

**HOPKINS CITY COUNCIL
AGENDA
Tuesday, October 8, 2024
6:30 pm**

**THIS AGENDA IS SUBJECT TO CHANGE
UNTIL THE START OF THE CITY COUNCIL MEETING**

I. CALL TO ORDER

II. ADOPT AGENDA

III. PRESENTATIONS

IV. CONSENT AGENDA

1. Minutes of the October 1, 2024, Regular Meeting Proceedings
2. Second Reading: Ordinance No. 2024-1209 Amendment of the Hopkins Charter by Ordinance; Bishop
3. Second Reading: Ordinance No. 2024-1210 Amendment of the Hopkins Charter by Ordinance; Bishop

V. PUBLIC HEARINGS

VI. OLD BUSINESS

VII. NEW BUSINESS

1. 325 Blake Road/Alatus Development; Elverum

VIII. PUBLIC COMMENT

IX. ANNOUNCEMENTS

- Next City Council Regular Meeting: Tuesday, October 15 at 6:30 p.m.

X. ADJOURN

**HOPKINS CITY COUNCIL
REGULAR MEETING PROCEEDINGS
OCTOBER 1, 2024**

CALL TO ORDER

Pursuant to due call and notice thereof a regular meeting of the Hopkins City Council was held on Tuesday, October 1, 2024, at 6:31 p.m. in the Council Chambers at City Hall, 1010 1st Street South.

Mayor Hanlon called the meeting to order with Council Members Garrido, Goodlund, Hunke, and Kuznia attending. Others attending included City Manager Mornson, Assistant City Manager Casella, City Clerk Domeier, Director of Planning and Economic Development Elverum, Operations Superintendent Pavsek, Planner Howard, Finance Director Bishop and City Attorney Sathe.

ADOPT AGENDA

Motion by Hunke. **Second** by Kuznia.

Motion to Adopt the Agenda.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. Motion carried.

PRESENTATIONS

III.1. Appointment to Planning Commission and Oath of Office; Domeier

Motion by Kuznia. **Second** by Hunke.

Motion to appoint Joshua Montgomery to the Planning for a term ending on June 30, 2026.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. Motion carried.

City Clerk Domeier issued the Oath of Office to Mr. Montgomery.

III.2. Sustainable Building Policy Update and Stakeholder Engagement Plan; Howard

Planner Howard updated the City Council on staff's progress towards developing a Hopkins Sustainable Building Policy and sought input on the proposed Hopkins-specific standards before beginning a stakeholder engagement process.

The majority of the City Council supported the plan and appreciated giving the information to developers on the front end. They wanted the standards set to make it easy for development to occur. Council Member Goodlund did not support the proposed universal requirements and saw them restrictive to development.

CONSENT AGENDA

Motion by Garrido. **Second** by Goodlund.

Motion to Approve the Consent Agenda.

1. Minutes of the September 18, 2024, Regular Meeting Proceedings
2. Minutes of the September 18, 2024, Closed Meeting Proceedings
3. Resolution Appointing Election Judges for November 5; Domeier

**HOPKINS CITY COUNCIL
REGULAR MEETING PROCEEDINGS
OCTOBER 1, 2024**

4. Accept the City Manager Annual Performance Review Summary; Casella
5. Resolution Supporting Fire Lane Designation at West Side Village; Specken
6. Approval of Tobacco License for Cooperative Ctrl Inc. DBA Grow+Op; Domeier
7. Amendment to the 2024-2028 Capital Improvement Plan; Bishop
8. Ratify Checks Issued in September, 2024; Bishop

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. Motion carried.

PUBLIC HEARINGS

V.1. First Reading: Ordinance No. 2024-1212 Amendment of the Hopkins Charter by Ordinance; Domeier

City Clerk Domeier summarized City Council Report 2024-121. To be consistent with the council members' terms, staff proposed amending the Charter to also have the mayor serve a four-year term.

Mayor Hanlon clarified that the four-year term would start with the next election.

Mayor Hanlon opened the Public Hearing at 7:03 p.m.

Danny Lenz, 209 15th Avenue North, Hopkins Charter Commission Chair, thanked the Charter Commission for their work on all four initiatives. He stressed the importance of building relationships in the Mayor's office.

Motion by Hunke. **Second** by Kuznia.

Motion to Close the Public Hearing.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. Motion carried.

Motion by Hunke. **Second** by Kuznia.

Motion to Approve for First Reading Ordinance 2024-1212 Amendment of the Hopkins Charter by Ordinance.

Ayes: Garrido, Hanlon, Hunke, Kuznia

Nays: Goodlund. Motion failed.

The Ordinance will be sent back to the Charter Commission for next steps.

V.2. First Reading: Ordinance No. 2024-1213 Amendment of the Hopkins Charter by Ordinance; Domeier

City Clerk Domeier summarized City Council Report 2024-122. Staff proposed amending the Charter to move from odd-year to even-year municipal elections, update candidate filing language to be consistent with state statute and changing the process for counting write-in votes.

Mayor Hanlon opened the Public Hearing at 7:27 p.m.

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Danny Lenz, 209 15th Avenue North, Hopkins Charter Commission Chair, spoke to the costs of conducting odd-year elections and reallocation of staff time in the odd-years. He also spoke to the voter engagement and turnout. The percentage of vote in odd-years factors into city operations during recalls and initiatives.

Motion by Hunke. **Second** by Goodlund.

Motion to Close the Public Hearing.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. Motion carried.

Motion by Hunke. **Second** by Garrido.

Motion to Approve for First Reading Ordinance 2024-1213 Amendment of the Hopkins Charter by Ordinance.

Ayes: Garrido, Hanlon, Hunke, Kuznia

Nays: Goodlund. Motion carried.

The majority of the City Council supported the ordinance due to higher voter turnout, streamlining election administration, increased civic engagement, cost savings and the extension of current terms. Council Member Goodlund did not support the changes proposed and believed odd-year elections were more voter focused and wanted all write-in votes counted.

The Ordinance will be sent back to the Charter Commission for next steps.

V.3. First Reading: Ordinance No. 2024-1209 Amendment of the Hopkins Charter by Ordinance; Bishop

Finance Director Bishop summarized City Council Report 2024-123. The current Charter language in Chapter 6 is not consistent with the Legislative Policy Manual Section 6-A on Purchasing. Policy 6-A was updated in January 2024. The proposed changes to the City Charter allow City Council to regulate the City Manager's powers over purchasing through the Legislative Policy Manual.

Mayor Hanlon opened the Public Hearing at 7:41 p.m.

Danny Lenz, 209 15th Avenue North, Hopkins Charter Commission Chair, spoke to the Commission's support of the changes.

Motion by Kuznia. **Second** by Hunke.

Motion to Close the Public Hearing.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia

Nays: None. Motion carried.

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Motion by Hunke. **Second** by Garrido.

Motion to Approve for First Reading Ordinance 2024-1209 Amendment of the Hopkins Charter by Ordinance.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia
Nays: None. Motion carried.

V.4. First Reading: Ordinance No. 2024-1210 Amendment of the Hopkins Charter by Ordinance; Bishop

Finance Director Bishop summarized City Council Report 2024-121. Hopkins no longer has a local board of equalization for property valuations. Hennepin County hosts “Open Book” meetings at various locations. Formal appeals are made to the Hennepin County Board of Equalization. Removing the specific language on budget presentations gives staff the discretion to present budgetary information in a clear and concise manner. A preliminary budget and tax levy needs to be approved before September 30th each year, not 30 days before final approval. The Disbursement changes remove outdated language and allow flexibility for the city to implement modern approval systems. The current practice for preparing quarterly financial reports is outdated and the Charter Commission supported allowing staff to determine how the reports are presented.

Mayor Hanlon opened the Public Hearing at 7:46 p.m.

Danny Lenz, 209 15th Avenue North, Hopkins Charter Commission Chair, spoke to the Commission’s support of the changes.

Motion by Garrido. **Second** by Goodlund.

Motion to Close the Public Hearing.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia
Nays: None. Motion carried.

Motion by Kuznia. **Second** by Hunke.

Motion to Approve for First Reading Ordinance 2024-1210 Amendment of the Hopkins Charter by Ordinance.

Ayes: Garrido, Goodlund, Hanlon, Hunke, Kuznia
Nays: None. Motion carried.

NEW BUSINESS

VII.1. Special Revenue Fund Budgets and Activity Center Budget Review; Bishop

Finance Director Bishop requested input on the proposed budgets for special revenue funds. Mayor Hanlon requested that staff explore overnight parking options for the municipal ramp.

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VII.2. Enterprise Fund Budgets and Utility Rate Review; Bishop

Finance Director Bishop requested input on the proposed budgets for enterprise funds and utility rates. Brief discussion was held on the installation of new water meters and the accurate readings creating higher bills for some residents.

ANNOUNCEMENTS

Mayor Hanlon shared the City Council meeting schedule.

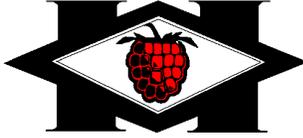
ADJOURNMENT

There being no further business to come before the City Council, and upon a motion by Garrido, second by Hunke, the meeting was unanimously adjourned at 8:11 p.m.

Respectfully Submitted,



Amy Domeier, City Clerk



Finance

CITY OF HOPKINS

City Council Report 2024-127

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: October 8, 2024

Subject: Ordinance 2024-1209 Amendment of the Hopkins Charter by Ordinance

RECOMMENDED ACTION

MOTION TO Adopt Ordinance 2024-1209 Amendment of the Hopkins Charter by Ordinance.

OVERVIEW

There have been no changes to Ordinance 2024-1209 since the October 1, 2024, First Reading.

SUPPORTING INFORMATION

- Ordinance 2024-1209

**CITY OF HOPKINS
HENNEPIN COUNTY, MINNESOTA**

ORDINANCE NO. 2024-1209

AMENDMENT OF THE HOPKINS CHARTER BY ORDINANCE

The City Council of the City of Hopkins, upon recommendation of and from the Hopkins City Charter Commission does hereby ordain and thus amend and adopt the following changes, deletions, and amendments of or from the following chapters and sections of the Hopkins City Charter:

SECTION 1. Section 6.06 – Purchases and Contracts is hereby amended by deleting ~~stricken~~ material as follows:

Section 6.06. Purchases and Contracts. The city manager shall be the chief purchasing agent of the city as provided herein. All city purchases and contracts shall be made or let by the city manager when the amount involved does not exceed an amount ~~established at least annually by the city council by resolution~~ established in the City’s Legislative Policy Manual. All other purchases and contracts shall be reviewed and approved by the city council. Contracts shall be made in compliance with Minnesota law, including all applicable competitive bidding requirements. All contracts, bonds, and instruments of any kind to which the city is a party shall be signed by the mayor and the city manager on behalf of the city and shall be executed in the name of the city. The city council may, by ordinance or resolution, adopt further regulations regarding the process for the making of bids and the letting of contracts, including the further delegation of authority to the city manager as the city council deems appropriate.

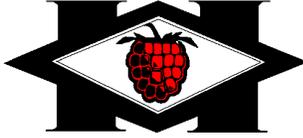
SECTION 2. The effective date of this ordinance shall be effective 90 days after publication.

First Reading:	October 1, 2024
Second Reading:	October 8, 2024
Date of Publication:	October 17, 2024
Date Ordinance Takes Effect:	January 15, 2025

By _____
Patrick Hanlon, Mayor

ATTEST:

Amy Domeier, City Clerk



Finance

CITY OF HOPKINS

City Council Report 2024-128

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: October 8, 2024

Subject: Ordinance 2024-1210 Amendment of the Hopkins Charter by Ordinance

RECOMMENDED ACTION

MOTION TO Adopt Ordinance 2024-1210 Amendment of the Hopkins Charter by Ordinance.

OVERVIEW

There have been no changes to Ordinance 2024-1210 since the October 1, 2024, First Reading.

SUPPORTING INFORMATION

- Ordinance 2024-1210

**CITY OF HOPKINS
HENNEPIN COUNTY, MINNESOTA**

ORDINANCE NO. 2024-1210

AMENDMENT OF THE HOPKINS CHARTER BY ORDINANCE

The City Council of the City of Hopkins, upon recommendation of and from the Hopkins City Charter Commission does hereby ordain and thus amend and adopt the following changes, deletions, and amendments of or from the following chapters and sections of the Hopkins City Charter:

SECTION 1. Section 7.03 – Board of Equalization is deleted in its entirety.

SECTION 2. Section 7.04 – Preparation of the Annual Budget is amended by deleting ~~stricken~~ material as follows:

Section 7.04. Preparation of Annual Budget. The annual budget shall provide a complete financial plan for the budget year by fund, showing all proposed expenditures and estimates of all anticipated revenues applicable to proposed expenditures and any other information the council may require, or the city manager may deem desirable. ~~In parallel columns shall be shown the budgeted amount for the, if any, granted and expended under similar heads for the past two complete fiscal years and, as far as possible, for the current year.~~ The council may include or exclude at its discretion any fund, except the general fund. The budget shall be submitted to the council at a regular council meeting, ~~in a manner prescribed by state statute, not less than 30 days prior to final approval.~~ no later than the first regular monthly meeting in September. It shall be a public record open to public inspection. ~~by anyone and the city manager shall cause sufficient copies thereof to be prepared for distribution to the mayor, members of the council and interested persons.~~

SECTION 3. Section 7.10 – Disbursements is amended by deleting ~~stricken~~ material as follows:

Section 7.10. Disbursements. ~~Disbursement of city funds shall be made by a negotiable instrument bearing the actual or authorized facsimile signature of the authorized city officer.~~ No disbursements shall be issued until the claim to which it relates has been supported by an itemized bill, payroll, time-sheet, voucher or the like approved and signed by the responsible city officer who vouches for its correctness and reasonableness. No check shall be issued until there is money to the credit of the fund out of which it is to be paid sufficient to pay the same. The council may by ordinance make further regulations for the safekeeping and disbursements of the funds of the city.

SECTION 4. Section 7.13 – Accounts and Reports is amended by deleting ~~stricken~~ material as follows:

Section 7.13. ACCOUNTS AND REPORTS. The city manager shall be the chief accounting officer of the city and shall submit to the council a statements ~~each month~~ containing information relative to the finances of the city as the council may require. Each year the city manager shall submit a report to the council, no later than June 30, covering the entire financial operations of the city for the past year. This report shall follow the style and form, as far as practicable, prescribed for

annual city financial reports ~~and copies~~ will be made available to interested parties.

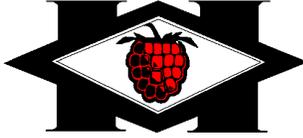
SECTION 5. The effective date of this ordinance shall be effective 90 days after publication.

First Reading:	October 1, 2024
Second Reading:	October 8, 2024
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By _____
Patrick Hanlon, Mayor

ATTEST:

Amy Domeier, City Clerk



CITY OF HOPKINS

Planning & Development

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Kersten Elverum, Director of Planning & Development

Date: October 8, 2024

Subject: 325 Blake Road/Alatus Development

PURPOSE

The purpose of the discussion is to present a financing structure that allows the development at 325 Blake to move forward in advance of a full-funding commitment from the private market. Staff will be asking for an indication of support from the City Council to allow for the issuance of temporary Tax Increment Financing (TIF) bonds. If supported, the Contract for Private Redevelopment will be amended to reflect this commitment and brought back for approval at a subsequent meeting.

INFORMATION

The Alatus development at 325 Blake Road led with the Chorus apartment building, a 100% affordable building, completed November 2023. This was to be the first building of a total of six developments including a senior cooperative, townhomes, a retail establishment, a mixed-income apartment and a 15-story midrise with market rate apartments, community space, a restaurant, and hotel units.

The remainder of the planned buildings have stalled due to unfavorable market conditions including rising interest rates, capital markets pausing investment and high construction costs, thereby impacting financing available for development. Changes were made to the development that include partnering with Ron Clark Construction to develop the 32 townhomes (site F) and Artessa to develop the senior cooperative (site B), with Alatus being responsible for constructing buildings C, D and E.

The first amendment to the contract in February 2024, established the willingness of the City of Hopkins to assess the public infrastructure costs (including public parking and the publicly owned street and utilities that run through the site) to sites C and D. While this action was viewed as a positive by the private investors, it has not resulted in a financing commitment that the project needs to move forward, allowing Alatus to purchase the land for buildings C and D, construct the public infrastructure and the assessment levied against the property. Without the infrastructure moving forward, Ron Clark and Artessa, developers of sites B and F, cannot close on the land and start construction, even though they are prepared financially to do so. It also prevents the MCWD from moving ahead with their investment as the infrastructure is linked via the storm water management facilities.

City staff, MCWD staff, Alatus and the elected liaisons from both the City and MCWD, met to discuss the impasse with the intent to find a path forward to construct the public road and utilities through the site, thereby unlocking the senior cooperative and townhome development and allowing for the MCWD public improvements to begin moving forward.

Staff and the City's financial consultant, are recommending the issuance of temporary Tax Increment Financing (TIF) Bonds to finance the construction of the main roadway through the site, following the closing on sites B and F. The bonds would be the general obligations of the City for which its full faith, credit and taxing powers are pledged. The bond would be issued with capitalized interest for three years and no payment would be due until after that period. If development did not move forward, the City would have the ability to reissue the bonds for another three years and ultimately could use TIF from sites B and F to make the bond payments or assess the cost of the road to sites C and D, as previously planned. More detail on the financing structure is included in the attached memo from Stacie Kvilvang, Ehlers, our financial advisor.

It is important to note that the bonding request does not increase the amount of public subsidy going towards the development. The City Attorney, City's Financial Advisor and the developer, Alatus, will be at the Council meeting to provide more detail and answer any questions.

FUTURE ACTION

If the City Council is supportive of the concept of issuing temporary TIF Bonds to pay for the cost of the infrastructure to the development, staff and the City Attorney will begin drafting a second amendment to the Contract for Private Redevelopment that will be considered at a future HRA/City Council meeting. The amendment will authorize the bond issuance, as well as update other elements including the current timeline for the project.

MEMORANDUM

TO: Mike Mornson – City Manager
Kersten Elverum, Director of Planning and Development

FROM: Stacie Kvilvang - Ehlers

DATE: October 8, 2024

SUBJECT: 325 Blake Redevelopment – TIF Bonds For Infrastructure

Pursuant to the Amended and Restated Contract for Private Redevelopment with Alatus, the City agreed to issue 429 assessment bonds to fund (1) the City Public Improvements (consisting of the roadway, utilities and landscaping); and (2) the public parking located within Building D. The costs for the public improvements totaled approximately \$7.2 million and the public parking totaled approximately \$6.1 million. Alatus would sign a petition of waiver for the special assessments, the City would place the assessments on the property when Alatus purchased the land and those assessments would in turn be used to pay the debt service on the respective bonds.

As you are aware, lack of funding from the capital markets for multi-family projects due to interest rates and cap rates have stalled development of apartments. However, these financial restrictions haven't impaired the for-sale market as much and the sr. cooperative and town home developers would like to move forward in early 2025 with their portion of the development. Staff, Alatus and the Watershed District (the "Watershed") agree it would be preferred to see development move forward to (i) assure that grant funding for the cascade and other Watershed improvements would not be jeopardized; (ii) allow the Watershed to move forward with its improvements; and (iii) show continued development progress towards the total "vision" for the site.

In order for the for-sale housing developments to move forward and for Alatus and the Watershed to expend/commit the grant funds, the Public Improvements have to be started. In order to do this the City would have to issue bonds prior to Alatus closing on the property for the two remaining apartment projects (buildings C and D). The City would issue temporary General Obligation Tax Increment Bonds (the "Bonds") in 2025 once the bids have been awarded for the work to commence. The Bonds would have a three-year term, we would capitalize all payments until maturity so there would be no out of pocket expenses and they would mature on February 1, 2028. If no development on the parcels where buildings C and D are to be located has occurred, the City could reissue the Bonds for another three-year period. After the full six years has expired the City would need to either have the Bonds paid in full or issue permanent bonds for a term to be determined.

The cost of developing the City Public Improvements was always intended to be partially or fully paid by the development. As you recall, in the original agreement the City was providing a \$3.750M TIF grant to go towards those costs (didn't cover 100% of the costs). However, an amended agreement was approved since those TIF grant funds were diverted to The Chorus so that it could be developed. To this end, we would request that as the property owner, the Watershed approve a petition and waiver for special assessments (like Alatus would have if they owned the property and agreed to as part of the amended agreement). This would preserve the right for the City to issue long-term GO Assessment Bonds once development commences on the remaining vacant parcels. Issuing GO Assessment bonds provides flexibility to whomever develops those parcels to either pay less for land up front (remaining balance of approximately \$6M per the purchase agreement with the Watershed) and pay the assessments related to development of the City Public

Improvements over time; (ii) pay more for the land (\$6M + all the Pulice Improvement costs); or (iii) a combination of the two aforementioned (pay \$6M for the land and a portion of the Public Improvement Costs and accept assessments over time).

As part of the petition and waiver of special assessments, ***the City would be agreeing to defer the assessments until development of the land commences so that the Watershed as the owner would not be required or obligated to make any payments on any long-term debt issued (intent is for the future development to make those payments).***

By deferring the assessments until there is development, we have reviewed a worst-case scenario that no development happens on the site over the next six years. We reviewed the TIF that would be generated from the Sr. Cooperatives and the town homes as a source of repayment on the permanent Bonds. Based upon the costs of issuing two temporary bonds and having a term on the bonds that correlates to when the District expires (December 31, 2049), the City risk would be an annual levy payment to cover 100% of the bond payment of approximately \$8,000. That being said, I think all parties agree that at some point the remaining land will be developed for high-density apartments so this scenario may not be likely. In addition, we would have discussions with the Watershed regarding purchase price of the land and that they recoup all or a portion of the costs of the City Public Improvements as part of their transaction to a developer other than Alatus.