

- MINUTES -
CHASKA CITY COUNCIL
DECEMBER 4, 2023

1. Call to Order

The meeting was called to order by Mayor Windschitl at 7 p.m.

2. Pledge of Allegiance

3. Roll Call

Roll call was taken. Present: Mayor Windschitl and Councilmembers Grau, Hatfield, Hubbard, and Huang.

Absent: None.

Also Present: Matt Podhradsky, City Administrator; Noel Graczyk, Administrative Services Director; Kevin Wright, Community Engagement Manager; Elise Durbin, Assistant Administrator; Stephen Kraus, Fire Chief; Ryan Seibert, Police Chief; Matt Burt, Accountant II; and Christophe Morschen, City Attorney;.

4. Adopt the Agenda

Motion by Councilmember Hubbard, second by Councilmember Hatfield to adopt the agenda as presented. Motion carried.

5. Visitor Presentation

Mayor Windschitl introduced the new *Chaska Herald* reporter, Graham Johnson.

6. Approve Previous Meeting Minutes

6.A. Approve the November 20, 2023 City Council Meeting Minutes

Motion by Councilmember Hatfield, second by Councilmember Grau, to approve the minutes of the November 20, 2023 City Council meeting.

Motion carried.

7. Consent Agenda

Councilmember Hatfield stated that she was excited to see the Bluffs Trail continue moving forward.

Motion by Councilmember Hatfield, second by Councilmember Huang to approve the Consent Agenda Items A through C:

A. Business License Renewals

Motion to approve renew annual business licenses for Games of Skill, Refuse Haulers, Massage Therapists, Massage Therapy Commercial Business Sites, and Tobacco Sale for the upcoming business license period beginning January 1, 2024, and ending December 31, 2024.

B. Adopt Resolution No. 2023-94 Authorizing Eminent Domain for MN River Bluffs Regional Trail

Motion to adopt Resolution No. 2023-94 to authorize city staff to initiate eminent domain proceedings for the affected property owner for the Minnesota River Bluffs Regional Trail – Chaska Connection.

C. Adopt Resolution No. 2023-93 Bond Sale Reimbursement

Motion to adopt Resolution 2023-93, relating to financing certain proposed projects and establishing compliance with reimbursement bond regulations under the Internal Revenue Code
Motion carried.

8. Action Items

8.A. Public Hearing – Truth in Taxation – 2024 Tax Levy and Budget

City Administrator Podhradsky introduced the item to the Council and provided a presentation on the 2024 Tax Levy and Budget. He explained that the Council would hold the public hearing for this item tonight, but would take action to adopt the final budgets on December 18, 2023.

Mayor Windschitl opened the public hearing at 8:19 p.m.

Randy Bush, 3200 McKnight Road, expressed his appreciation for the thorough and clear explanation that City Administrator Podhradsky had done for this item. He explained his concern that there was a lot of growth happening which sometimes results in spending money without looking back to see where they may be able to save money. He asked if there had been audits done for how things are used, how long they are used, or surrounding owning versus leasing equipment. He stated that he would like to know that these audits are happening so the City doesn't have a \$300,000 backhoe that just sits for long periods of time without being used.

City Administrator Podhradsky explained that he had two examples that may answers Mr. Bush's questions. The first concerns the stormwater system and noted that for years they contracted out for a batcher vehicle come out and suck out their drains but they took a look at how much they were spending contracting this work out and also looked at another department that could also use this type of vehicle and found it would be better if the City went ahead and purchased this vehicle themselves. The second example is how the City has extended the life of their replacements for things like plow trucks which saves them a lot of money over the life of these things. He assured Mr. Bush that the City is always looking at things to determine if they would be better off doing things themselves or contracting it out.

Mayor Windschitl noted that many of the City's purchases are done through State contracts, which generally provides a huge savings. He stated that he thinks the City has looked at a lot of this type of thing throughout the years and believes that they have very sharp people on their crews and as directors of the departments that look into this to see if the City may be able to better their services. He stated that Chaska has always run pretty lean with both equipment and personnel, but they have also added better equipment into the mix.

Mr. Bush stated that he just wanted to make sure the City was looking at their operations and making they were operating efficiently.

City Administrator Podhradsky shared the other example of City staff handling all the prep work for overlay projects rather than having the contractor do that work, which saves them money.

Mr. Bush asked if there was a reason that the City had not contracted out for payroll services.

Administrative Services Director Graczyk stated that they have looked at options for contracting this service out, but because they differ from a commercial industry, there are a lot of specialized reporting requirements, so having their payroll system integrated with the City's overall financial system is more cost effective than contracting out.

Jay Roe, 3621 Cavallo Pass, noted that he had shared his tax statement last year and had made a promise to also share this years' statement as well. He explained that he had shared it on social media and noted that his taxes went up over 40% in the last two years. He stated that this is due to their valuation increasing and the 17.4% increase in the levy. He noted that when you dilute the City taxes out of the overall tax bill that includes the County and the school district, his increase would be 24.1% which equates to almost \$2,700/year. He stated that he feels they need to have accountability and noted that they appear to be planning for 20% increases over the next two years. He explained that he was not sure if he could afford to remain living in Chaska with those type of increases and suspects that there are many others in the City who feel the same way. He shared the example of his daughter, who is a single mother, whose valuation went up 17% over the last two years. He stated that he feels what is driving this is primarily the new buildings which are large expenditures which are usually talked about and planned for many years in advance. He explained that he had sat through the strategic planning process in 2018 as a City Councilmember and there was no mention of those buildings at that time. He stated that the elected officials should have seen them coming years ahead of time and had a plan in place for capital improvements. He stated that he feels that there is a way to manage the tax impacts while still getting the results that the City needs. He explained that the attitude of the Council seems to be 'grin and bear it' and asked if the City had a strategic plan and priority for effectively managing property taxes. He stated that the City accomplished a lot of great things even back when their taxes were kept low and listed off a variety of examples. He stated that Chaska has surpassed Chanhassen when it comes to taxes now and also referenced a property in Bear Path that is part of a gated community in Eden Prairie that is valued at \$150,000 more than his home in Chaska but pays less in property taxes to the City, which, to him, shows that there is something wrong. He referenced the fire station and explained that he had done some research and found that on June 1, 2015 the Council approved redevelopment of the upstairs of the fire station which cost \$251,000 and noted that part of the plan was to build five new sleeping rooms and now they are being told that the reason they need to build a new one is because they need a place for them to sleep and cannot handle the duty crews. He noted that he believes others cities can handle duty crews with less than what is available here. He explained that when he was first elected there was an initiative to keep the taxes low and there was even an article in the Star Tribune in February of 2009 that talked about the frugality of Chaska because they were the lowest in the State. He asked what had happened in the last 14 years to change that strategic thought. He stated that he had seen comparative tax data and feels that people need to have a better understanding of what their money is being spent on. He stated that he believes in the earlier presentation he heard that the City was bringing in about \$1.6 million in revenue related to building permits and asked what had happened with that money. He stated that his overarching question is where and what the vision and plan is for the City. He explained that he left the City Council in 2018 and

does not remember having any discussions about building all of the new buildings that are being proposed. He stated that he would like a pledge from the Council and City Administrator Podhradsky that the \$75 million for the community center that he has read about will not be coming out of his pocket as a taxpayer. He stated that he would like to know when the idea of all these new buildings came up and noted that the current economy is very bad, but yet the City just seems to continue to spend money. He stated that he thinks it is going to get to a saturation point where people will not be able to take on anymore. He stated that he was here talking to the Council tonight because he cares about this community and when he had served on the Council, he was proud that they kept taxes low in Chaska but that it no longer the case. He stated that changing the City to a high tax city will change what they have been for many years which was a community for all and that all were welcome here because all of the people will not be able to afford to live in Chaska.

Jim Judd, 134 Liberty Heights Drive, stated that he lives in a 55+ community and explained the reason he had sold 2 acres on the edge of town. He stated that he loved it out there, but loves where he is now too; however, there is no adjustment within the tax statement for those that live in the 55+ community. He noted that when they go to resell this home, the buyer will need to be 55+ as well and asked the Council to keep that in mind. He stated that he understands that the County does the valuations, but explained that he and his neighbors need some help because his taxes will be well over \$10,000. He noted that when he had 2 acres out in the country, his taxes were a lot less than that and stated that while they enjoy living here, financially, it was a terrible decision for him to make that move.

There being no additional comment, Mayor Windschitl closed the public hearing at 8:40 p.m.

Councilmember Grau thanked the residents for attending tonight's meeting and sharing their thoughts with the Council. He stated that in looking at this information, the dollar values make a lot of sense to him, but understands that other people may see this differently and also understands that it will impact everyone differently. He stated that there was a question raised about the plan and vision for the City and explained that he was very proud of their vision and strategic plan moving forward. He stated that the thoughts shared that people will not be able to afford to live here and will need to leave was not something that he was denying, but feels that people also choose to live here because of the services they receive in the City, for example a strong Police and Fire Department, or well maintained roads. He stated that he viewed the budget as taking care of the people that he wants to take care of him. He noted that he didn't necessarily want to raise taxes and will have to pay them himself, but has realized that they are in a situation where there is aging infrastructure that does not support the size of the community and unfortunately there is not magic fund that they can dip into in order to pay for it. He assured the residents that he was listening to their concerns but also recognizes that they need to take care of their police, fire, and City Hall in a responsible way. He stated that he feels the Council has been very transparent through this process, but understands that not everyone will like the numbers. He explained that he wanted to make sure that the City was building for the future and its growth.

Councilmember Huang stated that he also had concerns about the numbers because they are pretty significant. He explained that he had looked at it from the perspective of 'needs' and

noted that there are real structural problems happening. He shared examples of needs that exist for the firefighters and police force and stated that he feels the City needs to take care of these things and make it right. He stated that they also need to get the point where they can hire good officers and firefighters to take care of their citizens. He stated that the cost is absolutely painful and explained that when he first saw them he was not comfortable with them and had made a call and asked to look at other options. He stated that they discussed other options, at length, at one of their Work Sessions, including delaying and pushing it further out, however, the biggest problem is economics and inflation which means that if they push it out a year or two, then the costs end up being more. He explained that as much as he really abhors raising taxes, there are real needs present, so this is a painful call for the Council to make. He stated that he was trying to look at the long game and find a way to make an investment in the City that will last for another 30-40 years. He stated that his hope is that through the years there will be new businesses and residents that it will help spread out those costs and help bring the overall tax rate back down again. He noted that the downside of this is that they have to take a bit of a hit right now, financially and assured residents that raising taxes was not something he took lightly.

Councilmember Hubbard stated that she also appreciated the residents who were in attendance at tonight's meeting and took the time to share their concerns. She stated that she shares their pain and explained that her statement showed a 9.3% increase, which is a hard hit to her household finances, but as Councilmembers Grau and Huang explained, she also understands the 'why' behind the 'ask' but that still did not make it an easy decision. She explained that when she was elected in 2019, she made a point to tour all the facilities and have conversations with all of the departments. She shared the example of touring the Police Department and her feeling dumbfounded that they were able to function so well with the space that they had. She stated that she has stated that it was like they were operating out of a match box and gave examples of shower curtains separating desk areas and the evidence and break room sharing space. She listed other examples of the municipal facility and having equipment outdoors and the challenges that can create. She reiterated that it is difficult to sit on the Council and make the decision to raise taxes, but agreed with Councilmember Huang that this is the right time to do it. She stated that while it was unfortunate that it seemed like everything was coming all at once, it does not change the fact that the need is truly there for the existing buildings which were constructed in the 1980s and 1990s and their capacity has been met or exceeded. She stated that there are unintended costs that would be incurred if they choose not to act which are harder to quantify and does not want people to worry about whether or not the police will be able to respond quickly or that a watermain break could be serviced and repaired quickly. She stated that was why she felt this was important and would take full accountability for knowing all the facts and figures that have been presented to the Council and the reasons behind their decisions. She stated that she also feels that the Council is really taking on the responsibility of truly caring for the community, keeping everyone safe, and keeping all their services functioning.

Councilmember Hatfield stated that when she was 27 she decided she wanted to run for Council because she felt that she did not really see a group of people serving that represented her. She explained that she lives on one income in a small house in downtown Chaska and has a heap of student loans. She stated that she wanted to see proactive leaders that were addressing the

community needs. She noted that she wished that the Council would have been talking about these buildings 5 years ago too, but that is easy to say when you are looking backwards. She stated that she wants to be kind and understanding about what she wished they would have done that may now be leading to what is happening. She stated that when they gain knowledge, it is important to apply it so when they know better, they do better, which is where she feels they are today. She stated that being on one income, she also does not like the idea of raising taxes, because it makes things very difficult for her personally, but also thinks of those that are on fixed incomes and the difficulties that it may bring. She noted that low taxes are not synonymous with living in a community that meets your needs and explained that she wants to live in a community where the leaders are thoughtfully considering what is needed in order to keep it somewhere she wants to live, which is what she feels they are doing. She reiterated that supporting this was not an easy decision, but they have been talking about this for a long time and now that they know more, they need to do better.

Mayor Windschitl stated that there is nothing worse than dealing with the budget this time of year, but agreed with statements made by other Councilmembers that this has not been taken lightly. He explained that they have been talking about this for a long time and noted that when he became mayor in 2010 they talked about their buildings and various needs but they were in the middle of a recession. He stated that it took seven years to get back to where they were prior to the recession. He noted that there were four years where the City never raised taxes because at the time they didn't think they could do it, but looking back now, he believes that was a mistake. He stated that he takes ownership because he was part of that decision and now feels that they should have been doing modest increases. He stated that he did not think that Chaska had ever had the lowest tax rate in the metro area, but agreed that they were among the lowest. He noted that in 2018 or 2019 they had proposed a new library and had various plans in place to move forward until the referendum failed. He stated that looking back now, that may have been a good thing because then Covid hit. He explained that he feels the statement that the City had not been talking about new buildings was not accurate because they have been and this was not happening 'all of a sudden'. He gave the example of 30% of their equipment being stored outside and unsecured. He stated that the City is growing and agreed that this would be a bad idea if they were stale and not growing. He stated that they have been working really hard to bring industrial growth to the City and noted that the example given earlier about a home in Eden Prairie that paid less in taxes was partly due to the fact that they have so much industry there. He stated that the question raised about doing this now can be traced back to something he feels is important which is recruitment and retention of police officers, but also for City employees, in general. He shared examples of City building issues that the employees have to deal with and wants them to feel comfortable and safe. He stated that he understands that this is not easy but feels that they have hit a wall and is not about 'wants', but is truly about 'needs' at this point. He expressed his appreciation for the residents that took the time to come in and address the Council and noted that he believes that in all his time serving the City, this was the most he had ever seen attend the Truth in Taxation hearing. He assured residents that the Council has spent a lot of time talking about this and, while difficult, feel it is important.

Mayor Windschitl reiterated that he understood this was difficult and noted that if people feel as though their property values were not accurate that they contact the County. He stated the

Council does not take this decision lightly and both they and City staff have spent a lot of time looking at all the options. He stated that if there were any residents that would like to come and tour the existing facilities he asked that they reach out because they would be happy to make those arrangements for them.

Councilmember Hubbard noted that there were also virtual tours available.

Mayor Windschitl recessed the meeting at 9:19 p.m. and reconvened at 9:21 p.m.

8.B. Adopt Resolution No. 2023-92 Authorizing Issuance and Awarding Sale of G.O. Bonds, Series 2023A

City Administrator Podhradsky introduced the item to the Council and provided a presentation on it.

Motion by Councilmember Huang, second by Councilmember Hatfield to adopt Resolution No. 2023-92 Awarding \$10,065,000 of General Obligation Bonds, Series 2023A to Robert W. Baird based on their low bid of 3.509%.

Motion carried.

9. Bills

9.A. Accounts Payable Claims Roster 12-4-2023

The Council requested further information about bills related to storm drain cleaning, updated irrigation, Standard and Poor's, and purchase card (P-card) usage.

City Administrator Podhradsky provided further information regarding those bills.

Motion by Councilmember Huang, second by Councilmember Grau to approve the bills as presented. Roll call was taken. Voting aye: Councilmembers Hatfield, Hubbard, Huang, Grau and Mayor Windschitl. Voting nay: None

Motion carried.

10. Other Business

Councilmember Hubbard:

- Attended the Tree Lighting ceremony and appreciated the mild temperatures
- Volunteered at the Heroes and Helpers event last week and expressed appreciation to the Rotary Club and the Lions Club for their financial support
- She encouraged residents to Shop Local if they still had gifts to buy for the holidays
- Outlined her suggestion for combining the Santa Parade with the Tree Lighting event, in the future, in order to draw more people and create more 'buzz' for the City

Councilmember Hatfield:

- Thanked everyone that attended the Hometown Holiday event
- Coffee with a Cop will take place at 9:00 a.m. on December 20, 2023 at the Gateway Drive Caribou Coffee.
- Food distribution will be on December 21, 2023 at noon

Councilmember Huang:

- Attended the Hometown Holiday Lighting Ceremony and the Tree Lighting Event which both had a great turnout.
- Santa Parade will be on December 20, 2023
- Outlined the request from Senator Coleman for a representative to speak at the Metropolitan Governance Task Force on January 9, 2024 in Shakopee

The Council discussed options for this giving feedback and suggested that it be discussed at their upcoming Work Session.

- Asked about the plans from the new owners of the Town Square space from hotel to residential

City Administrator Podhradsky explained that the sale has not closed and staff has informed them that they need to contact the City, because it is zoned as a hotel.

- Noted that there are plans to replace his neighborhood monument sign that had been damaged in a car accident this fall and explained that they were still working through the insurance process for repairs

Councilmember Grau:

- Expressed his appreciation for those that have chosen to serve on the Council and their honest and transparency in the face of difficult decisions

Mayor Windschitl:

- Outlined the upcoming meeting schedule for the next few months.
- Reminded residents of the Santa Parade coming up on December 20, 2023 and encouraged them to follow the City on social media and the City's webpage for updates. He noted that there will be a Santa tracker so arrival time in the neighborhoods will be easy to follow.
- Attended the Tree Lighting Ceremony and was amazed at how many people were in attendance.
- Suggested that the City take a look at a possibility for families to decorate trees throughout the park perhaps through some sort of lottery selection
- Extended his congratulations to the Chanhassen football team for winning the State title. He explained that his grandson plays on the team and it was fun to see them mature and progress through the season.

11. Adjourn

Motion by Councilmember Huang, second by Councilmember Hubbard to adjourn the meeting at 10:15 p.m.

Motion carried.