

EAST BETHEL CITY COUNCIL MEETING

August 21, 2013

The East Bethel City Council met on August 21, 2013 at 7:30 PM for their regular meeting at City Hall.

MEMBERS PRESENT: Bob DeRoche Ron Koller Heidi Moegerle
 Tom Ronning

MEMBERS ABSENT: Richard Lawrence

ALSO PRESENT: Jack Davis, City Administrator
 Mark Vierling, City Attorney

Call to Order **The August 21, 2013 City Council meeting was called to order by Acting Mayor Moegerle at 7:30 PM.**

Adopt Agenda **Moegerle made a motion to adopt the August 21, 2013 City Council agenda. Ronning seconded; all in favor, motion carries.**

Metro Cities Presentation Patricia Nauman, executive director of Metro Cities, "Thanks for having me tonight. Legally our association is called the Association of Metropolitan Municipalities (AMM) and that is still our legal name. But, a few years ago we did a little rebranding to shorten up our moniker for our uses at the capital and to better identify ourselves and so we do go by Metro Cities, but you may also hear us called AMM.

I was asked tonight to bring you some information on our organization and what we do. Metro Cities is a member based organization that represents cities in the seven county metropolitan region before both the state legislature and the Metropolitan Council. So we are a lobbying organization, an advocacy organization and we represent the city interest at both the legislature and the Metropolitan Council.

Our organization is about 40 years old and we originally started as a subsection of the League of Minnesota Cities. We still work very closely with the League, but at some point in the early 70's, the powers of the organization that were in place at the time decided to branch off into a separate but affiliated organization. Really the reason we were created at that time was to deal with the Metropolitan Council. The Metropolitan Council had just been created and the League was being inundated with all the things that had been brought into play. With the cities needing to be represented there, and so that was a prime reason for the creation of the organization at that time. And, we do continue to play a unique role in the local government community, in that we are the only region-wide organization that represents cities at the Metropolitan Council. What that means is we spend our time at the legislature and the Metropolitan Council. We attend every meeting of the Metropolitan Council. We are consulted by their staff. We are in constant communication with them. I kind of characterize it as we are both the city watchdog and liaison with the Metropolitan Council. We try to work collaboratively, but we also have to push back on many issues."

"We have 86 member cities, which is about 90% of the population of the Twin Cities. It is strictly voluntary. Unlike the League, we don't have an insurance trust where we can compel members to join the organization. Our membership is very diverse. We have core cities, inner ring cities; we have developed cities, cities on the fringe of developing, small cities, large cities, medium sized cities and the whole gamut."

“We are governed by a 19 member Board of Directors. That Board of Directors is representative of the region as a whole. Our By-Laws call for population balance in terms of city representation on the board. Those are both elected officials and senior appointed level officials. We do work with the League and other organizations, but we really take a region wide view. So the issues we focus on are those issues that have regional significance. We work with aid and credits, fiscal disparities, transportation; those are just a few of the issues. We have over 60 legislative policies that we work on. Those cover a wide variety of issues from taxes and revenues to housing to economic development. And we have an entire section that deals with Metropolitan Council related activities and policies.”

“Our policies are developed by our cities. Cities come together each July, August and September for a series of meetings and they make recommendations on the policies. And, those policies are then forwarded to our board and then to our membership. Once they are approved, they are what are used to guide our work at the Legislature and Met Council. As a member you would have the ability to influence what we put together in terms of our policy development.”

“Metro Cities provides an online newsletter. We keep you abreast of developments at the Capital and the Metropolitan Council. When the legislature is in session, that is sometimes an every week newsletter, and sometimes, more often than that. The task there is to keep cities informed. We might ask you to call your local legislature or Met Council representative and we do that on a very regular basis. We also work with the League to provide an area salary survey. We also provide a license and fee permits survey. We are a four person staff; we have a pretty low overhead.”

“Our organization has statutory appointing authority for the Metropolitan Council’s Transportation Advisory Board and their Technical Advisory Committee (TAC) to TAB. TAB is the group that makes decisions on the federal funds for transportation for the region. Those are very coveted spots. We have ten appointments to that board and eight to the TAC. We also have appointing authority for the Geographic Information Systems Board and then informally we make recommendations to a variety of other groups. Task forces on transportation, local government aid, Sewer Availability Charge (SAC). So when the Governor’s office, legislators, or the Metropolitan Council is looking to make metropolitan cities appointments to whatever group or task force it might be they contact us and we would make those recommendations.”

“The brochure I handed out shows information on how we serve as a forum for cities to come together and problem solve. Right now we are planning a panel on water, we have done legislative panels, and we have had forums to talk about specific legislation that has passed that cities need to know how to implement. We try to do at least a couple of those a year.”

“We work on a wide variety of issues at the legislature/Capital and the Metropolitan Council. They are listed on page 3 of the brochure I gave you. But when we look at those, we are advocating for city interests. The underpinning of our legislative work and Metropolitan Council work is really about maintaining local control and authority. And also making sure that cities have adequate tools and resources to do the jobs they are tasked with doing by the state. I think if you were to look through our policies you would find that is a thread of the whole thing. Our Met Council policies are balanced. They support a regional form of government, but in terms as far that should go, there are some limits on it

for the Metropolitan Council's authority and also for the legislator's authority as well."

"We would certainly welcome having the City of East Bethel as a member of our organization. I am often asked if we lobby for a specific bill on behalf of a certain city at the legislature that is very specific to the city. My answer is No. We are not at the legislature advocating for any specific issue for any city. What we do is advocate for issues for cities across the region. That said, if you did have individual legislation, or an individual issue, we have and do help cities navigate those processes. We put you in touch with the people you need to be in touch with. On a broader scale, when we are working on the collective interest of the cities, if we are meeting with your legislatures or Met Council Members, usually the first thing we get asked, "Is my city a member?" On a policy, working to advance something, on a collective issue, it makes our job harder to advocate on your behalf if you are not a member. The stronger our membership is, the easier it is to advocate on your behalf."

Moegerle, "I omitted mentioning this at the last Council Meeting, but we have information that the City of Minneapolis wants to put the wells in the south of Fridley. And, I understand there have been some meetings about tapping our aquifer. I got an update today that Metro Cities was involved with that. Was that one of your staff?" Nauman, "Our staff could have attended meetings. We have been trying to keep abreast the water issues that are happening across the region. That is not something that we would have a specific policy on. It would be something we would be keeping an eye on and I am guessing that one of our staff people were at that meeting." Moegerle, "I recently got an email from Pat Born and I asked him, "How much do our residents pay in to the Met Council per year? And the second question was, "What do we get for that money?" And the answer was "\$96,600 per year" and "We review your comp plan when you have a change and you have access to all the amenities in the Metro area." My question is, "How the taxes are determined that go to Metropolitan Council? Is it per capita?" It seems to me that is really rich for the benefit we get. We are not going to get transportation, you know our infrastructure issue. How does that work?" Nauman, "I believe they are on a per capita basis. The Council has a general levy and then they levy for various other programs. I can try to find out and help you. Some of them are dedicated and some are for operation purposes. But, that is an interesting question for the Metropolitan Council."

DeRoche, "I noticed some of the cities around here Ham Lake, Isanti, Cambridge they are not members, have they been approached?" Nauman, "Isanti and Cambridge are outside of the seven county region, so outside of our region. We have approached Ham Lake. They have chosen not to be a member. I think I was last out there a year ago, and I think I have approached every City within the metro area. That is one I believe I was out to last summer." Moegerle, "Certainly we have a presence of the Met Council in the City and there are some issues there that probably need to be resolved in the coming years. One point I thought was somewhat interesting that Mr. Born said was that our water reclamation plant is somewhat experimental, might have some currency when it comes to working things out in how we move forward. I hope that carries weight with your organization."

Nauman, "I did have a conversation with your City Administrator and yourself, Council Member Moegerle, a few weeks ago and as the City works with the Metropolitan Council to figure out the issues at hand, depending on what the issues they would be consulting with our organization because we do represent Cities in the region. So, they would be looking to determine what the impact would be to other cities depending on what the solution is. We will be consulted whether you are a member of the organization or not. Having you as a

member, rather than not a member, would allow you (since we lobby for the collective interest of all the cities) so, whatever is happening here could potentially happen in another region. If you are not a member, it creates more of a barrier. Obviously, we would be able to work with you in a different way as a member than as not a member. The Metropolitan Council will be looking for our input regardless. And we will provide it. Our response will be to provide what is in the interest of member cities of this region.”

Moegerle, “So any hope for East Bethel to get a tidy little package is just not going to happen because it has to have global application for the rest of the Metro.” Nauman, “It depends; it is hard to know at this point. I am really speculating, but it could be something that we could assist East Bethel at this point and time and then provide a policy that would allow Metropolitan Council to assist other cities down the line. I think they would probably approach it in that way. Our job is to help them figure out what works best for other cities in the region, not just the Metropolitan Council. Because if there are impacts on other cities, that is where we would definitely take an interest.”

Sheriff's
Report

Lt. Orlando gave the July 2013 report as follows:

DWI Arrests: There were four DWI arrests. There was one crash where an intoxicated driver rear-ended a stopped vehicle, which caused that vehicle to hit the vehicle stopped in front of him. The second arrest was of a personal watercraft operator, who was out on a lake, with a small child. The third arrest was for a traffic violation, where the driver had been drinking. The final arrest came at 2:43 p.m., when deputies were called to a vehicle in the ditch on Hwy 65. That driver tested at a .20 bac. The driver also had prior DWI's making this one a felony level.

Thefts: There were 16 thefts reported for the month. Two involved purses that were stolen from vehicles parked at a boat landing on Coon Lake. The purses had credit cards which were used and suspect information was obtained. The cases are under investigation. There was one report involving a mortgage refinance scam. The victim believed that this was a legitimate business which would help them refinance their home. After many phone calls, the victims agreed to have funds transferred from their accounts to cover the financing. Once the funds were taken, the phone number to the business was disconnected. The business involved was Evergreen Law Offices out of Seattle Washington. One theft report involved a 2 carat diamond ring that the homeowner noticed missing. The homeowner believed that two acquaintances that she had allowed to move into her home were responsible. After investigating, the ring was recovered and charges are pending. There was a report of a motorcycle which was taken from a local bar. That has not been recovered. There were two different theft reports involving prescription pills. One involved pills which were mailed to the victim and when the victim received the package, the pills were gone. The other involved an acquaintance who was at the residence, taking the victims pills. The victim did not realize it until another friend contacted her and advised her to check.

Burglaries: There were two burglaries reported. One burglary involved tools which were stolen from a garage. The owner did not recall for certain if she had closed the overhead garage door, but found it open in the morning and the tools missing. The second burglary report involved a home that is currently not occupied having its copper pipes taken after entry through a window.

Damage to Property: There were seven reports of damage to property. Two reports

involved domestic related damages done to residences. Two reports involved damages to mailboxes. The mailbox damages occurred on different days in different areas. One report involved solar lights being damaged. One report involved siding that was damaged possibly by a BB or pellet gun. The last report involved a vehicle traveling east on Viking Boulevard where an occupant had thrown something out the window which struck a westbound car, causing the front headlight to break.

5th Degree Controlled Substance: Deputies were called on a suspicious occupied vehicle at 2:50 a.m. Upon arriving, the vehicle was occupied by four people. One of the males had a warrant for his arrest. Upon searching the male, a white powdery substance was located. A second male in the vehicle was displaying signs of drug use and upon searching him, a cellophane baggie with a white powdery substance was located. The baggie was placed upon the hood of a squad car. The male was handcuffed and being escorted by a deputy. When he got near the front of the squad he leaned over and grabbed the baggie with his mouth off the squad, in an attempt to swallow the evidence. The deputies were able to keep the male from swallowing the baggie and get him to spit it out. Both males were taken to jail and charged with 5th degree controlled substance possession.

Hit & Run Property Damage Accident: A deputy was called to Highway 65 and Sims Road on a hit and run property damage accident that had occurred. The caller advised she had been struck from behind by a vehicle. She pulled over on Sims Road to exchange information and the vehicle also had turned onto Sims but continued past her into a parking lot of a business. The caller confronted the male about hitting her and he said he “bumped her” because she did not go when the light turned green. The victim did sustain minor damage to her vehicle. The male did provide her with his name. The victim was able to get a license plate number as well. The deputy met with the male who stated the car in front of him did not move when the light turned green, so he honked his horn, but she still did not move. He then “lightly bumped her” to get her attention. The male was advised that it is not legal to hit someone because they are not moving when the light turns green. The male was issued a citation for hit and run.

Personal Injury Accident: Deputies were called to a personal injury accident on Highway 65 at 237th Avenue. A vehicle had reportedly turned to travel east on 237th in front of a vehicle traveling north. The driver of the turning vehicle was airlifted to HCMC. The driver of the northbound vehicle was taken to the hospital by ambulance as well, with less severe injuries. The driver who was airlifted is expected to survive. A second accident involved a juvenile male who had grabbed onto the rear bumper of a vehicle as it began traveling down the road, while he was on a skateboard. The male lost control and fell, striking his head on the pavement. The driver did not know that the male had grabbed onto her vehicle until she saw him in her mirror and began slowing down. That is when the male lost control and fell. The male was transported to the hospital.

Scams: The grandparent scam is still going on. A deputy received a report from an East Bethel resident that they had received a call allegedly from their grandson, stating he was in a hospital in South Africa and needed \$3,000 wired to him to pay for his hospital stay. The alert grandfather knew his grandson was in Italy, in the army and did not send any money.

DeRoche, “It looks like traffic arrests are up?” Lt. Orlando, “Yes and that depends on things like one of your regular deputies is on family medical leave so we have other deputies that come in and take his place. Some of them are more traffic pro-active than maybe some others are. And, that is where you can see some bumps on this, depending on

who is covering the shifts,” DeRoche, “The misdemeanor arrests were up by 10. Any idea of what they are for? Because we don’t know what they are for.” Lt. Orlando, “They are basically for misdemeanor crimes. Your damage to property, misdemeanor thefts. I can get you the breakdown if you would like me to.” DeRoche, “I don’t want the names; I just want what is going on.” Lt. Orlando, “Misdemeanor assaults are included in there.” DeRoche, “How are we doing on the assaults? It being hot and people drinking a little more?” Lt. Orlando, “It hasn’t been as hot until this week. But, it will probably pick up. There is also a full moon.”

DeRoche, “How often are the patrols out on the lake?” Lt. Orlando, “We have one full-time recreational deputy and one part-time recreational deputy and then we have extras shifts that get worked out on the lake that I think we targeted for weekend activities. But, we do cover all the lakes in Anoka County. Typically Coon Lake we are out on at least one of the two weekend days. And then with our full-time deputy he typically hits that several times during his shifts.” DeRoche, “I know when I called a couple weeks ago; there was a somewhat dangerous situation. There was a boat anchored several feet from my dock and they were revving and it got out of hand. Then we had someone tie up trying to get a tube around that and my dock. The guy was using swear words and telling us to call the police and whatnot. And, I think I talked to Jack, two East Bethel deputies were tied up on medicals and a Ham Lake deputy showed up and he was pretty good. He had a little chat with the guy over at the boat landing, but he denied it even though there were four of us standing there watching it. Is it just a matter of waiting for them to smash and end up dead?” Lt. Orlando, “The problem is we don’t always have a deputy to come out and put a boat in Coon Lake and stop the problem there.” DeRoche, “Normally when I call I ask to talk to an East Bethel Deputy just because they know the area. But, they aren’t always available.” Lt. Orlando, “Unfortunately with boats, there is some responsibility with the operator to take care, make safe decisions and not do these kind of things. The deputy wouldn’t be able to cite the driver for that type of activity without seeing it.” DeRoche, “Was that DWI while boating on Coon Lake?” Lt. Orlando, “Yes, it was.”

Moegerle, “The CSO Aids to Public, more than doubled from 2012 year-to-date, 312 versus 140. What accounts for that?” Lt. Orlando, “I think part of that is there are different CSOs that code Aid to Agencies or Aid to the Public differently. If you look at Aids to Agency, they are down. So when they are doing things for the City they might code that as doing Aid for the Public. We do have some new CSOs, so there is a learning curve.”

Ronning, “The example that Bob gave about the boater and the dock, if he took a video on his cell camera or something is that adequate to then cite that person?” Lt. Orlando, “He would then have to be willing to come to court to testify if it goes to that point. It still is an un-witnessed misdemeanor. You can let the deputy know that you want to see the person arrested for the conduct.”

Public Forum The public forum was opened for any comments not listed on the agenda.

Harley Hansen of 1960 221st Avenue NE, East Bethel, “As we know in the paper we had a startling thing that happened. It said double digits for East Bethel for our taxes. This is for the payment of the sewer and water only, is that correct?” Moegerle, “Correct.” Hansen, “Will there be an increase in 2015 also? And, on and on for the project that we so called “decided” on having?” Moegerle, “Yes.” Hansen, “I want to remind everyone when back in 2010 this wasn’t going to cost us a dime if we didn’t hook-up. There is a trust factor involved here with me to be honest with you. How do we believe anybody? I was asked at

Booster Day why we didn't do this or that. I responded that I didn't know if the City trusted us. We better start letting the City know the process. I watch this on television. The camera doesn't follow the person that is talking."

Hansen, "How did we arrive at the amount that we came up with? How many \$100,000 houses, \$200,000 houses, \$300,000 houses, \$400,000 houses and so forth like that?" Moegerle, "That kind of information would come from our assessor." Hansen, "How many rooftops?" Moegerle, "About 4,000." Ronning, "Are you asking how many houses in the different increments?" Hansen, "Yes, because it doesn't come up to this 1.1 million, it doesn't add up. Unless you think we all have \$300,000 houses." DeRoche, "Jack can you explain this to Harley." Davis, "The final numbers won't be done until we submit the final levy. What we have run into is we have a \$790,000 deficit on the payment due on the sewer and water bonds. In order to calculate that tax, there is quite a complicated formula that goes into it. It includes residents and businesses. It involves property tax classification, which is called tax capacity, and it also involves things like fiscal disparities. So, right now we just provided what the approximate cost would be for a certain value of home up to \$300,000. Even that could be affected by how they are classified. Something that is classified as a recreational property in East Bethel will have a higher tax classification than one that is a homestead residential property. Seasonal recreational will have a different value. The county will actually assign those values and send it out in the property tax statements." Hansen, "I assume that you will be paying property taxes in the City here?" Moegerle, "I will be."

Ronning, "Is there a formula available to the public, say as you increase value?" Davis, "If you want to take it on very simplistic terms, opinion on the value of your house, then we can estimate what the approximate taxes would be. It isn't a final value because we don't know what your tax capacity would be. The county has all this that they work out and then they assign the tax value classifications."

Moegerle, "Before you leave, I have a handout you might be interested in. At the last Council meeting I indicated I had contacted the Department of Revenue to find out the status of the property tax refund program. There is going to be a property tax refund, the program is going to be slightly different, so for low income individuals, particularly, it is available. But, also higher income individuals would be eligible for the property tax refund."

Hansen, "I think we all have to share in this, this problem we have got. You mentioned something about an increase in funds for the City Council people too and we all got to share in this, 18% out of everybody. If we are going to suffer, we all have to be in this thing together. I have been up here trying to preach this thing for 6-7 years and we got to look beyond and see what our future is. I think we should have taken the \$5 million dollar bite, really." Moegerle, "Harley, that would have been \$9 million. And, it would have been immediately payable." Hansen, "We don't know what the future is. It might be a \$1.1 million, or it might be up to \$2 million. So, what we have to do is pull in our shoelaces." DeRoche, "As a point of clarification, the \$9 million was not ever established." Moegerle, "It was established to the point that the \$5 million ever was." DeRoche, "It was speculative that it could be \$5 million, it could be \$7 million, no one really came out and said anything because it was never really taken that far."

Hansen, "We didn't have a chance on a referendum on this. The prior City Attorney told me

that the City Council makes the decision. You are good people, get your heads together and start cutting costs. Ten years ago, we didn't have the staff we have, and I don't think we have grown. If we have to have some volunteer work, then it does." Moegerle, "One of the things we will talk about today and other meetings as well. This is the preliminary budget. We have some things that we are working on that would reduce the levy that haven't materialized yet. The problem is, in December when we have to finalize the levy, we can't increase it. I hope what you see in September is a lot higher than what you will see in December. I hope we haven't given up working on it and by December when we set the final budget it is a lot lower."

Hansen, "That is what you got to do, you have to keep working. The other issues I have is this road project down here now. People will be real upset with the budget like this if there are change orders coming in." Moegerle, "And that is being paid for with MSA funds, correct?" Davis, "Half with MSA funds and the balance is with City Street Capital Funds." Hansen, "But these are funds that we are borrowing from the state too, right?" Davis, "The MSA funds are funds that City gets annual from MnDOT. The Street Capital Funds are transfers that the City makes into to the streets capital fund. This is the only project on the service roads that is available now to do. There are no other areas in the City we can do it. It is still part of the service road plan. Now is the time to do these projects because construction costs are still low and we can take advantage of the program while it exists."

Ronning, "Word to the wise and friendly advice. When you look at your taxes, break out the City, School District and County and look at that in what information comes up." Koller, "When we are working on the budget, there are a lot of open meeting that no one shows up to. When there is a budget meeting, we would be willing to have you show up and we would take your input." DeRoche, "The funds are borrowed out to 2018 on the MSA funds." Davis, "Maybe 2017 or 2018." DeRoche, "Just a point of clarification."

There were no more comments so the Public Forum was closed.

Consent Agenda

Moegerle made a motion to approve the consent agenda pulling item F) Resolution 2013-45 Acknowledging the Donation from Butler & Associates Insurance, Inc. The remaining items are included: A) Approve Bills; B) July 10, 2013 City Council Special Meeting Minutes; C) July 17, 2013 City Council Work Meeting Minutes; D) July 17, 2013 City Council Regular Meeting Minutes; E) August 7, 2013 City Council Regular Meeting Minutes; F) Resolution 2013-45 Acknowledging the Donation from Butler & Associates Insurance, Inc. Ronning seconded. DeRoche, "I want to pull Item A, Approve Bills. Moegerle, "Anything else?" All in favor, motion carries.

DeRoche, "Reason I am pulling A) Approve Bills is I am not real clear on some of the invoices. One is the LMC Policy Group. I am not sure if that was a City function. If I go and sit down with someone from the City of New Brighton that is on their HRA is that reimbursable? Or if I go anywhere and talk to another government agency, is that reimbursable? Because to my knowledge the LMC Policy Group is something that is set up and then sent before the legislature."

Moegerle, "Please understand and I made the point at the last meeting that I have been a member of this LMC group for a year. Last year I didn't attend. This year I did. Specifically for resolving issues within the City of East Bethel. That is why I became a member of it to try to get some statutes to help and on behalf of the City. That is why I attended and I think the rest of the question is up to Jack on the reimbursement." Davis, "If you want to

establish a specific policy for reimbursement, that would make it much more clear for us. As it stands now, if something is done and it appears to be on behalf of the City it is considered to be an approved expenditure.”

DeRoche, “So there was no directive from the EDA; no direction from the HRA; no direction from the Council. If a Council Member goes and has a discussion somewhere as it stands now, it is reimbursable.” Moegerle, “This was a formal meeting of 35+ people. It wasn’t like I went down to the LMC and knocked on Pat Born’s door and said, “Hey can I chat with you for a little bit? I need some advice.” This was a formal committee meeting. I think it was even recorded if you would like to take a look at it. ”

DeRoche, “This has been brought up before. Especially meetings with Met Council or Pat Born. Do you represent as a Council person or the City of East Bethel?” Moegerle, “This was a meeting of 35 + city members of policy that affects us across the state. This was not a casual meeting. But I do think the clarification is needed and this a great time. I do believe when we send people to conferences there should be a report to taxpayers on how that money was spent. I welcome clarification, because I think that would be added transparency that is needed.”

DeRoche, “The meetings with Pat Born, that has been brought up in the past.” Moegerle, “That was a telephone conference, so there was no face-to-face.” DeRoche, “If there are meetings with Pat Born, I think it should be done as discussed in a workshop. And then have Jack and Colleen having the meetings, rather than Jack and yourself having the meetings. And then it comes up at a Council Meeting and the other Council Members don’t know anything about it other than the conversation you may have had with Pat Born.” Moegerle, “It’s my turn. That fact is, you probably have a telephone, and I know you had a telephone at one point. You have the right to dial the phone and call him. That is what I did. I sent him an e-mail, and he invited me to call to clarify what we had been talking about. That \$96,600. He invited me to do that and I didn’t call him from home because I wouldn’t want that to be misconstrued. I did the smart thing and had Jack present. And, it was made very clear to Pat that I was calling on behalf of myself. Jack was present so it was all clear and above board. I wanted valuable information. He gave me valuable information. He gave me some insights into what to consider as far as what the City might want to do as far as working out some of our circumstances here. Great. That is all for the good. And, you could have done exactly the same thing and called any of those individuals, you can call the LMC. You can call Metro Cites. You can call the Department of Revenue. And that is what I do. I just call.”

DeRoche, “I understand that Heidi and we had this conversation in the past where we asked the City Attorney if it was a good idea to have these meetings with people outside of the City Council and his advice was, “Well it is not recommended and City Staff should be doing that.” Why do we hire and pay City staff to do things and then certain Council Members go out and go out. I have no idea what the conversations are. I am hoping that the conversation is represented as Heidi Moegerle, City Council Member. Not Heidi Moegerle, City Council. Because if that other part isn’t on there (don’t cut me off.)” Heidi Moegerle, “I can cut you off now. You are out of order.”

Davis, “In this particular instance it was made very clear to Mr. Born by me, that Heidi was there representing not the City Council but to inquire for information for herself. I wanted to make sure that it was clear to Mr. Born that her views did not represent the City Council.”

Ronning, "What is the name of this committee or commission?" Moegerle, "The League of Minnesota Cities Policy Committee." Ronning, "And how did you become engaged with that?" Moegerle, "They were looking for people to serve on the committee last year. There was a LMC Bulletin notice on it. I was interested because I think there are LMC issues related to the City that I think we should be kept apprised of. It is important to know what the League is proposing because we are a member of the League and they were seeking input of its member cities members." Ronning, "Was that your decision?" Moegerle, "Yeah." Ronning, "Did you discuss it with anybody on the Council?" Moegerle, "I didn't discuss with the Council. I discussed it with Jack." Ronning, "Why wouldn't you say something to the other Council Members? And how do you determine which ones you are going to be on and which ones not?" Moegerle, "I may have mentioned it to the Mayor." Ronning, "How do you make the determination? I am going to go to this one and this one. I don't like this one. I am going to go over and call so and so." Moegerle, "I thought I might have something to contribute to that and having lived through the experience that Harley just explained that would have some interest to a legislative policy committee." Ronning, "From my perspective, and if anyone else has any input on this I wouldn't mind hearing it. I don't think any of us should just take it upon ourselves that we are going to become engaged with something like the LMC on our own. There should be some sort of endorsement in my opinion." Moegerle, "Without belaboring this, is that why we don't have the full Council attending the Local Government Official's Meeting put on by the Anoka County Government Officials? Is that why you haven't been chosen?" Ronning, "I appreciate the invitation and I have gone to the meetings. I have seen Ron at those meetings. I haven't been to a lot. Most of that doesn't seem to apply to us so I didn't go back, maybe Ron thinks different." Moegerle, "They are hit and miss, but the ones you miss might be the one you needed. When we are invited to be in a position where we can learn more where we can help our City, I think there is a duty by Council people to do that. And I think that is the nature of being elected and representing your City. You might not believe that, I don't ask you to share that." Ronning, "There are some constraints. We don't just have an open book to go do whatever we want. We are responsible to one another and to our citizens. I asked a question of Mark about involvement. And if I recall your response was, "We usually recommend against that. It is the function of the City staff."

Vierling, "In terms of representing the City as an official voice on anybody, that type of thing, there should be appointment from the Council on that type of matter. And, in dealing with developers or others that have business aspects, things going on in the City, we prefer to have that conducted through staff first. I think the conversation emanated from, "What is going to be a reimbursable expense and what is not going to be a reimbursable expense." I think certainly it is laudable for Council people to self educate and be involved in different things. I think you need to bring the issue back to, "Which ones are you going to reimburse for and which ones you are not." And, I agree with Jack, the City should have a policy over that so that you don't have these issues. Because, obviously, you are managing a budget and you need to know what you have out there." Moegerle, "For example, one of the benefits that is to the City is the first time I met Pat, I met her at the LMC Policy meeting. When did I meet her the next time? The very next day at the Anoka County LGO meeting. Knowing these people; that networking helps the City. If you don't understand and appreciate the value of networking and working with people in other cities for the City." Ronning, "That is philosophy; I am not interested in philosophy." Moegerle, "We had all your philosophy at the ordinance committee meeting. It does benefit the City because I bring that information right back to Jack and tell him here is the information they are looking for in regards to legislation. I don't go there because it is fun. It is not. And it is

extremely painful for me to drive there and back. It is not, "I think I will just go and be on a committee."

Ronning, "I am a little reluctant to say this, because I should have the minutes in front of me. But, it seems to me I recall a comment you made in January or February where you were asked about all these meetings you attend and you said, "I don't do that." If I am wrong, I apologize in advance. If I am not, then there is a misrepresentation." Moegerle, "I think the issue of the meetings were having all of these private meetings. And, I don't have private meetings." Ronning, "If you are the only one there, how is it a group meeting?" Moegerle, "Well the one was because I had questions on how we solve this problem. I couldn't call and find out on my own. I had to have a chaperone and I got a chaperone. You might also have questions on how to solve the City's problems. And, I don't know if you call whoever. But, I am very careful. I don't want anyone to think I am representing the City of East Bethel. When I called the Department of Revenue, I said, "Hello, I am on the City Council of East Bethel and I have a question about Property Tax Rebates." That is how that conversation goes. But, because of the sensitivity of the issue with Met Council, I had Jack there. I think fact finding is a fundamental part of being a City Council person. This is a much bigger concern to you than it is to me. If this is a concern to you, then don't reimburse it. There are trips to the LGO meeting that you missed out on. There are conversations and contacts that are made that will help the City go forward. I don't benefit from any of this, trust me. Is there a motion here or is this conversation?" Vierling, "None has been made so far."

Moegerle made a motion to approve Consent Agenda Item A) Approve Bills. Ronning seconded. Ronning and Moegerle, aye: Koller and DeRoche, nay: motion fails.

Koller, "I have a question on another bill completely. Arena Operations, this Gibson Management Company. We aren't getting anything for our money." Davis, "We have a contract with them to manage the arena. There is little that goes on this time of year. Most of their work is performed between September and the end of February. This is something that is more cost effective to contract out than it is for the City to perform it. It is also something we did put out for RFPs and bids three years ago. If you have any particular issues, I would be glad to bring this up with Gibson." Koller, "You can't rent the Ice Arena if you don't advertise that it is for rent." Davis, "The problem with that is, in order to make this cash flow from an operational standpoint, we have to sell almost all of the ice time to St. Francis High School Boys and Girls Hockey. St. Francis Youth Hockey Association and North Branch. We have to sell this at \$185 an hour in order to meet the payments to keep this thing open. After that time is sold, there is little or no time that is available for anyone else. Unfortunately, I wish there were blocks that could be purchased by people, but the schools want the prime time and are able to pay the hourly rate for that."

Koller, "We are paying \$6,000 in the summer and the building is locked up tight." Davis, "We can double up their payments and just pay them for essentially when they are working." Koller, "What are we paying them the \$6,000 for this month?" Davis, "Well basically they are working on selling ice time, working on contracts." Ronning, "They are not selling anything. I have looked on the internet and pretty much I come up with blank pages. Even on the Rink Time the East Bethel Ice Arena is a blank page. You go on the East Bethel Ice Arena webpage, that was shut down. The Facebook page is blank. In the Yellow Pages all they have is the address and a phone number. We are not getting anything for our money."

Davis, "We are getting the management of the arena. On the surface, it may appear as not such a good deal. But our choices are to outsource it or to run it as a City. To run it as a City is going to cost us more in resources, and time and manpower, and money than it would to outsource it." Koller, "We pay about \$84,000 a year." Davis, "That is correct. There is a lot of time involved for the five months that the ice is in. Cleaning it, running concessions, operate it, keep the ice in good shape, put ice in and take ice out. They probably have six to eight people in various areas of the facility. I think if you look at and conduct a study on it, that it is not in our best interests to run it. Outsourcing it is the way to go. Now if Gibson Management is not the solution, their contract runs out next year and we will put this out to bid for another firm." DeRoche, "So we are we are basically paying \$85,000 for five months. They should be drumming up business for the summer then. A lot of arenas book things year round. And, they still don't make money." Davis, "We have an obstacle with the building because it is not air conditioned. It is also not the prime location. We used to have some activities in the spring. Lacrosse, soccer, baseball practice, which resulted in some dry floor sales in March and even into April. But school budgets have shrunk like everybody else's and we have had good weather, with the exception of last spring, so there has not been the demand for those services either. The only event we have been able to attract successfully is the Gun Show. We have the Pet Clinic there, the Lions have a Garage Sale, and we donate some time to the pageant."

Moegerle, "I understand that this is now finally breaking even? Except for the depreciation." Davis, "At the end of the year, we should be in the black on this as far as operations. That does not include the depreciation for the building. We have come from over \$340,000 in the red to a position that we will be in the black for operations at the end of this year." Ronning, "Do we owe money on that?" Davis, "No." Ronning, "Do municipalities ever declare impaired assets and deal with them like that?" Davis, "When you operate a facility of this nature, an Ice Arena, Swimming Pool, anything of this nature, they are not money makers. You hope to show a profit. But, things can happen. One of the things we are going to have to do in the next couple years is replacing the Zamboni there. Those run about \$60,000. The building is kind of a single purpose building. Its secondary purpose is kind of limited. There was discussion a couple years ago with a youth group, but when it came time to discuss finances, those discussions broke down. Whether they wanted us to essentially donate it to them, I don't know. But, I don't think there is a real market for the Ice Arena. There are probably certain expectations that the facility be operated at least at some level, so, here again that is a Council decision on what we would do with that situation." Moegerle, "But it doesn't become ripe until what month next year?" Davis, "Their contract comes due probably in April or May."

Koller, "There has been discussion that we need to expand our maintenance garage, which might be a good use." Davis, "That might be a fairly expensive way to do that. That whole building is divided up into offices, locker rooms. Some areas that have lower areas of the roof that might not be suited for a maintenance type garage. It is something you would have to take a look at and evaluate." Koller, "I think it would make a nice maintenance garage. It would be a lot less money than building a maintenance garage." Davis, "I don't think the question is if we need more space. But, I think the most cost effective way to address this, might be to enlarge the building we have. We haven't done any studies to see what the costs are of one versus the other." Moegerle, "Do you want to make a motion to direct staff to look into alternatives?"

**Koller made a motion to direct staff to look into alternatives for the Ice Arena.
Ronning seconded with an amendment to do some kind of polling of the residents to**

see what they want kind of interest they have. If there is enough interest, then we have to give consideration to what they are interested in as well. DeRoche, “We could do that at the October 10th meeting.” Moegerle, “For clarification, how are we going to do this polling. Through the newsletter? How are we going to get reliable data that is statistically significant?” Ronning, “I don’t know.” Davis, “If we don’t vote to pay the bills and we postpone them for two weeks, we are probably subject to paying some interest on the ones that are due currently. As a matter of information.” **Koller accepted the amendment. All in favor, motion carries.**

Moegerle made a motion to approve Consent Agenda Item A) Approve Bills. Vierling, “That motion has been made and failed, so it is out of order. It can be made for reconsideration by those that prevailed on the motion. Or they can make another motion to pay most of the bills, but not all of them if they want to table some of the bills.”

DeRoche made a motion to approve Consent Agenda Item A) Approve Bills except the LMC Policy Group for Heidi Moegerle. Have staff go through and review this because the numbers don’t add up. Moegerle, “Why don’t we just not do any reimbursement for me because it is starting to get towards the time to adjourn.” DeRoche, “We are trying to figure it out so all we are pulling is the LMC Policy Group and then we can reimburse you for the rest.” Moegerle, “I am not worried about it. Really, I am not.” **Moegerle seconded, all in favor, motion carries.**

Moegerle, “I pulled the resolution acknowledging the donation from Butler and Associates Insurance, Inc. They are donating \$250 towards the fireworks at Booster Day. Dan does a lot on his own initiative and for that I am very grateful.”

Moegerle made a motion to approve Item F) Resolution 2013-45 Acknowledging the Donation from Butler & Associates Insurance, Inc. Koller seconded; all in favor, motion carries.

Fire Dept.
Report

Davis explained that the Fire Chief has provided reports of Fire Department emergency calls, fire inspections, and emergency medical calls from the previous month.

Chief DuCharme, “The fire fighters are appreciative of the two new fire pumpers that came in the end of last week and this week. They are very proud of our equipment. They are appreciative of the support from the Council. He named the members of the committee that worked on this project and thanked them for all their hard work.” DeRoche, “Thanks Guys.” Chief DuCharme, “By the week of September 9th we will have the transition done from the old trucks to the new trucks. At the September 18th meeting I will come back and discuss our options with you regarding what to do with the old trucks and come up with some options.”

“I also want to thank Ron Stanley for doing an emergency repair to one of our trucks. It was a Sunday and he just happened to have the part and he was able to put that together for us.”

“I did have an opportunity to talk to the DNR and the Regional Fire Manager about response to grass fires and wild land fires. The fire response by the DNR is not going to change. It is true they are going to demolish the building where they keep the trucks, because if they don’t tear it down, it will fall down. The DNR has decided that they are going to move the forestry desk across the road where the wildlife people are. As far as

where they are going to keep the trucks, we currently get response not only from Carlos Avery, but also from Cambridge. On high fire days they will put the trucks on patrols. And they will stage them, and it will probably be more evident than ever and you will see them at individual fire stations. Where they keep them at night may change.” DeRoche, “Any fire bans on now?” Chief DuCharme, “No there is not. But, I will not be surprised if it will come soon. We do have to be careful what we are burning.” Ronning, “Do they do Mutual Aid if required?” Chief DuCharme, “Yes. If we are going to a wild land fire or grass fire, there is no problem making sure the DNR has been dispatched.”

“Our Fire Prevention Open House is scheduled for Saturday, October 12th. The time has changed. It will be 10:00 a.m. to 2:00 p.m. We will be in the elementary schools the week before.” Moegerle, “Is that primarily for children?” Chief DuCharme, “No, it is for everybody. We have a chili cook-off, so if anybody has a really good recipe bring it.”

“On to our Fire Report. As of the end of July we had 342 calls for the year. If you were to compare that to last year, we are up by about 35 calls. That is 8% higher. It appears most calls are medicals. In July we ran on 49 calls. And 30 were medical. We had a couple accidents. One was a critical that was flown out in a helicopter and the other was transported by ambulance, and both will survive. And, we had one other at 181st (that wasn’t on our sheriff’s report because it was in Ham Lake), but we were the first responders. There was one fatal, one was critical and one serious. In July we went out on Mutual Aid calls, so that continues to happen. I think they are up a little this year. That shows our neighbors have confidence in what we are doing here.”

DeRoche, “I had a couple compliments on Tammy Gimpl and the Fire Explorers.” Chief DuCharme, “That is a great program, the Explorers. Kids from 14 to 21 can be part of that program. It is designed to teach them what it is like to be a fire fighter. They get Fire Fighter I training. They come in and our fire fighters will teach them and train them on what it is like to be a fire fighter. It is a tremendous program. We have a couple explorers that are now in college and come back in the summer and participate with our fire department.”

Website Policy

Davis explained that the existing City Website Policy was adopted in 2007 and needs to be updated to provide the guidance and direction that is required as a result of the changes and improvements on the new City Website which went on-line in February 2013. The proposed policy addresses the following items which are not included in the original policy:

- updates the provisions for external links
- provides for consistency of punctuation, capitalization, numbers, symbols and abbreviations
- Explain the criteria for promotions of community events, fundraisers and services
- display of news and announcements
- posting of archived information
- posting of current information, and
- removal of information.

The adoption of this policy will provide Staff with more consistent and detailed guidelines for inclusion of material to populate the website with convenient, consistent and accurate information about East Bethel’s departments, services, amenities, and general information.

The City Attorney has reviewed the proposal and his comments have been

incorporated in the proposed policy.

Staff recommends adoption of the Website Policy as presented in the Attachment

Moegerle made a motion to table the Website Policy.

Moegerle, "In the meeting minutes that we just approved on Page 14 there are some issues that were brought up that were not addressed by this, the changes. For that reason I would move that we table this until the next meeting so those changes can be included or otherwise explained why they are not included." Ronning, "For clarification and you say which page 14?" Moegerle, "Page 14 of the August 7, 2013 meeting minutes. One of the questions was looking at Section 2, Criteria for Links. My comment was, under #2 Organizations with Some Relationship to the City. Well some relationship to the City could be Weidema and so forth. We could have the engineer and the attorney and Ehlers and those kinds of things. But because it says including, but not limited to and that list in my mind looks like General Community Organizations which is listed as #3. So, if we have a relationship with a contractor, I am not sure I want, as a citizen, their promotional information on there. I would like to see it be limited to what projects they are working on in relation to East Bethel. As opposed to their general information. And, I don't see that it is limited to this."

DeRoche, "Does that need to be in there Mark?" Vierling, "It certainly can be in there. Keep in mind, the header is: What items **may** be allowed to be placed on the City website as it will be governed by your staff. Basically our concern from a legal prospective is giving your staff enough opportunity to say "No" when they need to say "No". You are not establishing a ground rule that everybody that falls within the parameter had a right to be put in. You just need to give guidance because you are not going to be able to anticipate all uses or desired uses for your website." Moegerle, "Certainly. But I also think there should be a way to give guidance to say that we can limit it to the existing formal contractual relationship is what that entity can put on there."

DeRoche, "Jack what is your thought on that? Do you think you have enough guidance?" Davis, "The example that Heidi said, may be extreme for a point. We have the basic concepts of knowing what can go on there and what can't. From my own personal standpoint, I think it is adequate. If you want to redefine it and limit it more, that is fine too. But, we have kicked this policy around now for three meetings." Moegerle, "And, let me give you a better example. Promotion of Community Events/Fundraisers. It talks about: "Community based services to East Bethel residents and/or businesses provided by non-profits or charitable entities may be promoted on the website provided that any associated fees are directly related to the community based service provided. The City will not post information related to fundraisers. Isn't that what charities and non-profits are going to want to put on the website? We could take that sentence out. Or put in Private Fundraisers." DeRoche, "Take that out then. We have kicked this around for three meetings. There has been ample time for this and are we ever going to get every single scenario that is out there covered in this, probably not. And, if something becomes an issue, then we will deal with it." Davis, "Either one works, but I would rather see it as Private Fundraisers. Because we all know that even though a community event is advertised as a Pancake Breakfast or a Carwash, it is a community based event, it does benefit the community. Here again, we might have to be careful how we define private."

Koller, "There are other things I have seen too. I was on a trip and I saw an Amber Alert on a Reader Board. I didn't see anything here about that." Davis, "That would be under our Reader Board policy and an Amber Alert is pertinent information." Moegerle, "But would we put an Amber Alert on our Website?" Davis, "I don't see why not." Moegerle, "And that would fall under Government and Quasi Government Entities?" Davis, "Generally an Amber Alert would be generated by the Sheriff's department. It would just be posted on there." Ronning, "That elimination that the City will not post information on fundraisers. If there is any conflict, just remove it. Because if someone comes in, just use discretion. As long as you have a consistent policy, I don't have a problem."

Moegerle, "I also have a question about what is "Web Quality?" For photos?" Davis, "Those photos that can be displayed on the website in an acceptable graphic presentation." Moegerle, "My other questions is this line in the policy that says: No addresses should be visible in photos unless the address is City-owned property, for example City Hall or a City park. Wendy and I discussed this at one point and I didn't see a policy about identifying people in photographs." Davis, "That is an unwritten policy that we don't release or publish any photographs without a release from those people that are pictured in there. A photograph captures an instantaneous moment." Moegerle, "Should that be included in our policy so people that want to put photos on our website know that in advance?" Davis, "I have no problem putting that in there." Ronning, "Mark, is that a legal requirement?" Vierling, "As a matter of course, you are not going to allow individual photos. We do have a section in there under External Links which lists Individual or personal websites. We added **videos or pictures** will not go on there, that is pretty standard." Moegerle, "We are trying to get photos for the home page and it should be standard to put them on notice." DeRoche, "I think we are making a lot of this." **Koller seconded. Moegerle and Koller, aye; DeRoche and Ronning, nay; motion fails.**

DeRoche made a motion to approve the Website Policy with the change to Promotion of Community Events, Services, & Fundraisers to "Private Fundraisers". Koller seconded.

Ronning, "You can't cover every, everything." Moegerle, "Is it that much to ask that we have a city release for photographs? Can we make that an amendment to the motion?" Ronning, "Every photo should have a release." DeRoche, "If you are doing a shot of the parade, are you going to get a release from everyone in the photo? If I saw my picture on there and I don't like it I am going to call and ask to have it take off." **Moegerle, nay; DeRoche and Koller, aye; Ronning, abstained; motion carries.**

2014 Budget Discussion

Davis explained that as a result of budget discussions conducted at Council work sessions in July and August, City Council has agreed in principle that the preliminary property tax levy for 2014 be set such that funds are available to accomplish the goals and objectives they have identified.

The proposed 2014 General Fund budget is \$77,502 more than the 2013 budget or an increase of 1.6% which is matched by a projected increase in revenues for the General Fund for 2014 in the same amount.

A General Fund levy of \$4,114,317 is necessary for 2014, which is a \$9,000 less than the 2013 General Fund Levy or a 0.2% decrease from 2013 to 2014.

To service existing debt, a market based debt levy of \$146,425 is required to meet the debt service requirements for the 2005A Public Safety Bonds issued for the fire station and the

weather warning sirens and a tax capacity based debt levy of \$180,000 is required to meet the debt service requirements for the 2008A Sewer Revenue Bonds.

Due to the debt service requirements for the 2010A and 2010B bonds for the Municipal Utilities Project, debt service levies of \$490,000 and \$300,000 have been incorporated for 2014 for repayment of interest on these bonds. Without this obligation, the total levy for the City would have been \$4,440,742 or a 0.3% decrease from 2013.

However, due to the 2010 A & B bond payments due in 2014, the total property tax levy amount proposed becomes \$5,230,742 or an increase of 17.5% over last year's levy.

There are still opportunities to reduce the impact of the bond deficit for 2014 and these include and are not limited to the following:

- 1.) The potential to refinance the 2010 A & B Bond issuances;
- 2.) Confirmation of connections to the system for 2014; and/or
- 3.) Transfer of General Fund balances at an amount to be determined to subsidize the deficit.

Staff and Council will be considering all of the above alternatives prior to the adoption of the final budget in December 2014. For purposes of setting the preliminary budget, staff recommends that Council consider the worst case scenario option for the 2010 A & B Bond deficit with that being the assumption that there will be no connections to the system in 2014, there will be no bond refinancing and that there will be no transfer of General Funds to decrease the levy.

The preliminary budget must be submitted to Anoka County by September 15, 2013. This can be reduced but not increased prior to the adoption of the final budget in December of 2013. Even though the preliminary tax statements that will be issued to City residents in November will indicate the maximum tax increase proposed, Staff and Council will have additional time to seek alternatives to minimize this increase and the impact of rates created by the bond deficits for Municipal Utilities Project.

A Special Meeting on October 10, 2013 and the Town Hall Meeting on November 21, 2013 will be dedicated to explaining and discussing the final budget.

Staff requests any final adjustments to the preliminary budget be discussed and approved at this meeting. Staff recommends adoption of this levy and budget at this or the September 4th, 2013 Council meeting with submission to the County by Resolution on or before September 15, 2013.

DeRoche, "I got quite a bit of feedback over the weekend. And it was expected and it was welcome. It was pretty obvious with the commitment that was made, that there was at some point going to be an increase in taxes to pay for the project. I advised people that they need to thank the people that passed this originally and they need to realize that this Council was left holding the bag and we are trying to figure out how we were going to do this. Between Staff and Council it was no easy task and there are no easy answers. The fact that for two years there was no increase that separated out the sewer and water project that you were told you wouldn't have to hook-up to. Now it is getting to the point that this is the levy, this is the sewer and water project that we have to start paying for. A lot of people scratched their head and said, "I guess you are right." It is not a matter of being right, it has to be paid for."

Moegerle, "Can we focus on what we have here on the budget? I have some questions that I would like to see addressed. I am very concerned about sending out a preliminary levy of a 17.5% increase. Even though we have some examples of things we can work on reducing before the final. I have some things I would like to see worked up. I would like to see an across the board decrease by 3% on all budgets except salaries, except police, engineering and possibly legal (if there is a contractual agreement). The other transfers to building, streets and parks, reduce those by 5% for fiscal year 2014. I would like to know the cost to the City for staff preparing for and working on Booster Day with the thought of providing that as a donation "in-kind" to Booster Day and moving the \$2,500 into the Trails Capital Fund (because that has not been funded for a while). Funding trails is also supported by, 1) We are going to be having discussions with Anoka County about the Master Trails and Parks Plan, so we can get funding for Parks and Trails through Met Council and those funds are generally required to be matched by 50%; 2) Chanhassen was just voted number 4 in size category largely based on parks and trails. I would like to see what happens to the budget if we do these changes. If that is something we could live with or work with. I am not sure what that would do with the total 17.5%. I would also like to see a 7% across the board and Capital Funds decreased at 10%. Just as an alternative to see what we can do. I have heard the feedback too and people are shell-shocked. I certainly understand with regard to percentage of tax capacity that we are not as high as others in the metro area. But, I just have a hard time."

Ronning, "Food for thought, if the levy would have been \$4.14 million, if you took just a straight 3% off of that it amounts to \$123,429. It doesn't get you off home base; it is a bigger pill to swallow than that." Moegerle, "It is \$25 per household. I think it is worthwhile to look at." Ronning, "Sure, but if we have to take the poison pill, sometime we have to get it over with." DeRoche, "I think people realize, look it passed. And right now we are three staff people down from when we came on. I always ask people, what do you want to cut? Do you want to cut the police, the fire department, and public works? Our the building inspector? Tell me what you want to cut? But, what are you going to do when something comes up? We can't even consider ourselves a comparison to Chanhassen. That is a different animal in itself. Trails is not the answer to getting us out of this situation." Moegerle, "It is a part of the community. What do we hear so much in the news? We have issues with childhood obesity. Our part is to have parks. Only \$2,500 so eventually we can get a trail. We have these capital investment funds because we are investing in the future. When do we invest in that future? And part of it is the quality of life that is here. I think that we are going to be asked to do that. Yes, people are going to understand that this 17.5% increase is the result of decisions made December 2010 and before. However, we have a responsibility to reduce the impact of that as much as we can."

DeRoche, "It has been a rosy picture painted. We have to be in survival mode. We have bills to pay. We can't keep spending for time down the road. That is one of the reasons why I voted against the frontage road. Our safety issue had been dealt with. To borrow to 2018, that money could have been better spent down the road. Because there may be a project and then it will be, "Let's borrow out to 2021. We are what I consider a credit card society. At some point you have to tighten your belt." Moegerle, "And Bob, that is what I just said. I wanted to see 3% and 5% and only transfer the one fund to a different area." Ronning, "But, it also sounds like we are trying to save pet projects. And, everything gets consideration." Moegerle, "And trails hasn't been considered for two years." Ronning, "If you are broke it won't matter if don't do anything about it for one or two years." Moegerle, "If we cut those capital funds that we are not going to need for the immediate future. We

have to show that we are doing our jobs.”

DeRoche, “That is all we hear. “We are not doing our jobs. We are not transparent enough.” People are tired of the word transparent. That is probably why some people didn’t run because they didn’t want to deal with this. But, they understand the situation. There are only so many things you can do. If the family takes a vacation every year and everything is going great. Then all of a sudden, Mom and/or Dad loses their job, the vacation stops. And, they have to pay for the bare necessities. And, if things pick up I would love to see trails. But, I would rather see us put up a Public Works building that is needed right now. We have so much money in equipment and they need to someplace to store it, to protect it. It is like the fire trucks. Did we need to buy them? Probably, because the other ones were old and undependable. We need the fire department, we need the public works, and we need the police department.” Moegerle, “I am talking about making these cuts and you are only worried about the \$2,500? When are we going to start looking at the hard things?” DeRoche, “When we start paying out the money. We are not stable yet. I don’t think we have hit bottom. And, I hope we never do completely hit bottom. But, we are speculating on maybe we will be able to refinance. There are some ERUs that were speculative, and now we have to make up for that. For whatever it takes, we have to tighten our belt. I would like to get Ron’s input on this.”

Koller, “I agree with Bob. Parks and trails are nice when you have money for them, but right now we have to cut everything.” Moegerle, “So let’s cut the \$2,500 and do the 5% and see where we go. I would rather initiate those cuts now, because all the future cuts we are talking about are speculative. Let’s make that affirmative step now, before we have that room filled with people. I was talking to a non-resident and I said, “Guess what, we are looking at 17.5% raises. And he said, “That is pitchforks and torches time.” We don’t need the public standing here watching us and asking, “Why didn’t you cut this?” Why can’t we do that now? Let’s take that extra step and work every little bit out of the budget. Because in 2015 it is going to hit us again.” DeRoche, “And in 2016. Think about it Heidi. Last year we agreed we wanted to put 5% levy and put it in a fund to start paying for the sewer and water project. But, it was an election year and some people on the Council didn’t want us to do it. At some point you have to pay it. If people come in with pitchforks and torches and I will say, what do you want me to cut?” Moegerle, “I am saying let’s take a look at these. Are you in agreement?” DeRoche, “How much more can we cut?”

Davis, “You can cut as much as you want to. The other question is how far can you cut that you won’t do damage for what you are providing in services and what people expect from their taxes. There is no magical answer. Let’s take the Transfer to Streets Capital Fund. That is a fund you don’t cut unless you absolutely have to. Because once you get behind in street repair work, it is really difficult to catch up. Are there other things we can look at? Can we present these other scenarios? Not a problem. But then it will be how far are you going to cut and how painful will it be.” Moegerle, “I think we have to have that information out in the public and we discuss it, so they know we have looked at those alternatives.” DeRoche, “I thought we had already done this work.” Ronning asked Jack, “In your opinion, are we at the point that if we cut much more we will have to make a decision on things that we will not do.” Davis, “If we do move forward with a 3% or 5% reduction, there will be have to be consideration about reduction in services and reduction in the work force. So, you will need to weigh reduction in services against increase in taxes. To cut any further, with the exception of a few things, that would be some transfers, but cutting across the board would have an effect on some strategic things.”

DeRoche, "I would rather have people mad at me because we had to do what we had to do to pay the bills. Instead of cutting services that affected the residents. At some point you have to have the basics. To me trails and stuff would be great, but we have trails and parks. If kids are overweight because we don't have adequate facilities to play in the parks, I drove through the parks and they were out there playing. It is up to the parents to get the kids outside to play in the parks." Ronning, "One of the cuts was that Booster Day workers donate their time." Moegerle, "Not at all. I asked for the accounting of the wages for the time for the Booster Day workers. Because what we have is \$2,500 that we give to the fireworks. We have a new Chamber of Commerce, we have gambling organizations. Maybe they can step in and help with the need. I think we have to ask the questions. Is there an alternative to get Booster Day the support for they need for their fireworks and then we can cut the \$2,500?" Ronning, "What about the comment on the workers and the in-kind." Davis, "I think what Heidi was inferring was that what the City does for staff contributions for Booster Day be considered an in-kind contribution to Booster Day. I would recommend that not be considered."

DeRoche, "Even from an EDA standpoint we are trying to promote the City. This is our East Bethel's City Day. EDA says they want to draw people up here. The fireworks and whatever staff does, that is the cost of doing business." Moegerle, "That 3% goes against the EDA too. When I talk across the board, it is across the board." DeRoche, "Every meeting we come to, we tell staff to cut more, to cut more, to cut more. The last meeting was the last prior to the Council meeting." Ronning, "From my military experience, I learned to prepare for the worst and hope for the best." Moegerle, "Are you telling me Bob, there is not a dollar we can cut out of this budget? And, of this 17.5% there will be no other cuts you are going to be willing to make when that audience is full? That is one of my questions because I think it is the same dollars now as when they are sitting there." DeRoche, "Heidi, you are spinning it. This is a proposed budget. We have to put something out by September. You are the one doing the politics, because all night long if you don't like it you shut it down. We have from September to December to see if there are other cuts we can make. You are saying let's do it before September. Well, if we do it before September and then something comes up and it doesn't quite work, then what are you going to do?" Moegerle, "You don't cut it that much."

Moegerle, "From an Economic Development standpoint, here is the headline, 'East Bethel 17.5% increase.' What does that do for economic development? Then, after that is out there, then we can find a 3% decrease? Why couldn't we do that before that ugly headline was out there? Because you know that is going to get regional news. Let's cut everything we can before we have that headline." Davis, "It is my understanding we did. Are you saying staff hasn't done anything?" Moegerle, "I give them kudos. Jack was just saying there are probably places we can cut more. I am asking for that." Davis, "Let me clarify, we can cut the budget down to whatever is statutorily required. We have to remember, for additional cuts, there will be other implications for this. We have to weigh the balance of additional cuts versus what we are doing to minimize the proposed tax increase."

Ronning, "Can I ask your opinion Jack? The money we are preparing for, are we misrepresenting anything with what we are saying in this document?" Davis, "No." Ronning, "If we change it much are we misrepresenting situation at that point?" Davis, "Here is the thing. Could there be additional cuts? The City has funds it transfers. These are the big numbers and if you want to have an impact we are looking at \$790,000 to get down to a zero level. The transfer from General Fund to Street Capital is \$425,000 a year. Transfer of \$50,000 to Building Fund (we should look at increasing this at some time so we

don't have to bond for this if needed) and \$75,000 to Parks Capital Fund. We previously transferred to the Trails Fund of \$5,000 but that was cut out. We do a transfer to the Equipment Replacement Fund. Those are the big numbers and where you could really affect the budget. My word of caution is if you cut the street maintenance especially, you will fall behind and it will be difficult to catch up. We do have a balance in the Trails Capital Fund of \$145,000 we could transfer. It is a matter of assigning priorities. Could you cut some in department budgets? Yes you could. But then we will be looking at cutting services and maybe even some staff."

DeRoche, "We were just looking at adding a staff member in the budget discussion, but that was nixed because we don't have the money. And now it is we may have to cut another person." Davis, "Since this Council has been seated, particularly the 2011 Council and Tom and Ron you are both very fiscally responsible also. For the three years you have been here, the general fund levy has been cut every year. We have been doing the same if not more work with three less people. There does come a time where diminishing return sets in and you can't do more with less. Are we there? We are close. Are we right at that point? Sometimes the only time you can tell that is when you have gone beyond that point." Ronning, "A parallel in business, my experience is mostly in Ford and they had some record profit years. But they cut research in design, cut engineering, so their future is gone. But the guy that was in the top chair looked great at the time." Davis, "Some cities used general fund monies or other fund balances to balance budget." Moegerle, "I am just saying, "Let's ask the question, look at what it does, and inform ourselves, so we can inform the public that we have looked at this, and this is the consequence and decided not to engage in that consequence." DeRoche, "We are already doing that and setting it as a worst case scenario. And if somewhere between September and December we find a little dough here and make a little cut here. Great." Moegerle, "I am saying I would like to see that."

Ronning, "If we put ourselves in a situation where we can't pay our bond payments, where does that do to our credit rating? We are cutting to make it look better." Davis, "We have resources to make bond payments for a couple years and then we have that thing called the taxing capacity. We can use the equipment capital funds, street capital funds, etc. to make bond payments. As painful as it may be, if you wanted to try to go the bankruptcy route you wouldn't even make it to the batter's box." DeRoche, "So you go through and deplete all our funds, we still have this commitment and it is not going to go down, it is going to go up." Davis, "That is my point. You have to strike a balance. You have to have a budget to run the City and not compromise the future and still pay the bond issue. That is why we propose to set the preliminary budget based on the worst case scenario. Now if there are things you want to tweak and adjust before adoption and submission to the County on September 15th that is something that can still be considered. My only caution is we analyze what the impacts of the cuts are to the residents and the city. And, what people expect us to do for them."

Moegerle made a motion to table the 2014 preliminary budget until the next City Council meeting. Koller seconded; all in favor, motion carries.

Staff Reports

Davis, "I just wanted to give you an update on the Sand Hill Crane Natural History Area clear cut issue. I met with representatives from Anoka County, Anoka Conservation District, and our state representatives, Tom Hackbarth and Michelle Benson. Hackbarth assured us that the DNR sale would not happen in September and the clear cut would not happen. There is another meeting scheduled for September 5th. Some of the options on the

table are to sign a lease agreement. The County would sign a lease and the DNR would charge them about \$5,000 a year. That may be an option, if we don't work out anything else. Then we are paying the DNR \$15,000 over the next three years to appreciate their property. Legacy Funds may be available from another source that may be utilized to purchase the school trust lands. Moegerle, "I talked to Julie Braastad at 3M and she said there was some discussion about whether East Bethel would be contributing to the \$5,000." Davis, "I did leave it open to them that it would be a Council consideration. Our portion is very small."

Council
Member
Report –
DeRoche

DeRoche, "Jack did you hear anymore on the trees along Lakeshore Drive? Davis, "Nate was going to talk to him." DeRoche, "I talked to Dale Voltin. He said he talked to the guy and he told his crew to go out and mark the trees but not until Dale is with him. I said the stuff we looked at had "Remove" on it. If they take all the trees that were marked it will look really bad." Ronning, "What is the tree issue?" DeRoche, "Along Lakeshore Drive, they went through and put red ribbons on the trees. Maples and Willows and were going to destroy all the trees. I got a couple visitors about 10:00 pm last night about it. It is Coon Lake Community Center's property."

Council
Member
Report –
Koller

Koller, "I was at the fire department at the beginning of month. Both Watersheds did not have meetings. There is not much going on."

Council
Member
Report –
Ronning

Ronning, "I missed the last Planning Commission because I was at a meeting in Michigan."

Council
Member
Report –
Moegerle

Moegerle, "Trees on Lakeshore! I got an e-mail from Brian a (forester from Connexus). He copied me on an e-mail he sent to Kathy Paavola which he sent to her on July 18th about the possibility of removing willows and others along Lakeshore Drive because they interfere with high-voltage lines and are a safety concern. As of 2:53 pm I got another copy of an e-mail that he sent a resident indicating that the red ribbon doesn't necessarily mean the tree will be coming down, but large section should be removed. "He says he is working with the Community Center and will work out a compromise that will work for everyone."

"I attended the Park Commission meeting. The equipment for Whispering Aspen was purchased. I attended the Local Government Officials (LGO) meeting in July and there has been a proposal by the City of Minneapolis for wells which would tap into our aquifer. This could reduce our aquifer here by 40 inches by 2030. They will have more information in October at the LGO meeting, which will be here. When I attended the LMC Conference in June I got information about a Ticket Education Program where the City would get income from the tickets that are filed. And, the ticketed person attended a program over the Internet, they can reduce their ticket by 10% and then we get the additional fee. I ran it by Mark a little. I talked to Kurt Glaser and this is going to be a legislative issue. His has been approved by the State Auditor. It can be up and running in 24 hours.

DeRoche, "The State of Minnesota legislature is looking at a way to get money for the tickets and they are pushing for that." Moegerle, "I have the info about the Minnesota Property Tax Rebate Refund programs." Ronning, "20 inches?" Moegerle, "They said up

to 40 inches.” Ronning, “We are injecting the water back? Are we doing that?” Davis, “It percolates back into the ground.”

Adjourn **Moegerle made a motion to adjourn at 10:24 p.m. DeRoche seconded; all in favor, motion carries.**

Attest:

Wendy Warren
Deputy City Clerk