathered by the
42 University of Minnesota related to regional significance, service demand, and parks and
43 recreation amenities. She explained that this proposed sales tax would just be on prepared
44 foods and beverages, which would typically be restaurants. She reviewed potential revenue
45 from this sales tax and various potential uses for these funds. She clarified that tonight's
46 action from the Council does not say that the City is imposing a food and beverage sales

1 tax and explained that the first step to even considering that is to submit a letter of support
2 as a resolution to the Tax Chairs by the end of January. She gave a brief overview of
3 potential next steps in looking into this possible sales tax option within the City.

4 Ms. Iverson stated that she felt it was important for residents to know that the
5 legislation may require a referendum.

6 Mr. Parkhill stated that from the data, it looks like residents would be on the hook
7 for paying \$71,000/year in sales tax. He asked how the Council could be sure that either
8 the budget would go down, or that there will be less pressure on the tax levy if this sales
9 tax is approved. Ms. Yager stated that is a decision of the Council every year when they
10 vote on the budget. She stated that the way she has interpreted how this is going is that
11 they have identified about \$480,000 of annual operational things that the City is currently
12 budgeting for, but the sales tax would have the potential to raise over \$700,000/year of
13 which residents would only pay \$71,000, so residents would definitely see a benefit. She
14 noted that what the City ends up levying for is the amount they say is needed to meet their
15 budget obligations which means the levy is purely set by the City's budget, debt service,
16 and capital commitments. She explained that the property tax impact is not necessarily
17 within the Council's control because that is a function of the taxable market value of all
18 the property within the City. She reiterated that the residents will definitely benefit from
19 this sales tax, if it is approved.

20 Mr. Parkhill asked if the City could borrow against this income stream like it can
21 with a TIF. Ms. Yager stated that she believes that they can under a general obligation
22 bond, but cautioned that the City would still be responsible for that bond payment
23 regardless of whether that sales tax comes in or not, for example, if there is another
24 pandemic and restaurants close down. She explained that right now, staff is not proposing
25 any projects that would bond against this income stream.

26 Mayor Mouton asked if, hypothetically, the City's levy was zero, that would not
27 necessarily mean that someone may not pay more in property taxes in the subsequent year
28 if their assessed value increases. Ms. Yager stated that in a situation where the City's levy
29 is zero, it would be unlikely that residents would see an increase in property tax because
30 generally they see an overall valuation increase over time.

31 Mr. Dahl noted that in addition to valuation changes, the City has new tax base
32 being added every year, which means there is also a bigger piece of the pie that would have
33 the levy spread over it.

34 Mayor Mouton stated that this proposed sales tax would be for food and beverage
35 establishments and asked if it would be applicable to prepared foods at grocery or
36 convenience stores. Ms. Yager stated that she can double check this but believes it applies
37 to any type of prepared food item, so it would apply.

38 Mayor Mouton stated that the data gathered from the University of Minnesota was
39 done in 2019 which was pre-COVID and asked, anecdotally, what staff has heard in terms
40 of business overall from this type of eating establishments. She stated that she believed
41 that business is better and asked if the data and numbers represented a conservative outlook.
42 Ms. Yager stated that she would say that the numbers are fairly conservative.

43 Mayor Mouton asked what other communities have a specific food and beverage
44 sales tax in the metro area. Mr. Dahl noted that there are many of them and referenced
45 regional destination cities such as: Minneapolis; St. Paul; Duluth; St. Cloud; and
46 Rochester. Ms. Yager stated that something that more people may be aware of is local

1 option sales tax which is a sales tax on pretty much everything. She stated that it was a
2 little less common to have a more specific tax like a food and beverage sales tax.

3 Mayor Mouton stated that Ms. Yager had mentioned the proposed sales tax being
4 1% and gave various scenarios on how that would change what she spends when going out
5 to eat. She stated that the dollar amount mentioned earlier that Wayzata residents would
6 be taxed \$71,000, that would only be the case if they chose to go and eat out in the City.

7 Mr. Dahl noted that broken down, the \$71,000/year would break down to
8 \$16/resident.

9 Ms. MacDonald asked if this would also add a tax to the City's wine and spirits.
10 Ms. Yager stated that she looked back at the language from the Department of Revenue
11 and she does not believe so, because it specifically says 'prepared', so an off-sale liquor
12 store would not be considered a prepared beverage, but a cocktail served at a restaurant
13 would.

14 Ms. MacDonald stated that there is a deadline coming up for this action and she did
15 not see why the City wouldn't move forward with taking a look to see if this may be an
16 option. She stated that she received an e-mail from a resident that made the statement that
17 this makes 'imminent sense' and explained that she agreed that it would be prudent for the
18 City to look into this possibility.

19 Mr. Plechash stated that, philosophically, he is opposed to adding to the tax burden
20 of anybody because he already feels people are taxed too much everywhere, however, there
21 are reasons that he supports this action. He stated that what is before the Council tonight
22 is not approval of the sales tax, but simple to start the process to consider it. He noted that
23 he does feel this will be something that benefits the residents which he likes because it
24 shifts most of the burden to non-residents. He stated that the Council spoke tonight about
25 ways to offset the general levy including this possible sales tax and the grant that was
26 received for the Police Department, which will reduce the burden on the residents. He
27 explained that property tax is not discretionary, but going out to dinner is, which means
28 people have a choice if they do not want to pay that sales tax.

29 Ms. Iverson stated that she felt that there had been a lot of good discussion and
30 good points raised but she was still struggling with this idea. She stated that she was still
31 not convinced that it will have an impact on the City's tax levy. She noted that Mr. Parkhill
32 had made a comment about having some reassurance that the excess funds would go
33 directly to the tax levy and explained that as the City moves further into this process, if
34 they see that happening more, she will be able to get a bit more behind the idea, but noted
35 that she was not quite there yet. She stated that she felt the City needed to slow down it's
36 spending a bit and continue to work to keep the tax levy down in other ways. She stated
37 that she can see how this may be able to be used as a tool, but would encourage the Council
38 to continue to explore additional tools. She stated that a choice has been made to make
39 Wayzata a regional destination and with that has come unforeseen things, such as
40 additional costs. She stated that if the boardwalk goes through, there will be even more
41 costs. She stated that she sees this as a complicated issue that does not mean an easy 'yes'
42 or 'no'. She stated that she thinks the residents are already taxed enough and even though
43 1% does not seem like much, society is getting taxed like this in multiple ways and
44 locations and it all adds up. She reiterated that she would encourage the Council to do
45 additional work to take a look at how else they can fund things in order to reduce the tax

1 levy. She stated that she will not support this resolution tonight, but explained that did not
2 mean that she would not change her mind later.

3 Mr. Parkhill stated that he thinks it is the City's fiduciary duty to find alternative
4 sources of income and he thinks this is one of them. He stated that he loved the earlier
5 resolution that was passed tonight that will assist the Police Department and agreed that
6 there are other places the Council can look in the community for alternative sources of
7 income to continue to put pressure down on the tax levy. He stated that he thinks the
8 resolution is a great start to getting the conversation going.

9 Mayor Mouton stated that the study from the University of Minnesota sort of
10 knocked her blinders off about how many visitors were coming to town to frequent their
11 establishments. She stated that she had no idea that the number would be as high as 90%
12 of non-residents and noted that a town of 4,500 people could not support all the businesses
13 that are in town by themselves. She stated that she is supportive about exploring this
14 possibility further. She reminded the Council that they had discussed the possibility of re-
15 engaging the University of Minnesota to take a look at some historical data to see if the
16 numbers from 2019 have changed at all. She stated that she feels this could alleviate the
17 pressure on the property tax payers and reduce some of that burden. She stated that she
18 thinks the whole Council has, in some way or another, made the caveat that this would not
19 just be permission to go and spend wildly, and instead an effort to dial things back when it
20 comes to the levy itself, and without getting some of those assurances, she would be reticent
21 to move forward. She stated that she feels this may be a wise move in terms of having an
22 alternative source of revenue and looks forward to finding even more creative solutions.

23
24 Mayor Mouton asked for a motion on the application. Mr. Plechash made a motion,
25 seconded by Ms. MacDonald, to Adopt Resolution 06-2023 Supporting the Authority to
26 Impose a Special Local Food and Beverage Sales Tax to Fund Operational and Capital
27 Improvements Providing a Regional Benefit. The motion carried 4/1 (Iverson opposed).

28
29 **AGENDA ITEM 9. City Manager's Report and Discussion Items.**

30 **a. Upcoming Events/Announcements**

- 31 • On January 31, 2023 through a partnership with between the City and Park Nicollet,
32 the mobile mammogram vehicle will be at City Hall from 9:00 a.m. to 4:00 p.m.
33 He noted that information on reserving a spot is available on the City's website.

34 Mr. Parkhill asked if there was an age limit or restriction on the
35 mammograms. Mr. Dahl noted that he knows the typical recommendation is for
36 women over the age of 40, but it may be available for those under 40 as well, but
37 he would need to do some checking.

38 Mayor Mouton noted that her place of employment had something similar
39 and her mammogram was billed through her insurance, so she would think that to
40 Mr. Parkhill's question regarding age, it is probably dependent on the person's
41 health history and insurance. She stated that she believes they offer a standard
42 version as well as a 3D mammogram within the vehicle.

43 Mr. Dahl expressed his appreciation to Mayor Mouton because he believed
44 that the idea for this type of event originally came from her.

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46 **b. Council Member Updates/Announcements**

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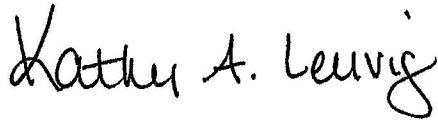
AGENDA ITEM 10. Public Forum Continued (if necessary).

There were no comments.

AGENDA ITEM 11. Adjournment.

There being no further business, Mayor Mouton asked for a motion to adjourn. Ms. MacDonald made a motion, seconded by Ms. Iverson to adjourn. Mayor Mouton adjourned the meeting at 8:37 p.m.

Respectfully submitted,



Kathy Leervig
City Clerk

Drafted by Kayla Rokosz
TimeSaver Off Site Secretarial, Inc.