

EAST BETHEL CITY COUNCIL WORK MEETING

July 10, 2013

The East Bethel City Council met on July 10, 2013 at 6:00 PM for a work meeting at City Hall.

MEMBERS PRESENT: Bob DeRoche Ron Koller Richard Lawrence
 Heidi Moegerle Tom Ronning

ALSO PRESENT: Jack Davis, City Administrator
 Mike Jeziorski, Finance Director
 Mark DuCharme, Fire Chief/Emergency Management Director
 Colleen Winter, Community Development Director/City Planner
 Nate Ayshford, Public Works Director

Call to Order **The July 10, 2013 City Council work meeting was called to order by Mayor Lawrence 6:00 PM.**

Adopt Agenda **Moegerle made a motion to adopt the July 10, 2013 City Council work meeting agenda. Lawrence seconded; all in favor, motion carries.**

2014 Proposed Budget Davis, "We are here to review the 2014 proposed department budget requests. We have staff here to review the proposed department requests. Actually, they are here more to answer your questions. They will go over the main points of their department budgets. We will start with Colleen Winter and she will give us the Planning, Building and EDA budget requests for 2014."

Winter, "I will start with page 28 and 29, Planning Budget. Not a lot of changes. One change is a decrease in full-time employees regular. Went from \$142,000 to \$114,000. Reason for that is we have taken the clerical position in the Community Development Department and we have split that amount over two different departments. So part of that is here in Planning and part of it is under the Building Department budget. The other line item that is a little change is under Professional Service Fees, there is a little increase in that fund of \$5,000. That is related to the standard fees we pay for Flatrock which is our Geographic System providers. They have some new tools and we wanted some money in the budget for that. And, Anoka County is doing a fly over and that is \$1,600 for aerial photography and there is a little in there for professional services for Comp Plan changes. Essentially, what you see here is a net decrease of 16%."

DeRoche, "Is part of the 16% because you are shifting it over to another department?" Winter, "Yes." Davis, "If we hadn't made the change and divided the clerical person's time up 50/50, this budget request would be about 0%." DeRoche, "So our Professional Service Fees are going up \$5,000 and that is part of this new program?" Winter, "Well, I budgeted a little bit of money in there for that because we don't know exactly what that number is going to be yet. He just gave us a presentation on that and is still trying to put some numbers together, so I just tried to estimate. It is not a new program. It is with our existing GIS, and it is just other features we can have as part of that program. And then, in addition, the County is requiring us to do a cost share allocation when they fly their pictometry, or aerial photographs. The cost allocation of that is very fair. The County is picking up a lot of that cost." Koller, "I was in the watershed meeting yesterday and they were hitting them up for money too. We shot it down."

Ronning, "As a point of information question, is it standard practice to use a budget estimate compared to another budget estimate, versus actual?" Davis, "We have had that discussion also about using previous budgets to base assumptions on for future budgets or zero base budgeting. In our case, we go by our historical experience and then we also make adjustments where we think we can anticipate cuts. The last two years we were actually able to reduce the City budget. This year, due to factors, harsh winters, increased use of supplies in roads and extra cost in roads

and some other factors, including increased medical costs, there is a proposed slight increase in the budget. But we try to use a balance of both blends to come up with our projections for our budgets.”

DeRoche, “One thing, I think going through this, that we have to keep track of, it was proposed about a year ago that we start a levy of 5% to start putting in an account for sewer and water because at some point we are going to have to pay for that. And, we are going to have to raise taxes. And, that can’t get lost in these discussions of expenditures without keeping in mind that at some point these bonds need to be paid for.” Davis, “That will be a separate discussion that we probably won’t have time to get into tonight. We will have several work sessions on the budget. That will be a separate item that we will devote one evening to entirely.” DeRoche, “I understand that, but as we are going through this that has to always remain in the back of our heads. I don’t think people realize that we haven’t raised taxes yet to pay for the sewer and water project. And that is going to be a reality. There is no two ways around it.”

Ronning, “I noticed a lot of the reductions are the PERA Coordinated Plan, FICA/Medicare. That is stuff that should be consistent it would seem.” Davis, “All that is based on salaries for that Department. So the salaries in that Department were reduced by approximately \$28,000 so therefore there will be a corresponding decrease in those benefits.” DeRoche, “But that will be picked up in the Building Department.” Ronning, “Peter and Paul.” Lawrence, “And the cell phone, are you dropping that?” DeRoche, “Yes, that went from \$500 to \$0.” Davis, “This employee elected to take the stipend.” DeRoche, “So that would be the \$30 per month.” DeRoche, “So does that go against the General Fund?” Davis, “No. That should be \$360.” Moegerle, “Printing and Duplicating, is that packets for Planning?” Winter, “It could be any number of things.” Moegerle, “But that covers the packets?” Winter, “Yes.”

Winter, “On pages 43 to 45 is the budget for the Building Department. We now have part of the clerical salary reflected in this Department. This also shows an increase because, in addition to a building official, we also have a building inspector. In 2014, [that] will be a full year of having that person on board versus 2013 where we did not have him on board for the whole year. However, corresponding then, if you go down to Professional Service Fees, although we didn’t spend a lot in 2013, there was a significant amount spent in 2012. And, that was for folks that we had to do contract work for us because we didn’t have that Department fully staffed. So, you will see that is at a zero balance.”

DeRoche, “Who did we have do that?” Davis, “We hired a building official on a temporary basis when Larry Martin resigned. And we also utilized the services on a temporary basis of another individual to help us do septic inspections that year because we didn’t have enough personnel to cover that.” DeRoche, “This was the individual from Linwood?” Davis, “Yes. He was our building official and we used him occasionally after that because Nick was the only one here. And, a gentleman from Ham Lake also did some septic inspections for us.”

Winter, “The next line item I wish to discuss is the part-time employee. In addition to the 2.5 which is what we have for the full-time employees, as part of the budget request this year I am asking that the Council consider the addition of a part-time seasonal employee. The reason I am asking for that is because of the amount of work that is required in the Building Inspection Department, especially during their busy summer season. In addition to anything related to building, there are a number of enforcement issues that have to be addressed. And, that requires clerical support to send out letters; to do what is necessary for that. The Planning Department doesn’t get any less busy either, so it is very taxing to have one person do all of that work. So what happens is some things get behind. What I have always strived for in our Department is that we provide very superior customer service, and that we have a very good turnaround time as far as when building permits get reviewed and issued out. And with not having that extra person to do those extra things, it is difficult for one person to handle all that. So, we are finding that it

is taking a little bit longer to get those things turned around.”

Moegerle, “This is in part because we have had more business and it is picking up? But also, at one point Jack, we had another person doing part-time in addition to the clerical person back there? Are we back to that situation?” Davis, “Actually that clerical person was full-time in the Building Department. And they rotated the receptionist duties. Also, this may come into play with the LaserFische and document scanning. This person can do some work there too.” DeRoche, “Do we have this big rash of code enforcement that we haven’t had to do in the past?” Davis, “This person will not do any enforcement at all. They might do some clerical work to support the enforcement.” DeRoche, “I understand that, but then other people must be doing the enforcement. Is it that we haven’t been enforcing the ordinances? Or if we have been, if it is a repetitive thing, is it something that we need to look at and maybe change the ordinance? If it is a repetitive problem of people coming in with the same issues, maybe we need to look at, ‘Is that ordinance appropriate for right now?’”

Davis, “I agree wholly with that. Generally our code enforcement efforts entail trying to work with people. Giving them opportunities to work through the issues. I think we have been very good with that. If they are making progress on correcting them, we generally are a little more lenient. It does get to the point at times though, where they have to be cited and taken to court. Code enforcement can be very time consuming. If there are instances where our ordinances are not addressing things, then definitely they need to be changed.” DeRoche, “Well, because one of the things we came on with was East Bethel was unfriendly to residents and businesses. And I don’t want to fall into that, ‘We are not friendly to residents or we won’t work with them.’ And I am not micromanaging; I don’t come in here every day, so I don’t know that part of it. But if the inspectors need more time to do enforcement, is it because we have more problems? Or is it because the problems weren’t taken care of? There has got to be a reason for it.”

Winter, “There is actually a combination of both. I think there are a little bit more of these problems the last few years. Where we are seeing it is in the homes that have been foreclosed on, that type of thing. Issues of junk cars, garbage, that type of thing. Citizens also have more access to get to us, with the website; it is easier to register complaints. It is also the fact that we are doing a good job of making sure we are aware, as we are driving around, if we see something that we have to make sure we are addressing the best we can. And that is just the fact that we have more folks out there. Again, it is the fact that we have staffed this Department full-time.”

Moegerle, “I remember back when we came on that the letters hadn’t gone out to remind people to pump their septic systems and those kinds of things. I think you have to pay the piper in order to have good public health, so septic systems and public health. We have those laws for a reason. Public safety and public health is why we are here. So if that is what it takes, that is what it takes.” DeRoche, “Public health and public safety is one thing. But nitpicking and going around and being a thorn in someone’s side is something different.” Moegerle, “Have you heard of any of that recently?” DeRoche, “As a matter of fact, I have.” Moegerle, “Really, please tell us.” DeRoche, “I have discussed this with Jack.” Davis, “We base this on, it is complaint driven. We don’t go out and actively look for issues. If somebody spots something that is extremely egregious or just pops out it will be addressed. But, generally it is complaint driven.” DeRoche, “That was a pretty simple answer, but somebody else gave an answer otherwise.”

Ronning, “Salary costs are up roughly \$39,100. The other increases are PERA, FICA, Deferred Comp, and Cafeteria Contributions for \$12,800. Is that reflective of that last one?” Davis, “Yes, this is where we were talking about that balance. We assigned the clerical’s person’s time ½ in Planning and ½ in here, Building. Previously it hadn’t been done that way so a significant increase shows up. But, a significant decrease shows up in Planning.” Moegerle, “And I want to thank you because I think that it would be real easy for you to just leave it the way it was. This shows integrity that we are doing things the way they should be. I appreciate that candor.” Lawrence, “Why don’t we have the itemization of the funds we have received from Oak Grove

in here?" Davis, "This is just the expenditure side. If you would like to see that, I would be glad to give that to you. We are not talking about the revenue side of the budget right now."

Ronning, "What is the head count in Building Inspections?" Winter, "Two and a half. If you look under Motor Vehicle Parts you will see a little increase and that is for maintenance of vehicles. We are going to have to put tires on at least one vehicle, if not two." Ronning, "Motor Fuels are up 50%?" Davis, "That is up because it was under budgeted in previous years and we also have two people in the Department now and are operating two vehicles."

Ronning, "On Department Goals with Building Inspection, provide plan reviews and permit issuance in a timely manner i.e.: residential permits issued within 3-14 working days. Institutional Plans and permits within 30 days. Are we doing pretty well with that? Some people exaggerate and embellish some things. It sounds like we have some troubles with that." Winter, "At times right now we are in a really busy season and it is really more just on the paperwork side of it trying to get it done. We actually have been under the 14 days up until this point. It has been 10 days provided all information is given to us. Once we get a complete packet we have been able to turn that around within 10 days."

DeRoche, "How much of an effect do Oak Grove and Bethel have on taking up time?" Winter, "I think the way they split that time up, it doesn't affect anything we do in East Bethel." DeRoche, "Dealing with the workload, if we didn't have Oak Grove and Bethel, would there be a shortage? It seems like we have a backlog of paperwork and if it were just East Bethel, would that backlog of paperwork still be there? Or is it because now we have Oak Grove and Bethel?"

Winter, "We do very little paperwork for Oak Grove. We do inspection and plan review. The paperwork I refer to is if our support person could spend 100% of their time in Building Inspection there is still the Planning Division, there is still a whole bunch of other things. A majority of their time is spent on other things, taking phone calls; it is the really busy time of year right now. Whether or not Oak Grove is here, it doesn't change our busy time of year." Ronning, "On Planning what is the head count?" Winter, "One and a half." Ronning, "Half is part-time?" Winter, "Correct." Davis, "Full-time, that is the clerical position." DeRoche, "And how many people handle EDA affairs?" Davis, "Generally it is my time, Colleen's time, Carrie, Wendy, Rita and Mike do EDA. It just depends on what the issue is and what level of expertise we need."

Winter, "My last budget starts on page 77 and 78, Economic Development Authority. This is funded through an ad valorem tax or a levy. We are projecting that to be \$133,022. That is not showing a levy increase. It is based on what exists today and what our market value is and that has gone down a bit. Legal Fees and Professional Service Fees are increased. The reason both of those are increase is if the City elects to take advantage of any sort of programs. Such as, if the City decides to do another Tax Increment Financing District for a business that would come into the City, we would work with Ehlers to do the consulting services for that. We also have some legal. As we get busier and get development in the community, we will see an increase in developer's agreements and we will have to have legal look at those." Ronning, "Are you able to answer history type questions? Some of this is all over the board. Do you have knowledge of the 2012 Budget?" Winter, "No, I wasn't here." Davis, "That was the Ady Voltedge Study. That was approximately \$45,000. Some of the Professional Service Fees (like legal as they relate to TIF), some can be charged back to an Escrow Account with the business and can be recouped." Moegerle, "Going back to 2012, how much of the legal was the GRE Litigation? Where was that charged to?" Davis, "Legal, just a straight legal fee."

DeRoche, "Where does the General Fund Transfer of \$56,000 allocated to?" Davis, "That goes back to cover staff time that is spent on EDA work. Goes to pay staff salaries for the administrator, community development director, city clerk and any administrative help that we need. It goes back to the general fund and is allocated to the Departments for EDA work."

Ronning. "Is that in a form of a resolution or is that an automatic transfer?" Davis, "That hasn't been an annual resolution. More like a transfer we do to Parks or Roads. We approve it in the budget and it is done as a transfer between budgets."

Ronning, "Contingency is kind of a broad description, is there a better description for that?" Winter, "It is. The reason we have that there is it is very similar to how, as a City Council, in your general fund you keep a certain percentage of your budget set aside for emergencies or whatever the case may be. It is a good accounting practice to keep this here because it is a special revenue fund versus a general fund; it is sort of following the same logic that you use for your general fund. Or, in case a special project would come up, such as the reader board."

Moegerle, "We don't have anything in this budget for investment in the City's future to attract? So we don't have a marketing budget? That would come out of the contingency?" Winter, "Correct. The Met Council doesn't require us to update the Comp Plan until 2030, but we have been in discussions with Met Council because as the corridor has begun to develop, we would potentially like to look at doing some other types of planning in that area. That would be another example where we could funding from this contingency to work with some professional consultants to help us with some of that." DeRoche, "That \$27,000 is for the EDA to use at their whim." Davis, "It is discretionary for Council to approve. Any dollars spent by the EDA has to be approved by the Council." Winter, "The EDA is the same as the Planning Department. If we have to order paper or other items we aren't referring to that. What we are referring to is whatever you have as the amount before you have to go out for bids. The EDA follows the same rules as the other Departments." Davis, "But the EDA is like any other Department, they submit their bills for Council approval." Moegerle, "On this budget you have \$360 for telephone. Is that where the cell phone reimbursement is budgeted?" Winter, "That is where my telephone is." Moegerle, "Do you do more EDA than Planning, or Planning than EDA?" Winter, "It depends. If you want to split it between the two, you could."

DeRoche, "\$400 in Travel is that to cover your expenses?" Davis, "Yes, in case they have to take their own automobile." Davis, "One thing I want to point out is in the Professional Services Fee, which includes the cost of hosting the website." Ronning, "What happens with a contingency if it isn't used?" Jeziorski, "You end up with a net income and it gets rolled into the fund balance. So you will have a positive fund balance at the start of the year and that money can be used as a contingency." Ronning, "Can you take Council action to allocate some or all for debt reduction?" Davis, "We can do that. It is always a source. We can allocate this for anything by resolution." Moegerle, "And we could do that with the \$800,000 in the HRA? We can apply that towards the bonds too?" Davis, "No that would have to be paid back." Moegerle, "Well because that \$600,000 came back from the water and sewer. Remember, we paid ourselves back from the HRA." Ronning, "The money gets used for blight and similar stuff. For HRA." Davis, "Generally that is some type of a loan, although there can be instances where you do grants. In those cases it wouldn't have to be repaid. But, in the case of the bond payments, it would have to be repaid to the HRA."

Jeziorski, "You want to be careful when looking at one year. Right now you have about 53%. But, you have a policy in place to have 40-50% so you would have about 3% available." Ronning, "Ideally, if everything stays constant as far as your taxes and you don't get behind on tax collection. Jeziorski, "What you will see is this year's delinquency will be picked up by prior years being paid. So, it kind of evens itself out from people paying over the years. The first tax payment just came in and we are at 52% of our budget amount for 2013." DeRoche, "Ehlers, when they came in, said where we're at with the 53% was about where we want to be. Where in the past we have heard 35 to 40%." Jeziorski, "53% is the place to be and the reason for that is because we only get paid twice a year so if we have 50% of our funds available for the first part of the year we can actually front our cash flow. So we have a cash flow buffer there." DeRoche, "Which, when the bonds payments have to be paid, we really need to watch that." Davis, "We need to keep that balance as high as we can." Lawrence, "What is the max you can have?"

Jeziorski, "You can have as much as you want." DeRoche, "Until we stabilize and get the payments on the bond moving, it is a lot easier to have the money and not spend it."

DuCharme, "I want to talk about the 2014 Fire Department budget. One thing I am sure you noticed right away is there is not a SAFER Grant budget. The SAFER Grant ends in November of this year. Many of those benefits that went along with the SAFER Grant that we designed will no longer be in effect." Ronning, "Can you explain what that grant is?" DuCharme, "The Staffing for Adequate Fire and Rescue Events; part of a FEMA Grant. Granted to us four years ago and basically the grant was about \$83,000 a year. We were able to transfer many of our training costs to that grant, additional education, and health insurance reimbursement that we offered the fire fighters. There was also some equipment and turn out gear that we were able to buy for the new people."

Moegerle, "Isn't there a County-wide SAFER Grant that will fill the gap there?" DuCharme, "There is a grant, but it doesn't fill the entire gap. Training was \$15,000 a year previously to receiving the grant, and so for 2014 I have built in \$8,000 for 2014. There are some other grants, including the Anoka County grant. I am predicting an increase to fire calls, by 2 calls to 510 calls." Lawrence, "And the bulk of these calls will be?" DuCharme, "Sixty percent will be emergency medical services because that is the average." Ronning, "Is there a percentage of cancelled calls?" DuCharme, "We run cancelled calls about 50 per year. I try to separate medical cancelled calls from the rest. Sometimes we get cancelled because they are being transported. Clothing and Personal Equipment, there is an increase in there and that is our turnout gear and uniforms. This is one of those SAFER Grant things, we are almost caught up on our turn out gear, this is our protective gear and some of our gear was made and issued in 1998. Usually we talk about a seven year shelf life on that stuff."

Moegerle, "Are you adding more on-call fire fighters so we will need more gear next year?" DuCharme, "No, this is replacing old and worn out gear." Davis, "Also in the SAFER Grant was \$20,000 allocated towards salaries, so that goes away." Lawrence, "Overall, how do you think your budget is coming? I know you had the loss of the SAFER Grant and that was a big loss. But, in general?" DuCharme, "In general, it is about a 5% increase." Davis, "There is an item in there, \$12,000 heavy machinery. There is a possibility that we may be able to use the bond funds for that because basically that is equipment that would be used for rescue operation in confined spaces for the water and sewer system. We will consult and see if that is an eligible item and if it is, we will pay for that with bond funds this year and eliminate that from the budget." Lawrence, "What is the heavy machinery?" DuCharme, "This year it is some funds for hearing protection." Koller, "I see in the replacement equipment you are getting a boat and another grass rig?" DuCharme, "I think we are going to defer the boat for a year. Mainly because of the frequency of use. You have seen our boat. It is too heavy to pick it up and move it. If we ever go to order a boat, it would be a smaller one that is more functional."

DeRoche, "How did we go on Conferences and Meetings up to \$8,000?" DuCharme, "That is the training budget. We have been relying on the SAFER Grant for our training budget. What does that include? Sending people to special school. For example and Officer I school, Officer 2 school. We are lucky enough that for the next couple years on our Firefighter I and II we will be able to send them off to Anoka County Fire Protection Schools and that is no charge." DeRoche, "Does that include travel or is the \$1,000 for travel and expenses on top of this?" DuCharme, "Yes, that is on top of the \$8,000. It costs about \$17,000 a year for education for the East Bethel Fire Department. Where does that money come from? Eight thousand dollars from the budget. Looks like we are going to get \$200 per firefighter from the Minnesota Training Board next year. So, that is roughly \$7,000. And, the Anoka County is not charging. I would like to keep the \$8,000 in there. But, we will use grant money. We do send two people to the Fire Chief conference every year; Deputy chief and one district chief."

DeRoche, "What, if any, monies are available from the International Association of Firefighters?"

I watched that information on the Hotshots and I think this association has funding for Fire Departments.” DuCharme, “That is the International Association of Firefighters. It covers all career firefighters.” DuCharme, “There have been special seminars funded by Departments that we have been able to send people to. It does cost about \$17,000 to keep everyone trained and certified.” Ronning, “We look at the cost increases, but there are big decreases in the budget. Is there an explanation? It is a nice thing to see.” DuCharme, “That is looking at some real costs of what we have been paying out. We have been fortunate in the past to get a grant to replace the radios and weather sirens.” Ronning, “If something gets cut, I hope it doesn’t get cut too much so you have to come back later.”

Mike Jeziorski, “There is a 0% increase in the Finance Department page 20 and 21. Again the Finance Department handles all payroll, some HR functions, and insurance. Auditing is a separate line item. There is myself and the account technician in our department.” Ronning, “Is there an inventory of City equipment, property?” Jeziorski “Usually during the audit there is an inventory of all the fixed assets accordingly. That is done on an annual basis.” Ronning, “Is there a happy balance where your property worth is so much percent of your cash in the book?” Jeziorski, “I don’t think there is an ideal number for that. You compare yourself to your peers for that and that is how you get a range of where you should be.” Moegerle, “With regard to refunding of the bonds. The cost of that gets rolled into the bonds so we won’t see that in the Finance Department?” Jeziorski, “No, that is in separate funds.”

Jeziorski, “Risk Management, page 64 and 65. As a City we have a relationship with the League of Minnesota Cities (LMC) that covers our workers compensation insurance (not covered in this Department), general liability, property and vehicle insurance. We have a broker that works with the Finance Director and goes through renewal. That is the \$6,500 broker fee. General liability is a function of expenditures. Property and automotive is listed and varies from year to year. Pretty consistent from 2014 to 2013. Overall looks like we have a 5% increase.”

Moegerle, “Increase between 2012 and 2013, is that related to litigation?” Davis, “No. That reflects expenditures. No more than a normal increase.” Moegerle, “I am wondering if we got hit because of our claims history.” Jeziorski, “Any kind of insurance looks at your claims history.” Moegerle, “Done well for property insurance, no claims there.” Ronning, “Do claims stick to you like flies and mosquitos?” Jeziorski, “They are part of your history. That is a good question; I can ask the League when they fall off. They did just go through a holistic change of how they calculate the general liability insurance. There is no way another provider could provide these types of rates. And, on the revenue side, we get a dividend back.” Lawrence, “What is the machinery breakdown?” Davis, “That is a policy we have say in case something breaks down at the ice arena and we have to bring in generators.”

Jeziorski, “Debt Service, I put this on one sheet. What issues do we have out there? How much interest are we going to pay for the life of the bonds? First four issues are cash flowed to the end. 2005A bond, who houses the bond, when it is callable, principal and interest when it is operated, how much is due for 2013, how much is due for the life of the bond. First four issues are cash flowed. 2010A, 2010B and 2010C those are the ones we have been struggling with to get refinanced.”

Moegerle, “What is MNPERA? \$64,000. Can we just pay that off?” Jeziorski, “It is callable on August 1, 2013 so we are going to be in a position to pay it off. But, it is a 1% interest rate.” Davis, “That was the reason it didn’t make a lot of sense to do this, we pay almost zero interest on it.” Moegerle, “But, to reduce our debt load?” Davis, “But, we may need those funds elsewhere to reduce the debt loads with higher interest rates.” Jeziorski, “That makes perfect sense, but your cash flow is starting with \$7,500. If we had \$150,000 accumulated in that fund, it would make perfect sense to pay it off.” Moegerle, “In my personal life, I am all for paying off debt. So, I would like to apply that here if I can. Are the interest rates on here?” Jeziorski, “The

coupons are different on each one. So I will have to go through and get the weighted average.”

Jeziorski, “If we move to the last three issues, I have callable now. If we can’t get them financed, then we have to find a way to fund them.” DeRoche, “We would be better off putting in less than more for connections and, ‘If they happen, great?’” Jeziorski, “You have to think about that (your goals).” Davis, “One of the important considerations is getting out of this federal sequestration threat. We are like a puppet on a string.” Ronning, “We can’t have tunnel vision and just look at the money, we need to look at the freedom we would have.” Davis, “That is correct, Tom; and then you would know what you would owe each year. The way it is now, it is a moving target each year. The next budget meeting we have I would like to make this the major topic/focus. Discussion of the 2010 A, B & C Bonds and refinancing and addressing deficits and how to fund them.”

Davis, “First I have the Mayor and City Council budget. Showing a decrease of 3%.” Ronning, “The Professional Services Fees in 2011 was \$15,449 and then it took more than a 50% cut in 2012 and then it is forecasted back up to \$12,000. Is there some rhyme or reason to what kind of professional fees?” Davis, “Most of this was for ordinance updates. A lot of it depends on the ordinance revisions we do; it will not exceed, but it could be less than that.” DeRoche, “Commission and Board increase is that the \$20 we approved?” Davis, “That is the Watersheds.” DeRoche, “What are the dues and subscriptions for Mayor and City Council.” Davis, “League of Minnesota Cities, Anoka County Mediation Services, Alexandria House and TH 65 Corridor.”

Davis, “The next one is the Administration budget. That is expected to increase 3%. That is because we have two people in the Building Department. We have to use personal vehicles more, increase in travel and \$3,000 increase in salary. This Department covers two positions, the City Administrator and the receptionist.” Ronning, “The cafeteria contribution has gone up and down.” Davis, “That is based on medical cost and it is up and down. Last year we had a decrease, this year we are budgeting for an 8% increase. Generally they are based on medical costs, claims experience and age.” Ronning, “Is the City’s cost on those benefits fluxuating with the rate?” Davis, “It is fixed, everyone gets the same amount.” DeRoche, “Travel expense, went from \$773 to \$2,400.” Davis, “In 2011, it only covered half the year for the City Administrator. We try to use City vehicles whenever they are available, so that is for mileage reimbursements.” DeRoche, “Who all drives those?” Davis, “Nick and Steve are the main drivers. It is available to any City staff that needs it. We try to limit personal vehicle use and use a City vehicle whenever possible.”

Davis, “Elections, this budget has increased the most percentage wise. We have a JPA with Anoka County that saves us quite a bit of money there.”

Davis, “City Clerk; there is a decrease by 2%, basically due to reduction in overtime wages. One person in that Department.” DeRoche, “Is a lot of that overtime due to special meetings?” Davis, “That overtime is due to meetings like tonight or City Council meetings. In the past couple months though, if there is a night meeting this staff person comes in at a later time to result in a reduction of some of that overtime.” DeRoche, “I was just wondering if some of this stuff couldn’t be done at a Council meeting instead of a special meeting.” Davis, “We had to award that contract by Friday, so that was time sensitive.” Ronning, “That is not just because we have been dragging our feet. That is because of the Met Council, right?” Davis, “The Met Council rejected those bids and we just got notice of their awards of their bids and they just submitted to their environmental committee last night and it was approved. Just a timing issue.” Ronning, “It is on account of the Met Council that we are late.” Davis, “We made it just under the wire.” DeRoche, “It would be nice if this stuff didn’t always come down to the wire.” Ronning, “If this didn’t happen, what our penalty would be if we missed?” Davis, “We would have to rebid the project, so rebid costs and the bids could come in higher.”

Davis, "The Assessing budget is all professional service fees and there is no change. We did enter a three year contract with him last year."

Davis, "Next is Legal Fees and we are projecting no increase in legal fees." DeRoche, "Is there any way we can get a breakdown of the prosecution costs?" Davis, "I can get you that."

Davis, "The Human Resources Department Budget includes the OSHA Department Training. We contracted for this again. We found it was much more efficient and cheaper to do this for all staff."

Davis, "Next is General Government and Building Funds, this is the maintenance and cleaning of City buildings. Lights, AC and keeping the heat working. We project that to go down 2%. Less in gas."

Davis, "And, the Police Budget. This is the largest budget item we have for a Department in the City. We contract with the Anoka County Sheriff's Department and they have indicated that their union negotiated an increase by 2.9%. We show a 3% increase here, we do also have the Animal Control contract in here." DeRoche, "Shelly came in here and said it was a 3% increase for the cafeteria plan. Can we find out what we have paid in dog catcher fees?" Davis, "We have a set fee, and then if she does a pick-up she does try to bill that back to the owners." Davis, "She does a real good job of finding a home for them, whether it is working with animal rescue or others." DeRoche, "For about a year and a half, we were getting quite a few dogs left here. Kind of the dumping grounds." Davis, "That is what we suspected, is that for the communities that didn't have animal control services, we had become the dumping grounds. They at least had some assurance that better care would be taken care of them. We had no proof, but it just seemed logical that was happening."

Lawrence, "With the police contract, I am getting questioned about the CSO. Do we need them?" Davis, "The CSO has a lot of value. Most cost-efficient way we can have a patrol officer out there. They also help us out with code enforcement. They deliver citations; go along with personnel to a property. They do serve functions around here; utilize them instead of City staff. For what we pay for CSO, we get quite a bit of value of them." Ronning, "If they do issue a citation, would it be a City or County citation?" Davis, "It is County. There is a lot of value of contracting with the County for the service." DeRoche, "I have talked to them when I saw them on the road. It is a presence." Davis, "We have a real good group of deputies that service the City. Most of them have worked here for a number of years. There is that continuity. They know the trouble spots. They know the issues; the history. For the most part, they work well with the public." DeRoche, "A lot of them are about education than anything else. If they see the same person doing the same thing over and over, then they do get them."

Davis, "Engineering, no increase for this year. This is one from what I have been told and what I have seen, we have never exceeded that budget. Most years we are under. Most engineering charges are charged to projects." DeRoche, "Through May 2013 we only spent \$3,000+, but when we get budget projects every month it seems we get charged more than that." Davis, "Engineers are historically behind in billing." DeRoche, "Seems sometimes there are the same prices, for the same date, on the same bill." Davis, "We would have to take a look at it." Ronning, "He is accurate on that. Some are the same code, same amount, just a different date maybe." Davis, "One thing about the engineers billing, it is very detailed. So, if there are questions, we can pick it out and get answers for it."

Davis, "Civic Events, the only thing under here is \$2,500 for Professional Services for fireworks for Booster Day. This is reduced from \$5,000 in 2011 to \$2,500. The Ham Lake Chamber of Commerce made a donation to the City in the amount of \$4,500.

Davis, "The next Department is Central Services and Supplies, pages 66, 67 and 68. This budget is for office supplies, postage, and it will decrease by 2%. This includes Information Services,

licenses, Anoka County Connectivity Agreement.”

Davis, “Transfers Out on page 69. This reflects what we have done traditionally for the Building Fund, Streets Capital, Parks Capital and Trails Capital. We funded the Building Fund at \$50,000 a year and that is maintain and repair the City buildings, not only City Hall but any City buildings. Four hundred twenty-five thousand dollars for Street Capitals. That is what funds street capital improvements. Parks Capital, \$100,000. Last year it was reduced to \$75,000. Trails have been reduced to \$0 because we have funds that need to be expended before we transfer any additional funds to this fund. This is a 3% reduction.” DeRoche, “Why are we increasing Parks by \$25,000?” Davis, “That is just the proposal. There are several projects that are proposed and if Council wants to reduce this, it is entirely up to you.” DeRoche, “Well we don’t know what those projects are going to be.” Davis, “That will be on the next Council agenda to be approved as the Capital Improvement Plan.”

Ayshford, “Let’s start with Park Maintenance, on page 53. The biggest change we have is we upped our fuel costs by \$2,000. We also increased our Equipment Parts fund. But, we lowered our electric utilities because we have been winterizing our park buildings. Otherwise it is unchanged from last year.” Lawrence, “I had a question from one of the residents, ‘When will a pavilion be built on west side?’” Ayshford, “Used to be a larger pavilion planned in Booster East. We don’t have any plans for that.” Ronning, “Welding supplies, no complaint, \$100. Do they have a portable machine?” Ayshford, “Some of this stuff that is in Park maintenance and Street maintenance crosses over. The employees do the same jobs. They cross train on everything. A lot of the employees can do just about any job.” Ronning, “They have \$100 and streets have \$1,200.” Ayshford, “The majority of welding takes place in the street maintenance. A lot of guys are pretty talented on welding and manufacturing.”

Ayshford, “Move on to the Street budget on page 60. There again, we also bumped up the fuel cost. Safety supply costs we increased a couple hundred and street maintenance materials and class 5 has gone up as well.” Ronning, “Is there enough in the estimate for safety supplies?” Ayshford, “The overall budget, we always stay below. Sometimes we do go over in certain line items. And, one thing we are not too shy about going over on is safety supplies for the employees.” Ronning, “I just wonder have you allowed enough wiggle room for yourself.” Ayshford, “We can always add more to the safety supplies.” Moegerle, “They have the Fire Department right there and so they can borrow some Band-Aids from them.” Ayshford, “A lot of this is hard hats and things of that nature.” Lawrence, “Do you have a problem with people taking your orange cones?” Ayshford, “Yes. Another item we seem to lose a lot of is street signs. Otherwise, this budget is very similar to last year.” DeRoche, “It is going up about \$30,000.” Ayshford, “A lot of that is the employees’ wages and then the fuel increase.” Lawrence, “How many employees?” Ayshford, “We have eight full-time and two seasonal.” Ronning, “Are you in this budget?” Ayshford, “Yes. I think four guys are under ‘street’ and four under ‘parks.’”

Davis, “All of our public works employees are classified as maintenance technician workers. So there is no ‘parks workers’ or ‘streets workers.’ So, wherever they are needed. Like next Thursday and Friday all of them will be working in the parks getting ready for Booster Day.” Moegerle, “I noticed that in the past you had the part-time employees in the parks and this year you have one in the streets this year. Any reason why we changed that characterization?” Ayshford, “We have one this budget in each. Because they work in both.” DeRoche, “Do we still have one employee out?” Nate, “Yes.”

Ronning, “The equipment replacement charges, do you know the balance now?” Davis, “It is right around \$2 million.” Moegerle, “And we can’t tap that?” Davis, “We can tap that. We have in the past.” DeRoche, “I read that about \$50,000 was borrowed to pay some bonds?” Davis, “Actually it was about \$200,000.” DeRoche, “I remember when that was done with the HRA funds. But, that was to be paid back.” Jeziorski, “The important distinction is there are a couple different kinds of transfers. One is an interfund loan which is meant to be paid back. And then

transfers to these equipment funds and those are permanent transfers. The money is never going to get paid back. It is there to fund purchases in the future.” DeRoche, “I know. I saw the figure. So was that a transfer or a loan?” Davis, “That was a loan. It was an obligation that has to be repaid.”

Ayshford “Each year with the equipment replacement plan, we sit down and look at the equipment and see in how many years the equipment is going to need to be replaced. What the estimated cost is going to be at that time and look to see if that amount is going to be there at that time to replace the equipment.” Ronning, “Do you keep some kind of a record book so you can see how long this or that lasts in the vehicle, so you can forecast this is going to fall apart?” DeRoche, “How is the grader going to get paid for?” Davis, “Out of the equipment replacement fund.” Moegerle, “Is that a repair or replacement? It adds life to the equipment.” DeRoche, “I didn’t see anything in here about expanding the maintenance building. We have nice equipment. You should have it all inside and organized.” Ronning, “Is there any plans to expand the maintenance building?” Davis, “The problem we have there are the opportunities are kind of limited. When the cold storage building was put in, it was probably put in the wrong place and it limits the efficient expansion of the building. We could use the cold storage building as a garage and put in another cold storage building.” Ronning, “Would that change your ability to maintain or repair your equipment?” Ayshford, “With a larger shop? Probably not. Part of our problem is, it is really tight when we have the plows on and you see people try to squeeze in a truck.”

Ayshford, “Recycling is on page 73 and there are not a lot of changes there either.” Koller, “The gas bill went up.” Ayshford, “It is the same as we budgeted last year. Typically we have enough to cover it and a little cushion there.” Koller, “It sounds high. Do we heat it all the time during the winter?” DeRoche, “It isn’t insulated.” Davis, “There is insulation in the ceiling. But, a lot of this depends on how much it gets used. There are the chutes to deposit the recycling. It gets maintained at 50 to 55 degrees.” Koller, “It was \$2,500 for that and \$6,000 for City Hall.” Davis, “It is a very drafty building. There are two big garage doors that don’t shut well. And five or six chutes in the front that have plywood panels. It used to be the old Public Works garage.” Ayshford, “We can apply for a grant from Anoka County every year and that is one thing we talked about for this year. Applying for some money to help make the building more energy efficient. And, maybe more appealing from the outside.” Moegerle, “Is there any additional cost to being a Green Step City? Are there any additional costs to that? Because I am really interested in seeing if the benefits outweigh the extra manpower associated with it.” Davis, “We thought we had made our recycling goal last year, but we hadn’t. We are the most improved. We are making improvements.” DeRoche, “A lot of it is educational.” Moegerle, “The schools do a lot by educating the kids.”

Ayshford, “Next is the Water and Sewer funds. Funds for Castle Tower operations on page 104. Basically other than personnel side of things that is unchanged. Water will stay the same. Sewer will drop off for up there.” Davis, “Jeremiah will be operating the water treatment plant at Whispering Aspen and the new water treatment plant over at Viking Boulevard. So, expenses will go down on the sewer side. With the exception of some lift station maintenance.”

Davis, “The Arena is on page 110 and, as we discussed in the past, the arena is another one of those City activities that requires some form of subsidy. This year we will be out of the red. Expenses of \$185,000 and income of \$245,000, but that doesn’t account for depreciation. This is one area we have made great strides.” Koller, “I wanted to see what it would cost to rent the arena for a day. There is no marketing on it. I went on the East Bethel Ice Arena website; it is shut down. I went on their Facebook page and it is a blank page with an address and phone number. I went on the yellow pages and that is a blank page with an address and phone number. I went on Rink Time, which schedules all the rinks in the area and they have a blank page with an address and phone number on it. I went to Gibson Management and that actually showed some things that happen at the Ice Arena. That is \$7,000 a month we are paying them to sit at a desk and play video games.” Davis, “We have a meeting with them in a week or two to go over

the Ice Arena contracts for next year and this will be a good item for the agenda.” DeRoche, “That is a lot of money to pay someone to manage it.” Davis, “The other option is for the City to manage it and that was not a good option.”

Davis, “When would you like to meet again to discuss the 2010 A, 2010 B and 2010 C bonds? And, what effect it will have on taxes next year?” Moegerle, “How long will the meeting be next week?” Davis, “It is a relatively short agenda. If you want to meet prior to the meeting.” Koller, “Sounds good to me.” Moegerle, “When are we going to start talking about the revenue side? At the League, they do the Legislative Summary and the legislature funded a whole lot of programs that may apply to us. The Legislative Summary is probably 20 pages long. I spent my day here, typing this up, not micromanaging, but, getting information from Jack and Colleen about what this could mean for us. I am sure they will give us other information about this. Interesting information about grants and other laws in there. FYI for considering.”

Davis, “If we want to have a work meeting next Wednesday, what time do you want to set it for? We will be discussing how we are going to make our payment on the bonds. If we are looking at a scenario of no connections, then we will have a \$700,000 payment.” DeRoche, “How did that go from \$400,000 to \$700,000?” Davis, “Because we had an outstanding carryover that takes care of part of that, cash flow that reduced that considerably. I would recommend that we should start at 5:30 p.m. and that way we can adjourn by 7:00 p.m. and have time between the two meetings to take a little quick break and organize for the Council meeting. Or 6:00 p.m.” DeRoche, “6:00 p.m. That way people have to get stuff done.” Moegerle, “When will we add in some strategic planning? It all kind of builds on each other and meshes.” Davis, “We are going to have to look at a variety of options and how to pay them. Blending certain funds. We will present a number of scenarios. Or we can have it as part of the Council meeting.” Lawrence, “We can add this as part of the council meeting in case we need to need to carry it over.”

DeRoche, “Just a reminder, tomorrow morning is the ribbon cutting at Aggressive Hydraulics at 9:00 a.m.”

DeRoche made a motion to adjourn at 9:23 PM. Koller seconded; all in favor, motion carries.

Attest:

Wendy Warren
Deputy City Clerk