

CITY OF APPLE VALLEY  
Dakota County, Minnesota  
September 11, 2012

Minutes of the special meeting of the City Council of Apple Valley, Dakota County, Minnesota, held September 11, 2012, at 7:00 o'clock p.m., at Apple Valley Municipal Center.

PRESENT: Mayor Hamann-Roland; Councilmembers Bergman, Goodwin, Grendahl, and Hooppaw.

ABSENT: None.

City staff members present were: City Administrator Lawell, City Clerk Gackstetter, City Attorney Dougherty, Acting Parks and Recreation Director Adamini, Public Works Director Blomstrom, Recreation Superintendent Breuer, Assistant City Administrator Grawe, Human Resources Manager Haas, Finance Director Hedberg, City Engineer Manson, Community Development Director Nordquist, Police Chief Rechtzigel, Liquor Operations Director Swanson, and Fire Chief Thompson.

Mayor Hamann-Roland called the meeting to order at 7:01 p.m. Everyone took part in the Pledge of Allegiance to the flag.

#### APPROVAL OF AGENDA

MOTION: of Bergman, seconded by Grendahl, removing item 4.I – Minnesota Valley Transit Authority Agreement and Bylaws, adding item 4.S – Proclaim September 15, 2012, as “Spare Key Appreciation Day in Apple Valley”, and approving the agenda for tonight’s meeting, as amended. Ayes - 5 - Nays - 0.

#### AUDIENCE

Mayor Hamann-Roland asked if anyone was present to address the Council, at this time, on any item not on this meeting’s agenda. No one requested to speak.

#### CONSENT AGENDA

Mayor Hamann-Roland asked if the Council or anyone in the audience wished to pull any item from the consent agenda. There were no requests.

MOTION: of Hooppaw, seconded by Goodwin, approving all remaining items on the consent agenda. Ayes - 5 - Nays - 0.

#### CONSENT AGENDA ITEMS

MOTION: of Hooppaw, seconded by Goodwin, approving the minutes of the regular meeting of August 23, 2012, as written. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving the minutes of the special meeting of August 28, 2012, as written. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-169** accepting, with thanks, the donation of \$100.00 from James Kaufmann for Valleywood Clubhouse. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-170** accepting, with thanks, the donation of \$100.00 from Tom and Terri Kennedy for Valleywood Clubhouse. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-171** accepting, with thanks, the donation of \$100.00 from Ardis Moen, on behalf of Valleywood Ladies 18-Hole League, for Valleywood Clubhouse. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-172** accepting, with thanks, the donation of \$100.00 from Carol Rohde for Valleywood Clubhouse. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-173** accepting, with thanks, the donation of \$250.00 from Bill and Carla Mathwig for Valleywood Clubhouse. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-174** accepting, with thanks, the donation of \$1,000.00 from Valleywood Ladies 18-Hole League for Valleywood Clubhouse. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving issuance and revision of a lawful gambling exempt permit, by the State Gambling Control Board, to School of Environmental Studies Education Foundation, for use on April 22, 2013, at the School of Environmental Studies, 12155 Johnny Cake Ridge Road, and waiving any waiting period for State approval. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving issuance of a 2012 Christmas Tree Sales Lot License to William Brabec d/b/a Silver Bell Christmas Tree Farm, for use on Lot 2, Block 1, East Valley Plaza 3rd Addition (between Upper 141st and 140th Streets), as described in the City Clerk's memo dated September 7, 2012. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-175** approving 2012 Special Assessment Roll No. 611, for hearing purposes, in the total amount of \$136,723.28 for delinquent utility account charges, and setting the public hearing, at 7:00 p.m., on October 11, 2012. Ayes - 5 - Nays - 0.

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- MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-176** approving 2012 Special Assessment Roll No. 612, for hearing purposes, in the total amount of \$2,682.00 for delinquent false alarm charges, and setting the public hearing, at 7:00 p.m., on October 11, 2012. Ayes - 5 - Nays - 0.
- MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-177** approving 2012 Special Assessment Roll No. 613, for hearing purposes, in the total amount of \$7,164.04 for delinquent mowing and debris removal charges, and setting the public hearing, at 7:00 p.m., on October 11, 2012. Ayes - 5 - Nays - 0.
- MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-178** setting a public hearing, at 7:00 p.m., on October 11, 2012, to consider vacating easements and right-of-way in The Legacy of Apple Valley North. Ayes - 5 - Nays - 0.
- MOTION: of Hooppaw, seconded by Goodwin, declaring certain City property as surplus; authorizing disposal of surplus City property by a public sale; and approving the Agreement and Addendum with MDI Auctions, an authorized vendor of K-BID.com, to conduct an online auction of surplus property from September 12 through September 26, 2012, as attached to the Public Works Supervisor's memo dated September 11, 2012, and authorizing the Mayor and City Clerk to sign the same. Ayes - 5 - Nays - 0.
- MOTION: of Hooppaw, seconded by Goodwin, declaring certain City property as surplus; authorizing disposal of unclaimed and surplus property by a public sale; and approving the Agreement with MDI Auctions, an authorized vendor of K-BID.com, to conduct an online auction of unclaimed and surplus property from September 28 through October 10, 2012, as attached to the Public Works Supervisor's memo dated September 11, 2012, and authorizing the Mayor and City Clerk to sign the same. Ayes - 5 - Nays - 0.
- MOTION: of Hooppaw, seconded by Goodwin, approving the purchase of one Cartegraph License with no future subscription annual renewal fees, as described in the proposal attached to the Public Works Director's memo dated September 11, 2012. Ayes - 5 - Nays - 0.
- MOTION: of Hooppaw, seconded by Goodwin, approving the Joint Powers Agreement with Vermillion River Watershed Joint Powers Organization for cost share grant funding of AV Project 2011-143, Long Lake Retrofit BMPs, as attached to the Assistant City Engineer's memo dated September 11, 2012, and authorizing the Mayor and City Clerk to sign the same. Ayes - 5 - Nays - 0.
- MOTION: of Hooppaw, seconded by Goodwin, adopting **Resolution No. 2012-179** awarding the contract for AV Project 2011-143, Long Lake Retrofit BMPs, to Minnesota Dirt Works, Inc., the lowest responsible bidder, in the amount of \$134,304.05. Ayes - 5 - Nays - 0.

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MOTION: of Hooppaw, seconded by Goodwin, approving the Design Agreement with D.R. Horton, Inc., for design services relating to AV Project 2012-134, the proposed Cortland Addition, in an estimated amount of \$35,300.00, and authorizing the Mayor and City Clerk to sign the same. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving the Project Development Agreement with Ameresco, Inc., for energy audit, and authorizing the Mayor and City Clerk to sign the same. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving the Agreement for Cooler Door Replacement Project at Liquor Store No. 2, with AA Equipment Company, in the amount of \$15,916.63, and authorizing the Mayor and City Clerk to sign the same. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving the Agreement for Apple Valley Family Aquatic Center Boiler Repair, with Twin Cities Boiler Repair, Inc., in the amount of \$12,574.00, and authorizing the Mayor and City Clerk to sign the same. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving the Agreement for AV Project 2012-107, 2012 Stormwater Sediment Removal, with Kevin Casey, LLC, in the amount of \$29,757.08, and authorizing the Mayor and City Clerk to sign the same. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving Change Order No. 2 to the contract with LaTour Construction, Inc., for AV Project 2011-105, Flagstaff Avenue Extension, in the amount of an additional \$13,520.00. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving Change Order No. 1 to the contract with Curbside Landscape & Irrigation, in the amount of an additional \$265.00; and accepting AV Project 2011-150, Lebanon Cemetery Irrigation System, as complete and authorizing final payment in the amount of \$12,060.00. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, accepting Liquor Store No. 1 Interior Remodel - Millwork and Shelving as complete and authorizing final payment on the agreement with Designed Cabinets, Inc., in the amount of \$9,336.00. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, approving hiring the paid on call volunteer firefighters and part-time employee, and resignation of employee, as listed in the Personnel Report dated September 11, 2012. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, setting a special informal City Council meeting, at 5:30 p.m., on September 27, 2012, at Valleywood Golf Course. Ayes - 5 - Nays - 0.

MOTION: of Hooppaw, seconded by Goodwin, proclaiming September 15, 2012, as "Spare Key Appreciation in Apple Valley". Ayes - 5 - Nays - 0.

#### END OF CONSENT AGENDA

#### FIREFIGHTERS' RELIEF ASSOCIATION BOOYA FUND RAISER

Fire Chief Thompson introduced Firefighter Al Olson, the 2012 Booya Chairperson, and Firefighters Colleen Elvin and Laura Basballe.

Firefighter Olson described activities planned for the Apple Valley Firefighters Relief Association's 34th annual booya fund raiser on September 15, 2012, at Fire Station No. 1. Everyone is invited to attend. The event starts at 11:00 a.m. Activities such as bingo, silent auction, dunk tank, bake sale, and kids' games continue throughout the day. Raffle tickets are available in advance from all firefighters.

Mayor Hamann-Roland thanked all the volunteers for their time and efforts in coordinating the booya as well as the businesses for their generous support.

#### EVERCARE SENIOR LIVING HEALTH CARE REVENUE REFUNDING BONDS

Mr. Hedberg reviewed the request for host approval to the issuance of Health Care Revenue Refunding Bonds by the City of Moorhead for Evercare Senior Living, LLC, Projects. The bonds will benefit the Centennial House of Apple Valley. A portion of the proceeds will be used to refund the Apple Valley Economic Development Authority Health Care Revenue Bonds of 2005 in addition to 2008 bonds issued through the City of Eagan that financed a care facility in Apple Valley. Federal and state law requires facilities refinanced with tax-exempt bonds to receive public approval following a public hearing in the jurisdiction the facility is located. He noted there is no financial obligation or liability for the bonds by the City of Apple Valley or the Economic Development Authority.

Discussion followed.

Mayor Hamann-Roland called the public hearing to order at 7:22 p.m. to consider giving host approval to the issuance of a Health Care Refunding Bonds by the City of Moorhead for Evercare Senior Living, LLC, Projects. The Mayor asked for questions or comments from the Council and the audience. There were none and the hearing was declared closed at 7:23 p.m.

MOTION: of Bergman, seconded by Hooppaw, adopting **Resolution No. 2012-180** giving host approval to the issuance of Health Care Refunding Bonds by the City of Moorhead for Evercare Senior Living, LLC, Projects. Ayes - 5 - Nays - 0.

PROPOSED 2013 CITY BUDGET AND PROPERTY TAX LEVY

Mr. Hedberg presented the proposed 2013 budget and tax levy. He reviewed the budget timeline. Staff recommends the Council set the public budget meeting, formerly called the Truth-in-Taxation hearing, for December 13, 2012, which is a regularly scheduled Council meeting. The County will then send parcel specific notices to all property owners the second or third week in November, informing them of the meeting on December 13. He reviewed the budget challenges for 2013, noting market values are still declining. He then reviewed a table showing a comparison of taxable market values by property class payable in 2012 and 2013, with apartments showing a 10.57% increase. The 2013 proposed budget requires a total levy of \$22,890,946, an increase of \$865,697 or 3.9% from 2012. He pointed out that once the preliminary budget is adopted, the total levy amount may decrease, but not increase.

Mr. Hedberg then reviewed the various property tax levy components. The largest component is the General Fund, which is \$18,444,570 for 2013. He also reviewed the budget highlights. Two significant assumptions included in the proposed budget are the redirection of a debt service levy to the street maintenance program and the decertification of Tax Increment Financing District 13.

Mr. Hedberg presented a chart depicting the categories and percentages that make up the 2013 General Fund revenues. The biggest share of General Fund revenue comes from property taxes. The City will not receive any Local Government Aid in 2013. He also showed how the fund expenditures are divided between Personnel Services, Commodities/Other, and Capital Outlay and a 2011-2013 comparison by expense category. He then highlighted various details in the Enterprise Funds.

In addition, he explained multiple charts relative to the proposed 2013 levy and presented the tax impact on four sample homes. Approximately 90.7% of the homes will receive a reduction in the City portion of their taxes of \$5 or more. The impact of the 2013 levy on the median-valued home, valued at \$185,800, that experienced a 5.9% decrease in value, will result in the City portion of property taxes decreasing by 1.6% or approximately \$14.

Mr. Hedberg said the Council is requested to adopt a preliminary budget and property tax levy and set the date for the public budget meeting.

Mr. Ed Kearney, Apple Valley Chamber of Commerce President, said recently the City presented the proposed budget to the Chamber of Commerce Board of Directors. On behalf of the Board, he commended the City Council and staff for having great leadership and foresight in preparing the 2013 budget. He stated the City leaders in Apple Valley are actually keeping things in check and it is amazing what the City has done over the years. He added that the method the City devised to fund road reconstruction protects homeowners from paying approximately \$2,500 in assessments and gives businesses a competitive edge over other communities. The Chamber Board hopes the Council will pass the proposed budget. He indicated homeowners should feel confident knowing the budget was independently scrutinized by various business members.

Councilmember Goodwin noted 90.7% of the homeowners will receive a decrease in the City portion of their tax bill. He added that over 90% of the homeowners have received a reduction of City property taxes in four of the last five years. He then pointed out that homeowners in cities that assess all or a portion of their road reconstruction can end up with an assessment of \$8,000 to \$18,000 in addition to their tax levy. He is familiar with other communities that are looking at raising their taxes 12% to 16%.

Councilmember Grendahl said she always supports the preliminary levy because the amount can always go down but it cannot go up. However, she thinks they can sharpen their pencils and collect more revenue.

Councilmember Hooppaw stated he would like to see some commercial comparisons.

Mr. Hedberg said there are two variables needed for the calculation on a commercial property bill. One is the State's property tax rate, which is not released until October 1. The other one is the fiscal disparities and the County is still calculating it.

Councilmember Hooppaw said he knows putting the budget together is a lot of work. He appreciates how everyone works together for the same goal.

Councilmember Bergman stated the Council is constantly looking at ways to minimize spending. He added that they are not done looking for ways to save money.

Mayor Hamann-Roland reminded homeowners that their tax bill reflects their Homestead Market Value Exclusion (HMVE) rate not the market value of their home. She thanked staff for its work on the budget.

MOTION: of Goodwin, seconded by Hooppaw, adopting **Resolution No. 2012-181** approving the proposed 2013 budgets, with total revenue of \$54,373,837.00 and expenditures of \$66,496,190.00, and approving the proposed tax levy collectible in 2013 of \$22,890,946.00 consisting of \$21,599,570.00 for general purposes and \$1,291,376.00 for debt purposes. Ayes - 5 - Nays - 0.

MOTION: of Bergman, seconded Goodwin, setting a public budget meeting on the proposed 2013 budgets and tax levy, at 7:00 p.m. on December 13, 2012. Ayes - 5 - Nays - 0.

#### DECERTIFY TAX INCREMENT FINANCING DISTRICT 13

Mr. Hedberg said Tax Increment Financing District 13, also known as Fischer Market Place, has reached a point where it should be decertified. If approved, approximately \$1.3 million of tax capacity will be returned to the tax rolls, which in turn, will generate additional tax revenue on which the 2013 proposed budget relies. The decertification would be effective at the end of the year.

Discussion followed.

MOTION: of Bergman, seconded by Grendahl, adopting **Resolution No. 2012-182** decertifying Tax Increment Financing District No. 13. Ayes - 5 - Nays - 0.

#### STAFF COMMUNICATION

Mr. Lawell provided an update on the 147th Street Transit Station improvements, bid results, and Council discussion from the informal meeting. Based on the bid results, the City Council decided not to proceed with the Phase II improvements. The letter to the Metropolitan Council states in part: "The City is disappointed that the life cycle cost of the improvement has now risen to almost \$3 million, an amount that is well beyond what a single city should be expected to pay for an improvement to the regional transit system".

The City Council discussed its disappointment in the bid results, its concern for the public crossing Cedar Avenue, the importance of the skyway for development along the corridor, and the required threshold for reimbursement.

Mr. Blomstrom updated the Council on various road and construction projects.

Councilmember Grendahl suggested holding a City-wide party promoting the City once Cedar Avenue is completed.

Mr. Grawe reminded everyone about the Residential Fall Clean-up Day on Saturday, September 22, 2012, from 8:00 a.m. to 1:00 p.m., at Quarry Point Park.

#### COUNCIL COMMUNICATIONS

Councilmember Goodwin reminded everyone on proper campaign sign placement.

Mayor Hamann-Roland invited the public to the Metropolitan Council Thrive MSP 2040 Forum at the Wescott Library in Eagan on September 20, 2012, from 5:30 p.m. to 7:30 p.m.

Councilmember Hooppaw welcomed the newest class of firefighters that were officially hired this evening.

#### CALENDAR OF UPCOMING EVENTS

MOTION: of Hooppaw, seconded by Grendahl, the calendar of upcoming events as included in the City Clerk's memo dated September 11, 2012, and noting that each event listed is hereby deemed a Special Meeting of the City Council. Ayes - 5 - Nays - 0.

CLAIMS AND BILLS

MOTION: of Bergman, seconded by Grendahl, to pay the claims and bills, check registers dated August 30, 2012, in the amount of \$385,773.00; and September 5, 2012, in the amount of \$263,665.53. Ayes - 5 - Nays - 0.

MOTION: of Goodwin, seconded Grendahl, to adjourn. Ayes - 5 - Nays - 0.

The meeting was adjourned at 8:57 o'clock p.m.

Respectfully Submitted,

/s/ Pamela J. Gackstetter  
Pamela J. Gackstetter, City Clerk

Approved by the Apple Valley City Council on 9-27-12.