

MINUTES

**1. CONVENE CITY COUNCIL REGULAR MEETING**

Mayor Labadie called the meeting to order at 7:00 P.M.

**A. Pledge of Allegiance**

**B. Roll Call**

Present. Mayor Labadie; Councilmembers Sanschagrín, Gorham, and DiGruttolo; City Attorney Shepherd; City Administrator Nevinski; City Clerk/HR Director Thone; City Planner Griffiths; Park and Recreation Manager Czech; Finance Director Schmuck, and, City Engineer Budde

Absent: Councilmember Maddy

**C. Review Agenda**

**Sanschagrín moved, DiGruttolo seconded, approving the agenda as presented.**

Motion passed.

**2. CONSENT AGENDA**

Mayor Labadie reviewed the items on the Consent Agenda.

Councilmember DiGruttolo asked to remove item 2.I.

Councilmember Sanschagrín asked to remove item 2.E., 2.N., 2.P. and 2.R. for separate discussion.

Mayor Labadie asked if any of those items were questions that could be answered now.

Councilmember Sanschagrín stated that item 2.R. may be a simple question. He asked if there were any costs that the City should be aware of with the MSA street designations.

City Engineer Budde stated that, at this point, the answer would be 'no' because the streets, as they sit, met the standards. He noted that the only cost would be if the City had a vision of fully reconstructing the streets with urban curb and gutter/storm sewer, but noted that there was not anything in the City's CIP for the magnitude of work.

**DiGruttolo moved, Gorham seconded, Approving the Motions Contained on the Consent Agenda, as modified, and Adopting the Resolutions Therein.**

**A. City Council Work Session Minutes of March 10, 2025**

- B. City Council Regular Meeting Minutes of March 10, 2025
- C. Approval of the Verified Claims List
- D. Legal Services Agreement for 24560 Smithtown Road
- E. ~~Planning Commission Workplan~~ (moved to 8.D)
- F. Professional Services Agreement for Long-Term Financial Plan
- G. Planning Director Appointment
- H. Planner Position Recruitment
- I. ~~Hennepin County Opportunity Grant Agreement, Adopting RESOLUTION NO. 25-028, "A Resolution Accepting the Hennepin County Opportunity Grant for the Shorewood Lane Ravine Project; City Project 17-15."~~ (moved to 8.C.)
- J. Hennepin County Cost Participation Request, Adopting RESOLUTION NO. 25-029, "A Resolution Authorizing Pursuit of the Hennepin County Cost Participation Request for the Shorewood Lane Ravine Project; City Project 17-15."
- K. Landscape Maintenance Agreement
- L. Building Permit Escrow Agreement for 25405 Park Lane
- M. Services Agreement for Christmas Lake AIS Program
- N. ~~Development Agreement and Stormwater Management Agreement for Shorewood Meadow~~ (moved to 8.E)
- O. Surplus Items, Adopting RESOLUTION NO. 25-030, "A Resolution Declaring Inventory as Surplus and Authorizing the Sale of the Same or Disposal Of"
- P. ~~IT Equipment Updates~~ (moved to 8.F)
- Q. RFP Recycling
- R. MSA Street Designation, Adopting RESOLUTION NO. 25-031, "A Resolution Establishing Municipal State Aid Streets"

Motion passed.

### 3. MATTERS FROM THE FLOOR

Duane Lorelei, 5595 Eureka Road, asked the Council to give him a 'yes' or 'no' answer on whether they were considering making people who have wells hook up to City water.

Mayor Labadie explained that issue was a large discussion that would take place over many different meetings and was not a 'yes' or 'no' kind of question and stated that the City would notify the community when the discussions would be happening in order to also get input from residents.

Mr. Lorelei stated that he would plan to come back when those meetings are scheduled, but explained that he was concerned due to the cost of hooking up to City water.

Mayor Labadie noted that if Mr. Lorelei had questions about the financial aspect, he was welcome to contact Finance Director Schmuck, or questions about how it hooked into his home, he could contact City Engineer Budde or Public Works Director Morreim.

**4. REPORTS AND PRESENTATIONS**

**5. PARKS**

**6. PLANNING**

**A. Report by Commissioner Eggenberger on March 4, 2025, Planning Commission Meeting**

Mayor Labadie explained that Planning Commissioner Eggenberger was unable to attend tonight's meeting so the report would be given by City Planner Griffiths.

City Planner Griffiths gave an overview of the discussion and activities from the March 4, 2025, Planning Commission meeting.

**7. ENGINEERING/PUBLIC WORKS**

**8. GENERAL/NEW BUSINESS**

**A. Turnback of Minnetonka Boulevard and Vine Hill Road to Hennepin County**

City Administrator Nevinski explained that the City of Deephaven had initiated some conversations last year about the potential of turning back Minnetonka Boulevard and Vine Hill Road. He noted that in the past, these roads were part of the County system and were turned back to the cities in the 1970s and explained the rationale behind the idea of turning these roadways back to the County.

Mayor Labadie asked if City Engineer Budde had any opinions on this issue.

City Engineer Budde stated that he did not feel that this was an engineering-type of discussion, at this point in the process.

Councilmember DiGruttolo stated that this language says that if the County accepted the turnback, the City may have to be responsible for improvement of the roadway and asked if that would be an issue.

City Engineer Budde explained that the City would have to improve the roadway and then hand it over to the County.

Councilmember DiGruttolo stated that would then be an unforeseen cost for the City.

Councilmember Gorham stated that he had the same question as Councilmember DiGruttolo and asked where Minnetonka Boulevard was on the City's list. He noted that he would assume the County would not want a mill and overlay in this scenario.

City Engineer Budde explained that because the roadway was split into so many city jurisdictions, it has been improved in some areas, but not in others and was essentially a patchwork. He noted that the portion in Shorewood, he would suspect, would need mill and overlay or possibly a reclamation but was not in the next cycle of the Pavement Management Plan for roads to be improved, but that could change.

Councilmember Gorham stated that he did not see the harm in supporting this request, but noted that it felt like it would be a long shot. He asked if this had County Commissioner Edelson's support.

City Administrator Nevinski stated that his understanding was that County Commissioner Edelson was willing to carry this to the County Board for discussion.

Councilmember Sanschagrín asked if this would move forward if the City chose not to support this request.

City Administrator Nevinski explained that he felt the City of Deephaven would continue to push this issue with the County, but the City's absence would be noticed.

Mayor Labadie asked how many other communities besides Deephaven, Greenwood, Excelsior, Shorewood, and the County were at the meeting.

City Administrator Nevinski noted that Minnetonka was also present at the meeting and explained that they have also expressed a willingness to support this concept.

**Gorham moved, Sanschagrín seconded, Adopting RESOLUTION NO. 25-032, "A Resolution of the City of Shorewood Requesting Consideration for the Return of Jurisdiction Over Minnetonka Boulevard (CSAH 5) and Vine Hill Road (CSAH 82) to Hennepin County."**

**Motion passed.**

#### **B. Resolution Opposing State Preemption**

City Administrator Nevinski explained that there are quite a few preemption bills making their way through the State legislature this year. He noted that the concept was essentially the same as last year with the idea of trying to put more density and development on parcels throughout the State. He stated that it was really a blunt and broad approach that the State was taking and completely negated the local decision-making that has customarily been part of the City's authority around land use and zoning. He noted that it also did not seem to take into account all of the implications that come with development, for example, the sewer systems, water systems, or transportation.

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Mayor Labadie stated that she strongly opposed the proposals because what was right for Shorewood, Minneapolis, Brainerd, or Faribault was not necessarily the same thing. She stated that cities must have local control and residents must be able to give local input and explained that she was not denying that the issue of housing needed to be addressed, but did not feel that this was the vehicle to address it.

Councilmember Sanschagrín stated that he fully agreed with the statement that Mayor Labadie had just made and asked if this was a Minnesota thing or if it was also happening across the country.

City Administrator Nevinski stated that he believed that Minnesota was following some other states.

City Planner Griffiths agreed that there had been similar proposals in other states that have had varying degrees of success.

Councilmember Sanschagrín asked if this was being driven by developers.

City Planner Griffiths explained that there was a very unique coalition of supporters, including the Building Association and the Sierra Club, but noted that both ends of the political spectrum were in support of this type of policy.

Mayor Labadie noted that housing advocates were supporting this action, but she did not know of a single city who supported it. She stated that the League of Minnesota Cities wrote a response to this when it was proposed last year and had done the same this year that defended the rights of citizens to retain authority over their local zoning.

Councilmember Gorham asked if the City had been in touch with other area cities regarding similar resolutions.

City Administrator Nevinski stated that he would share this with the neighboring cities, just like he had done last year so they were aware of what Shorewood was doing.

Councilmember Gorham stated that he agreed with the comments that had been made and explained that when he thought of this bill in relation to Shorewood, he thought of drainage and agreed with Mayor Labadie that the State was not thinking of individual city impacts and were just choosing a widespread approach.

Mayor Labadie stated that this had not been thought out and explained that Shorewood did not have public transit available, half the City still used wells, and the City had very few jobs available. She stated that this plan did not work for Shorewood and noted that she felt that every community deserved the right to be unique to their own community, and also to serve their own residents.

Councilmember DiGruttolo stated that whether or not the City agreed with the intent of the statute, the Council were the ones that were responsible to their residents so she felt that they should be the ones who make decisions that would impact them.

**Sanschagrín moved, Labadie seconded, Adopting RESOLUTION NO. 25-033, "A Resolution Opposing State Preemption of Local Zoning Authority and State Mandated Zoning Standards."**

Motion passed.

**C. Hennepin County Opportunity Grant Agreement (formerly Consent Agenda item 2.I.)**

City Engineer Budde explained that the City had been working on figuring out a solution for the Shorewood Lane ravine because it had been eroding pretty severely. He stated that the scope of the project had expanded behind an erosion cover and additional vegetation. He noted that there was a funding gap between what the City had committed to this project and the actual cost for the expanded, more robust scope of the project. He explained that for the last few years, the City had been going after grant opportunities and this grant from the County was one of the few where the City had been successful. He noted that this grant would not fill the entire gap so the City was still looking for other solutions and explained that up to fifty-five percent of the project could be funded with MSA funds, but those would still be City funds. He clarified that they were still looking for funding sources and explained that Consent Agenda item 2.J. was for the City to go after funds directly from the County Transportation Department.

Councilmember DiGruttolo thanked City Engineer Budde for his explanation and noted that if she understood him correctly, after this grant amount, the City still had a gap of about two hundred fifty thousand dollars shortfall, and about fifty percent of that could come from MSA funds. She asked if there were any time limitations to this grant.

City Engineer Budde explained that there was a sunset date on the grant funds and noted that it would go through 2027, but the County had indicated that they were willing to extend the grant to 2028, if needed. He noted that the MSA funds did not have a sunset date because they were already designated to Shorewood. He explained that the way he was looking at this project was that the City had dedicated three hundred thousand dollars within the CIP, the MSA funds could pay for another three hundred thousand dollars or so. He noted that, in his opinion, the project was fully funded, but the City was still trying to find more funding partners for it.

Councilmember Sanschagrín asked if the City would be improving private property.

City Engineer Budde stated that the ravine, when this property was platted, had a twenty-foot drainage and utility easement dedicated over the top of it, and typically that kind of shifted the responsibility to the municipality or local agency to be responsible. He noted that in some of his arguments to the County for some financial assistance was that when they did the County Road 19 project in 2004, they upsized the culvert that discharged into the ravine and did not do any stormwater treatment or rate control on that portion of the project.

Mayor Labadie stated that the City had been dealing with this for years and asked if any of the area residents opposed this project.

City Engineer Budde stated that the area residents were not opposed and wished that something had been done a long time ago.

Councilmember Sanschagrín asked if there may be an argument to be made that the area residents should pitch in and cover some of the financial gap.

City Engineer Budde stated that may be possible, but cautioned that the City had not presented that option, to date and would essentially be assessing them for the improvements.

**Gorham moved, DiGruttolo seconded, Adopting RESOLUTION NO. 25-028, “A Resolution Accepting the Hennepin County Opportunity Grant for the Shorewood Lane Ravine Project; City Project 17-15.”**

**Motion passed.**

**D. Planning Commission Workplan (formerly Consent Agenda item 2.E.)**

City Planner Griffiths gave an overview of the proposed Planning Commission Workplan and noted that the Planning Commission has to be very reactive to what applications come into the City, but was also looking ahead to work on the Comprehensive Plan and the high-priority code amendments that needed to be addressed. He explained that there were a number of curveballs that could be thrown the Commission’s way, through the State legislature, and reminded the Council that for the next few months, the Planning Department would be down a person.

Councilmember Sanschagrín stated that he thought it would be helpful to think about what the goals were and as he read through this workplan, he thought it would be good for them to layout what they wanted to try to achieve. He gave the example of some goals being to align with new laws, increase safety in the community, reduce negative impacts of development on the community, improve accessibility of the code, and remove unnecessary codes. He explained that he was just proposing these as goals for the Planning Commission because he felt that might be helpful to have laid out as a guide for them.

Councilmember DiGruttolo asked if some of that had been laid out in the handbook for the Planning Commission.

City Planner Griffiths stated that the Planning Commission had received some training material that was distributed by City Administrator Nevinski. He stated that one of the things that the Commission had focused on with this workplan was finishing the implementation of the last Comprehensive Plan as their number one goal, which would touch on most of the goals just mentioned by Councilmember Sanschagrín.

Mayor Labadie noted that this was just an informational item and did not need approval.

**E. Development Agreement and Stormwater Management Agreement for Shorewood Meadow (formerly Consent Agenda item 2.N.)**

Councilmember Sanschagrín stated that stormwater management was a challenge in the City and wanted to make sure that he understood the agreement and how the City could determine whether or not they were in compliance.

City Planner Griffiths stated that with either agreement, the terms and how the City administers them were approved by the City Council when the Final Plat was approved. He explained that the agreements stipulate to the developer that the City approved it in a certain manner and that they needed to do things the way they had presented them, otherwise the City would complete the improvements, for example, the stormwater management, on the developer’s behalf. He stated that with the stormwater management agreement, which was specifically tied to the approved

plans for the development, and as part of that process, the developer would need to do things like providing an 'as built' survey in order to show that they had done things according to the plans that were approved. He stated that for enforcement purposes, if staff goes into the site and sees things that need to be fixed, they report that to the developer and if they do not complete the work, the City would use the money available through the development agreement and this agreement in order to make those corrections, so the taxpayers do not have to pay for it. He clarified that these funds would come from the escrow account for these funds.

**Gorham moved, Sanschagrín seconded, Approving the Development Agreement and Stormwater Management Agreement for Shorewood Meadow**

**Motion passed.**

**F. IT Equipment Updates (formerly Consent Agenda item 2.P.)**

City Administrator Nevinski reminded the Council that the City had to transition to a new IT provider last year because their former provider closed their business. He stated that the overall transition to a new provider went well but they found that the City's equipment was quite dated and some was unsupported, which puts the City at risk for system failure and data loss. He explained that because of this, the new provider had recommended that the City make improvements to its system as soon as possible. He noted that staff was proposing that the funding from the Equipment Fund but would also require a budget adjustment to the 2025 budget.

Councilmember Sanschagrín asked if the City would forego some of the other things it had planned to spend money on or if these were discretionary funds within the Equipment Fund.

City Administrator Nevinski stated that he believed that the City had money that it had been putting away within that fund, so there were funds available and noted that in subsequent years, the City would have to replenish that fund and adjust the levy accordingly.

Councilmember DiGruttolo asked if the City had gotten any other quotes for this equipment and noted that she thought the quote seemed particularly high. She stated that they were also only giving the City one cloud server and two physical servers, which was usually reversed because cloud servers were much more secure than physical servers. She explained that she felt the labor costs were very high for what they are proposing be given to the City and reiterated her question about whether the City had looked at other solutions.

City Administrator Nevinski explained that the back-up system would be on site, and there would be a remote physical server, and a cloud server. He stated that the City had not gone out for multiple bids because that would involve bringing in another IT provider and explained that these folks function like the City's IT staff which meant the City was relying on them to tell the City what was needed. He stated that bringing in somebody else and going through the whole process and analysis would most likely cost an additional ten or fifteen thousand dollars.

Councilmember Sanschagrín stated that he agreed that the cost seemed like a lot. He stated that many times there was a decision to be made in terms of being specific when there are unbudgeted items, and other items fall out in order to keep the budget balanced. He asked if the City had tried negotiating the pricing down a bit more or if they were just accepting the number put in front of the City.

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City Administrator Nevinski stated that the City had talked with them about their proposal, but have not tried to negotiate a particular price. He stated that the City was also not really looking at dropping something else out of the General Fund budget and was proposing that they pull money out of the Equipment Fund in order to pay for this equipment.

Councilmember Gorham stated that when he looked at labor in a proposal like this, he thinks of a reasonable hourly rate divided by the total sum. He stated that this proposal has about six thousand dollars, which equated to forty hours, and noted that labor was expensive. He noted he felt it may look like a lot, but if it was boiled down to hours, it was not that many actual hours because these guys were highly technical and specialized.

Councilmember DiGruttolo stated that they were also charging an additional three thousand dollars in labor for something that was concurrent with the project labor. She stated that she was not an IT person, but reiterated that this amount just seemed really high to her and was surprised that the City had not checked with anyone else to see what it would cost.

Councilmember Sanschagrín asked if the City could check with somebody else.

Mayor Labadie stated that she felt this issue was something where time was of the essence because the security of the City's entire system depended on the Council acting quickly.

Councilmember DiGruttolo expressed confusion about the situation with the former provider that went out of business, and this new provider coming on board with the City and asked if the new provider had been with the City for a while.

City Administrator Nevinski explained that the new provider had been with the City for a few months.

Councilmember Sanschagrín expressed concern that the new provider was just taking advantage of the situation and stated that he would feel more comfortable if the City could ensure that they were not overpaying for this by checking with others who had implemented similar services and see what they had spent. He explained that he would just like to make sure that the City would not be overpaying by ten to fifteen thousand dollars.

Finance Director Schmuck explained that it would not simply be removing the old server and plugging in a new one because there would be mapping that would need to happen. She stated that was also one of the difficulties of going out and trying to get another quote, because the City did not have the expertise to spec out what needed to happen. She stated that this provider has an understanding of what the City's IT system needed and also how to implement that change.

Councilmember Gorham noted that he would have liked to see more cost analysis, but admitted that it does seem like they were going to be doing a lot of things that would add up to the labor costs that were outlined.

Councilmember Sanschagrín asked if City staff had been happy with what the new provider had done so far.

City Administrator Nevinski acknowledged that City staff had been happy with what the new provider has done and noted that they were pleased with their responsiveness. He noted that

they had also been working through a lot of issues, and staff believed that many of those issues were due to the age of the server, the software, and the hardware.

Councilmember Sanschagrín stated that he appreciated that the Council was able to talk through this and discuss it.

Councilmember DiGruttolo asked how long it would be before the City would need to update equipment again.

City Administrator Nevinski stated that the City was most likely on a five to six-year cycle.

**Sanschagrín moved, Gorham seconded, Approving the IT Equipment Quotes, authorize the use of funds from the Equipment Fund (403) fund balance through a budget amendment, and authorize the City Administrator to execute the quotes, as presented.**

**Motion passed.**

## **9. STAFF AND COUNCIL REPORTS AND DISCUSSION**

### **A. Staff**

Park and Recreation Manager Czech stated that Lucky's Pot O'Gold had over twenty photos submitted as part of the contest, which he felt was a relatively good turnout. He stated that the Concert in the Park was scheduled for July 17, 2025, and were working on getting the Bach to Rock kids band to open for the headliner and noted that they have a possible sponsor for this event. He stated that Movie in the Park would be held on August 22, 2025, where they will show Lilo and Stitch.

Finance Director Schmuck stated that the Finance Department had been preparing for the audit and noted that the field work will begin on March 31, 2025. She noted that the project management team on the long-term financial management plan had their kick-off meeting and had begun building the working document. She reminded the Council that they were also preparing to kick off the 2026 budget calendar as well.

City Planner Griffiths stated that the Planning Department has been extremely busy now that spring has sprung and noted that at the next Planning Commission meeting on April 1, 2025 they would hold the public hearing for the Subdivision Ordinance update.

City Administrator Nevinski stated that he wanted to formally welcome City Planner Griffiths to the City as the new Planning Director and noted that the City would now begin the recruitment process for a City Planner. He stated that they had received three proposals for the Highway 7 Transit Management Organizational Study, which had been shared with a selection committee from interested communities along the corridor. He reminded the Council that the grant for this work was given to the City, so the contract for this work would also be with the City. He noted that the SLMPD was doing road restriction enforcement for the City, which was a bit above and beyond their usual patrol work, which meant there was also a bit of a cost to the City, but the fines should offset the additional costs for protecting the City's roadways. He stated that the City was also doing some right-of-way enforcement, and Public Works would be removing things when necessary. He stated that the Council would be talking about the watermain on Mill Street at the

next Council Work Session meeting. He noted that street sweeping was scheduled to begin next week, which meant that the new street sweeper would be out and about in the City.

Councilmember Sanschagrín asked about the agenda software.

City Administrator Nevinski explained that the City had put in the order, but it would be several months before it can be implemented but the hope was that it would be fully launched by the fall.

**B. Mayor and City Council**

Councilmember DiGruttolo stated that she had several people who have asked her about the cameras on Highway 7 and suggested that the City find a way to put together a write-up in the newsletter in order to communicate information to the residents.

City Administrator Nevinski noted that there had been quite a bit of coverage by the local news stations and explained that this was part of a grant that the law enforcement agencies along Highway 7 had received. He stated that it was really being run out of the SLMPD, but he would look into some talking points they could provide to the Council and residents to help with communication.

Mayor Labadie stated that she liked Councilmember DiGruttolo's idea about putting out a memo or communication that could be done in conjunction with the police.

Councilmember Gorham expressed his appreciation to City Administrator Nevinski and City Clerk/HR Director Thone for letting him join the Planning Director interviews. He stated that the interview committee was very impressed with City Planner Griffiths and felt the City was really lucky to have him.

Councilmember Sanschagrín stated that he wanted to give the Council the heads-up that there would be some discussions regarding the LMCC coming up in the next few months.

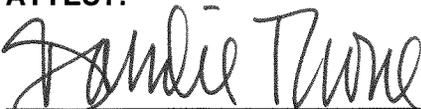
Mayor Labadie stated that the LMCC does a lot of things for the City and thanked them for filming the recent mayors forum as well as the State of the City Address, which should hit the airwaves in about a week.

**10. ADJOURN**

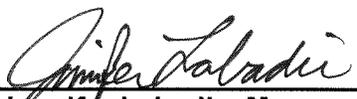
**Sanschagrín moved, DiGruttolo seconded, Adjourning the City Council Regular Meeting of March 24, 2025, at 8:17 P.M.**

**Motion passed.**

**ATTEST:**



**Sandie Thone, City Clerk**

  
**Jennifer Labadie, Mayor**