

EAST BETHEL CITY COUNCIL MEETING

October 16, 2013

The East Bethel City Council met on October 16, 2013 at 7:30 PM for their regular meeting at City Hall.

MEMBERS PRESENT: Bob DeRoche Ron Koller Heidi Moegerle
 Tom Ronning

MEMBERS EXCUSED: Richard Lawrence

ALSO PRESENT: Jack Davis, City Administrator
 Mark Vierling, City Attorney
 Craig Jochum, City Engineer

Call to Order **The October 16, 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 October 16, 2013 City Council agenda. Koller seconded; all in favor, motion carries.**

Kermit Kirkevold – Service on Park Commission Davis explained that we would like to recognize Kermit Kirkevold who served the City of East Bethel as a Park Commission member from February 2013 to September 2013. He resigned because he is no longer a resident of the City. We have invited Mr. Kirkevold to attend the meeting and will be presenting him with a plaque in honor of his service to the City. Mr. Kirkevold was presented with a plaque and his name tag and thanked for his service.

Refinancing 2005A Safety Bonds Davis explained that at the September 18th, 2013 City Council meeting, Council authorized Ehlers and Associates to solicit proposals for the sale of refunding bonds 2013A with a par amount of \$1,305,000. These bonds will be used to refund the 2005A GO Public Safety Bonds.

Ms. Stacie Kvilvang from Ehlers, Inc. is here to compile the bid results for this bond issue and to provide the tabulations.

Stacie Kvilvang, "I am not only here to talk about the bond sale, but also to talk about a rating upgrade that you did receive. As you know for each bond sale, you go through the rating agencies. You were rated through Standard and Poor's. When you were rated for your last bond sale, Build America Bond and Recovery Zone Bonds, you were rated by Moody's at that time as an AA1. When we went originally to do the refinancing for the Build American Bonds, we had you rated through Standard and Poor's which has a little more transparent process that they go through for a rating. At that time you were upgraded to AA-. Since that time, Standard and Poor's have gone through a recalibration of their rating scale and new criteria which was providing more transparency and different weighting scales with regard to how they are rating communities and cities. Last week, Mr. Jeziorski, Mr. Davis and our office participated in a rating call with Standard and Poor's. After going through all of that and getting the report, you were upgraded again to an AA. So, that is two upgrades in a year. Essentially, there is one rating between you and an AAA. This is great news for the city, because a better bond rating means better interest rates for the city."

"I just want to highlight a couple things used for the rating criteria where you ranked very strongly. You ranked very strong in your fiscal balances you have and your management

controls that you have in place. I have a plaque to present to you and I just want to read a few statements from the plaque. Essentially, we present to you an old fashioned bond. It says, "This bond is hereby given to the City of East Bethel in recognition of Standard and Poor's upgrade assignment of an AA stable credit rating for the outlook of the City's General Obligation Bonds. The stable outlook reflects S & P's expectation that East Bethel maintains consistent economic and financial performance which is supported by strong management. S & P recognizes the cities very strong budgetary flexibility, very strong liquidity, provides very strong cash levels and adequate budgetary performance in these conditions." Again, what they are looking at is your ability to have flexibility if there is ever a crisis with your fund balance or liquidity of cash. They look at your management of fund balances and how often you look at budget expenditures to actual ledger budgets. And, the controls you have in place for issuing debt and financing other issues you have in the City."

Kvilvang presented the plaque to Acting Mayor Moegerle.

Kvilvang, "We had the bond sale today in our office at 11:00 a.m. The bid results are in the tabulation before you. We did receive two bids. The thing to note out of the two bidders, the one bidder is a combined of about 17 folks. So, there is a lot of interest out there. The winning bidder would be **Barrett** out of Milwaukee, Wisconsin with a true interest cost of 2.5%. Thing to note would be that we were able to reduce the bond size. Originally it was going to be \$1,305,000 and now it is \$1,250,000. That is due to an unused underwriter's discount, cost of issuance and receiving a premium on this. The savings during the term is approximately \$100,000. That means you will be saving about \$18,000 annually. Approval of the resolution tonight would award the bond sale to the lowest responsible bidder, which is **Barrett** in Milwaukee, Wisconsin."

Moegerle, "We started going Round Robin the last time I was Acting Mayor, so I think we will start with Ron." Koller, "I read through this and it sounds really good. Everything helps." Moegerle, "I have no questions." Ronning, "Thank you." DeRoche, "We have been through this quite a bit. I am not going to add anything to it."

Moegerle made a motion to adopt Resolution 2013-61, A Resolution Authorizing and Directing the Sale and Issuance of G.O. Refunding Bonds 2013, Series A in the amount of \$1,250,000. Koller seconded; all in favor, motion carries.

Sheriff's
Report

Sergeant Pilz gave the September 2013 report as follows:

DWI Arrests: There was one DWI arrest in September. The driver had lost control of her vehicle and ended up in the ditch. The driver tested and had a .22 BAC.

Thefts: There were 21 theft reports. Three reports involved vehicle thefts where keys were left inside the vehicle. These thefts occurred on different nights in different parts of East Bethel. One report involved a vehicle being taken from a local establishment. Within a few hours, deputies received a call of a possible intoxicated driver and located the stolen vehicle unoccupied in a ditch. A K9 was called for a track that lead to a known theft suspect's residence. The suspect was taken into custody. The other two vehicle thefts were recovered, unoccupied, one in St. Paul and one in Dayton. Please make sure to take your keys and valuables out of your vehicles. There were four theft reports involving wallets and purses being taken out of vehicles. One neighborhood in the 1500 block of 229th Lane NE had three vehicles entered. One victim lost her purse and incurred fraudulent charges on credit cards. A second victim had his wallet stolen. His credit cards were also used. There

is a photograph of the suspect from the ATM where he withdrew funds. In the photograph the suspect is holding a slip of paper, which the victim believes to be his PIN number for the credit cards. You should not keep your PIN number in your wallet and/or purse. The case is under investigation.

There were two different theft reports involving construction equipment. One involved a black steel bucket and forks being stolen. The second case occurred the same night and involved a black frame and glass door being taken from a Bobcat. There was one case of a license plate being stolen. The stolen plate was later used in a gas no-pay in another city. There was one report of three bags containing men's clothing being taken from a residence. The bags had been left outside. There were three no-pay gas thefts reported. Finally, there were two reports of financial transaction card fraud. One report was from the wallet theft reported above. The second report involved a male who had reported lending his credit card to a friend several years ago and never having the card returned. Upon investigating, the victim suffers from dementia and had not suffered any loss of his credit card.

Burglaries: There was one reported burglary. The homeowner found his garage had been entered while no one was at the residence. Taken from the garage was a set of golf clubs, two bicycles and an air compressor. Entry was made through a garage service door.

Damage to Property: There were nine reports of damage to property. Two reports involved two brothers who had their tires slashed. The suspect is a male that one of the brothers owes money to. The case is under investigation. One incident involved deputies responding to a burglar alarm. Upon arriving, they found pry marks on the garage service door and entry into the garage had been made. The door in between the garage and the house was still secured. A short time later, a suspicious male was located in the area, with a tool sitting behind the driver's seat which matched the pry marks on the service door. The male was arrested for damage to property and trespassing. Another report involved a vehicle at a county park, where a window had been shattered. A county park employee saw a vehicle leaving the park at a high rate of speed but did not see any actual damage done to the window. The county park employee did follow the vehicle, giving dispatch information. Deputies did stop the vehicle and arrested the driver for possessing drug paraphernalia and driving after cancellation. They were not able to link the suspect to the broken window. The other reports involved isolated damage to property incidents, such as a vehicle driving over a lawn, a lock being cut on a storage container, and a mailbox being damaged.

Arrest Breakdowns for September:

Misdemeanors:

- 2 – Drug paraphernalia possession
- 1 – Small amount of marijuana in motor vehicle
- 2 – Property damage
- 1 – Trespass
- 3 - Disorderly conduct

Gross Misdemeanor:

- 1 - Attempt to Escape Tax – Motor Vehicle Registration
- 1 – Interfere with Emergency Call
- 1 – Obstruct Justice with Force
- 1 - 4th Degree Assault

Felony:

2- 5th Degree Controlled Substance

1- Vehicle Theft

1- Unauthorized Use of Motor Vehicle

Moegerle, "I had made a quick note that year-to-date we have nine categories in our report that are down and six that are up. So, we are trending pretty well. Criminal Sexual Conduct, Assault, Felony Arrests, Gross Misdemeanors, Warrant and Traffic Arrests are up over last year. Is there any particular reason that traffic arrests are up over last year? Is that any particular push for speeding?" Sergeant Pilz, "I can't specifically say what that would be other than typically when radio calls go down; the deputies have more time on their hands to enforce traffic. So, if the calls are down and the traffic arrests are up, I think that would be an indication of why." Moegerle, "Because Shelly indicated that Towards Zero Deaths issue is a real big push. And, I didn't know if that may have had something to do with it." Sergeant Pilz, "I am the coordinator of the Towards Zero Deaths (TZD) Grant program. We do have extra enforcement along Highway 65, where the other agencies from around the counties pitch in. So, we do have added patrols usually twice a quarter that cover Highway 65, basically from Bunker all the way to the East Bethel border. So, there are usually 8 to 10 extra patrols on for that program." Moegerle, "Why does it stop at our border?" Sergeant Pilz, "It doesn't. It stops at the Isanti County border."

DeRoche, "County Road 22, how are we doing out there as far as speed. Are we issuing a lot of tickets? Has it slowed down?" Sergeant Pilz, "As far as speeding, there was one on Highway 65 and Viking Boulevard (County Road 22). There have been a lot of stoplight violations on 221st and Highway 65 and Viking Boulevard and Highway 65. The information I have doesn't show times on it. But, I can tell you that it happens quite often between 4:30 a.m. and 7:00 a.m." DeRoche, "Is that the east/west traffic that is trying to get through that light? Because I have tried to get through both of those lights and they last a long time." Sergeant Pilz, "It is mostly the north/south traffic, mostly the southbound traffic. I work until 6:00 a.m. and from 4:00 a.m. on, it becomes very busy. And, it doesn't take long to sit at one of those intersections and see someone go through a red light. That is mostly the southbound traffic."

Public
Hearing for
Proposed
Assessment
for Municipal
Utility Project

Davis, "I would like to make one point before we start the public hearing. No one can formally object to, or appeal the amount of an assessment, unless the property owner signs a written objection and files it with the City Clerk prior to the assessment hearing or presents it to the presiding officer at the hearing. So, if someone wishes to file a written appeal, there are some writing materials up here that you may use, but you do need to file a written appeal."

Vierling, "That is correct. The process we will be going through this evening is the Acting Mayor will formally open the public hearing on the 2010 Municipal Utility Project. As the notices were provided, the area served by these improvements is bounded on the south side by 181st Avenue NE and Viking Boulevard on the north and $\frac{3}{4}$ miles on either side of Highway 65 in the City of East Bethel. Once the public hearing is opened, the public will be invited to come to the podium and at that time if you have a written objection you can give it to Mr. Davis or Ms. Moegerle and then make your comments at the podium. The Council would prefer that we hear people sequentially, so Council will not directly engage with each individual immediately, but wait until all individuals have had an opportunity to speak. And, then we will go back and have Council discussion and any questions they have. Once the public hearing is formally closed, no written objections can be received by the Council after that point and time."

Moegerle opened the public hearing for the 2010 Municipal Utility Project.

Don Kveaton of Village Bank, "The biggest thing I have a problem with, is the parking lot next to us at the theater has a "0" assessment on it. And, we have four acres but two acres is under water, so we feel our assessment is a little overbearing. Also, when you put the trunk line in there, you never gave us access to the water. It went to the next lot." Mr. Kveaton provided a letter of objection/appeal.

Curt Strandlund of Classic Construction and owner of vacant parcels in the assessed area. "It seems to be inconsistent how the assessments are being handled. I feel it will be hard to bring new businesses in, which we need to help support the project. We built the new building that is over there and we had a hard time getting it to appraise and that was before we knew some of these large numbers that were coming down the line. With all the vacant property we have, I have been working with trying to move that and made some headway with getting the assessments numbers down. But with both of the parcels, they only have a pipe running to one corner of the property. I am being assessed as though it is a shovel ready lot. That it has a stub right there ready to go. And, as Don mentioned, there is no stub for the bank. When this was put in, they assumed that the water would go in on the north side because the well is there. But, everything is stubbed out on the south side. A few other things we have run into is the whole project is served by 4 inch water mains, which is larger than you need for domestic water. But, yet, if you need to do a fire suppression system, it isn't enough to supply adequate fire suppression. So, I feel the design wasn't very well thought through to supply the businesses." Mr. Strandlund provided a letter of objection/appeal.

Roger Rickey of Rogers Rods and Customs, "I object to the amount of the assessment that is being placed on our property. I would like to have the City reassess this, because it is a significant hardship on our business." Moegerle, "Can you say what particular aspect, why it is a hardship?" Rickey, "I think it is ridiculous for something I don't want or need and never did from the beginning. I don't need it." Moegerle, "Could you address water usage? That may be helpful to us. How much water usage?" Rickey, "We don't need any water, I have my own well. And, it is not like I need much water where we are at now anyways. Our business does not require a lot of water." Mr. Rickey provided a letter of objection/appeal.

Jeff Gardas of Northbound Woodworks, "My SAC is four and I don't understand why it is at four. I think it should be at a two like everyone else. I have an eight inch well that runs my sprinklers and everything else that I paid over \$100,000. I just figured out that I finally got it paid off and now I am going to have another monthly bill. City sewer and water, that is my huge concern." Moegerle, "Do you have a written objection?" Gardas, "No, but I will."

Paul Johnson of Aggressive Hydraulics, "I wasn't real familiar with the format tonight so I am a little unprepared. Part of my rationale for being here was the best interest of the City. Looking at what we are going to be doing moving forward. Understand a little about the tax levy part of it and now tonight about the assessments. And certainly about the level of concern for the City, my neighbors and what we are going to be doing going forward. Our assessment amount certainly was a little bit of a shocker. I understood that we have a little tidal wave here that we are dealing with and I appreciate your effort to come to a resolution to keep things moving forward. Certainly, there is that balance of providing a vision and an opportunity for the City to grow and flourish. It is also important to retain the people that

we have, our existing businesses. If we can't retain the businesses we have, then we don't have a chance. And, I think we all understand that."

"When we decided to move here, we certainly wanted to be part of the solution. The assessment albeit a surprise. We paid about \$15,000 for an appraisal that said we had a real challenge ahead of us. As you all know, we were tasked with taking costs out and other things. The interesting part of it is the land component of the appraisal said once developed, the land, once developed, 6.06 acres is valued at \$2.20 a foot. As we know, those appraisals are based on comparables. One of the challenges of our building, and the project as a whole, was looking for comparables that were comparable. Land is probably one of the easiest things to look at comparables. And again, that was \$2.20 a foot after developed knowing we would have sewer and water. I am not here to cry on your shoulders. Big picture stuff, I know there is some rationale and I thought it was important to make a comment. And, I also want to present a letter as well." Mr. Johnson provided a letter of objection/appeal.

Dale Heider of Muller Family Theatres, "Just here to put our objection in on the assessments. We knew the assessments would be high, but they are a little higher than we thought. Our biggest is on the vacant lots. My understanding is they were assessed based on the potential of subdividing into three residential units. They really are commercial lots. But, also with only one four inch stub going into each lot. The second part is the theater being assessed with a high number based on usage, instead of equal use and access to the system." Mr. Heider provided a letter of objection/appeal.

Moegerle made a motion to close the public hearing for the 2010 Municipal Utility Project. Koller seconded; all in favor, motion carries.

Davis, "Anyone can come and make an oral appeal or objection, but if there is dissatisfaction with any final adoption of the assessment roll, this cannot be appealed to the district court unless you filed a written objection or appeal." Vierling, "And we will certainly acknowledge those that have been received. For the record we have received a written objection from the Met Council on behalf of their lot. And, Jack, were there any other objections filed?" Davis, "Yes, there were. We received a written objection from River Country Coop, Tom Boland. His basic objection was the cost of the assessment." Vierling, "So, the record will note those that were received during the public hearing and those two additions that were supplied before. Council can proceed to the discussion to review each one of these. Certainly ask any questions of staff, engineering, legal or administration. You don't have to take action on this tonight. There is an opportunity if Council wishes to have staff review either the methodology of charges or some other aspects of the proposed roll. We certainly can do that and come back to you at a different time. We would note however, both for Council and the public, the assessment roll that has been provided is the maximum. We can't go any higher. Certainly there can be adjustments down and if there are adjustments, then the assessment roll will be re-noticed to the property owners here tonight."

Moegerle, "Before we begin, and we will begin with Ron, I have a question on the vacant lot. When that ERU is assessed on the vacant lot, we don't know the ultimate use is. So if we assess at two or three ERUs but the ultimate use is ten ERUs, when is that difference paid?" Davis, "That would be paid for in SAC and WAC charges. As far as an ERU, that wouldn't affect it. The ERU, in this case, is simply a value to obtain an assessment. It has nothing to do with the SAC and WAC fees. And, this is the process that has been used throughout the entire project. We did look at some things regarding frontage assessments,

but, the bottom numbers stayed the same. There were some changes in the costs to different owners, but the bottom line didn't change at all. An ERU is equivalent to \$7,704 per assessment. If you had two ERUs based on your SAC charges then that is what was used as the equivalent. One of the other things we did in order to equalize this, in the feasibility study prepared by the consulting engineer there were two different assignments for vacant property. One had three ERUs per acre and the other had one ERU per acre. And, in order to level this, we went ahead and assigned the maximum. As Mark indicated, this is the maximum assessment that can be done and it is subject to modification."

Moegerle, "With the first one we got regarding Village Bank. The issue was the theater has only one ERU and it is a parking lot and they have two and part of it is wetland."

Koller, "I am interested to know about the stubs that apparently didn't go to Village Bank? Why not? I thought that was all worked out before this started?" Jochum, "What I know of it is there was a stub put on the north side of the property that lines up with their well if you go straight east. What wasn't known, was when the municipal water came in, the contractor had already stubbed water to the south side of the building. So, the one to the north was really not of use to him." Koller, "There are two acres of his lot under water." Jochum, "It is a mitigated wetland that can be filled." Koller, "So how do we charge ERUs for a swamp?" Jochum, "I don't know. Were the wetlands taken out?" Davis, "Again, ERU is used to establish a value. The value here is what benefit do these properties receive from these improvements. These are things that need some further investigation, as I have discussed with several of you prior to the meeting tonight. Whether it was four acres and he had only a 1/2 acre of dry, the benefit would still be the same. There are some properties down there too that have almost essentially equal uses or sizes and have been given different SAC determinations by the Met Council. However, their benefits are essentially the same. There are some things that when this is concluded I am going to recommend that we take another look at to try to equalize these and work through the inconsistencies."

Koller, "If the water is stubbed on the south end and their water is presently on the north end, that is a lot of pipe that is going to have to be laid and that is going to be expensive." Davis, "That is correct. I also want to point out that Mr. Jochum was not the engineer on the project. We did contact the design and consulting engineer and we were told that they contacted property owners to see where they wanted their stubs. And, they said there was no response. That is the indication we got from the engineers. And, I understand there is some difference of opinion in that too. We did contact them and that is the explanation we received." Moegerle, "Certainly the water does serve a purpose, but it has nothing for a business value. So, I have a concern there." Ronning, "I am curious how we determine who is at fault there and who gets the liability on something like that. That he said/she said doesn't carry a whole lot of weight with me."

Vierling, "We will follow up with the consulting engineer on the project and see if they have any documentation on how they designed the system. And see what they have for a record. And we would be happy to share that with the property owner as well." Ronning, "Who is the engineering firm?" Davis, "Bolton and Menk." Moegerle, "Can we have them attend the next Council meeting that this item will be discussed? Or, would you rather discuss this in private Mr. Kveaton?" Kveaton, "I would rather have a private meeting with them." Moegerle, "And then we can have a public meeting if that doesn't work out well." Ronning, "There are 24 lots identified, it works out to \$46,001 per line. How many property owners are there affected here, because some of them own more than one lot." Davis, "The theater actually owns six, seven lots there. There is the theater lot and then the rest are vacant. Mr. Strandland I think owns two lots and I think the rest are individually

owned.”

DeRoche, “I would agree with Mr. Johnson from Aggressive Hydraulics. You can’t drive the businesses out of the City.” Moegerle, “Remember the issue is with Village Bank. Please tie it up.” DeRoche, “And, you touch on he said/she said, I can’t believe all of the land owners were contacted and did not get back to the engineer. It doesn’t make sense to me and I think that is something we need to pursue.” Davis, “Let me make one correction. The bank is the only one in question that we have knowledge that has an issue with the contact with the engineer.” DeRoche, “Well, then the bank. To say he has it on the north and they put in on the south. It was my understanding that all of these businesses who were going to be liable to pay for this thing would have sewer and water access. Not after the fact, we have it in the wrong spot, now you have to run another line. I think we have a lot of work to do here and I don’t feel comfortable myself making any kind of a determination. I have been reading these things through and I would have to go with all of the businesses that showed up. What a shock. And yes, the sewer and water project is going to be a pain, but we cannot expect to recoup everything off of these businesses that are in that district. And, I think everyone outside of them, should have been aware of that before this project went ahead.”

Moegerle, “Let’s move on to the Classic Construction issue. The vacant parcels, inconsistent assessment and difficulty with assessment.” Koller, “The vacant lots, we are charging them an awful lot of ERUs for an empty lot. I don’t think we should be charging them until the lot is actually built on. As long as our Fire Chief is here, this if the first I have heard that the 4 inch watermain isn’t big enough for fire sprinklers. Do you know anything about that?” Davis, “Actually what I think Curt was referring to was the stubs and not the mains themselves. Is that correct Curt?” Strandlund, “Yes.” Koller, “Is a 4 inch big enough?” Chief DuCharme, “It would depend on the occupancy and the size. Normally it is a 6 or 8 inch. I never had any conversations with the engineer when this was going on, with the exception of the design of the fire hydrants. It is my understanding that fire suppression, the stub is not there, it would be tapped off the mains that are in the street. And that is not real unusual to have a separate connection for fire suppression and for domestic.” Koller, “So if someone builds on a vacant lot they would have to run another line if they need sprinklers.” Chief DuCharme, “Yes, they would.”

Moegerle, “I am seeing some confusion out there. I certainly think we should have a representative from Bolton and Menk attend. We haven’t accepted the project and I don’t know if that is something that can be changed at this point but if that is not a standard for a commercial district we certainly do not want to accept it. It sounds like we are going to have a lot of questions for Bolton and Menk. Communication is critical and it doesn’t look like it has been done well. So it seems to me that staff should take some time with Kreg Schmidt to get answers to these questions and I am sure there is going to be some more.”

Ronning, “The 4 inch lines, what size lines are on the buildings? Aggressive Hydraulics, you must have three or four?” Strandlund, “When Aggressive Hydraulics was being built that as not a lot of record. So there was only a main line running north. So we tapped the main line at the cul-de-sac and brought in a 6 inch line to provide the fire suppression system. And, we also have a domestic line for drinking water.” Ronning, “For my understanding, all this stuff about the size of the lines, I don’t have the knowledge to understand what it all is. It would be helpful when we speak of some of these things in the future, to have some of these things identified. Such as 4 inch lines are so much pressure.” Jochum, “I have seen the lines anywhere from 4 to 8, typical is 6 and up. But, it doesn’t necessarily mean they are undersized. Again it will depend on the size of the building, the

occupancy. A bigger building like Aggressive Hydraulics, a 4 inch would not have been big enough. But, it doesn't necessarily mean it won't be for the next building." Davis, "It will depend on size and fire protection needs of that building. Like Craig said, in the case of Aggressive Hydraulics I think they needed a flow of 2,000 gallons a minute and a certain pressure and a certain line size to satisfy that. This is something we can certainly have Bolton and Menk address."

DeRoche, "Again, I am not going to be the one that says, "I am going to direct staff to do anything, I think that is a Council thing." But, that being said, I think Bolton and Menk has to answer a lot of questions. This was set up as a sewer and water district for commercial businesses, not residential. And, to not go with adequate hook-ups is wrong and I think someone has to be held accountable for it. It is an awful lot of money that was put into this thing and Craig Jochum at that time wasn't the engineer, Kreg Schmidt was the engineer. I remember a lot of meetings here where a lot of numbers were being put out and everything was going to be just wonderful. And, now we are finding out maybe the pipes aren't big enough? That is a commercial area we are talking about, maybe light industrial. We aren't talking about putting in houses. And, it is just another thing to pass off on businesses. And, it is a shame that residents are going to be tasked with a tax increase, but it will be even more of an increase if we lose a lot of businesses. So, there has to be some real balancing done, because I can't see tasking these businesses with all the costs, I just don't see it." Ronning, "We should be curious on the engineering specs on some of these things. What did we pay for and what did we get. Are they the same thing, or is there any difference. Did we pay for ten and get four? That is an extreme example." Moegerle, "Sounds like we need an exit interview with Bolton and Menk." DeRoche, "Maybe we need to direct Jack to have our engineer look into some things and bill Bolton and Menk for it. Because apparently there is more than a problem here." Ronning, "The specs have to be the place to begin."

Moegerle, "Mr. Rickey, his objection was the significant cost and he has his own well." Koller, "How many ERUs is he being charged?" Rickey, "Two." Koller, "It seems like the same problem everyone else has." Moegerle, "I know that Met Council uses their book to determine how much water is used. It is hard for me to fathom how a Hot Rod shop uses so much water. But, one thing I did notice is that the interest rate listed is 5.25% and I have the current mortgage interest rates and as of today for a 15 year fixed it is 3.49% and for a 30 year fixed it is 4.42%. So, I do think at least the interest rate should be modified on all of these. I am sure we will hear more about this. It is not a good solution, but we are sensitive to this as well."

Ronning, "Speaking for myself, this assessment, is this Met Council or City?" Davis, "This is City." Ronning, "How did we arrive at an ERU charge for a lateral advantage?" Davis, "The ERU charge is based on the ERU or SAC that each business was given. This is an acceptable means of assessment. It is in our assessment policy as a means of assigning value. We discussed it with the City Attorney. It was vetted as an acceptable practice. And, we used this because it was what was in the feasibility study and it was presented at the preliminary hearing for the preliminary assessment on our notice of assessment in October 6, 2010. So, in order to not confuse or changing of the horses in the middle of the stream, we remained with this standard."

Ronning, "I agree with Bob. I don't see how we can put the whole penalty on them. This is like a penalty." Davis, "I agree. And, I will acknowledge that. One of the things that was done in preparing the initial assessment roll, one of the goals was to see what the maximum was. And in the letter that was sent it said, "This is up to and subject to modification." So,

we recognized all the issues that everyone would have. We also recognized that this is a very sensitive issue to Council and to staff. But, we wanted to start out and say this is the maximum. Not it is up to us to find the best balance between the City's interest and the property owner's interest to come up with the assessment." Ronning, "It has to be something that works for everybody. Us, them, the community, the prospective future businesses that will or won't accept this kind of cost." Davis, "It definitely was not the goal of staff (and I have related this to the people I have spoke with) to balance this project on the backs of these twelve businesses that are directly affected." (DeRoche said, "I think Colleen said there are thirteen businesses.")

DeRoche, "I have been to Roger's shop and he is going to have to do a lot of work to come up with these assessments. Every time I talk about this, I get really irritated because of the way it was put together. And, I know what these people were told and that is really an irritant. And, Jack, I know that you and staff did not sit down and come up with these numbers just to throw it out there. But, it was put out there for us and I think it is going to take a work meeting to sit down and say, "What is really going to work here?" It is a bad situation no matter how you look at it. But, we can't put it all on those thirteen businesses. Those businesses, it is not like they are corporate giants down there. That is what East Bethel is, or was, small Mom and Pop businesses. Curt does his construction, Aggressive does blue collar and to say, "We appreciate what you did, but, we have this bill and you guys are going to pay for it. And, I think it will really detract from bringing anyone else in."

Davis, "It is going to affect the marketability of vacant property, the resale of current businesses. Hopefully, it will affect the profitability and help someone stay in business. Here again, we are all for finding the best balance that we can."

Moegerle, "The next one is Northbound Woodworks." Ronning, "I am not done yet." Moegerle, "You are out of order." Ronning, "I am?" Moegerle, "We are doing the Round Robin." Ronning, "I have to vote on that." Moegerle, "You are out of order. So, you will be out of order." Ronning, "The easy thing would be to sit up here and say what people want to hear and I don't believe in doing that kind of stuff. It is a huge, huge problem we have and we have to figure out a way to get through it. Regarding these assessments, when would they be up for change?" Davis, "These assessments, if approved would go for 20 years. They could be financed for 20 years. Or any other term that Council so desires, but 20 years is the life of the bonds and generally the life of the assessments for this type of improvements."

Moegerle, "Ron, the next one is Northbound Woodworks." Koller, "This is the same as the rest of them. The businesses are being charged by acreage. It doesn't matter how big the business is, how small it is, they are being charged by acreage. And that makes no sense to me. We used to have a carwash there that used thousands of gallons of water a day, versus a business that uses a couple of hundreds of gallons a day. Why are we charging them both the same? And, empty lots paying for water and sewer by the acre when they don't even have an outhouse there. It shouldn't be charged until there is something built there." Davis, "That is why we sent those other different proposals for consideration to show there are other options. We are following the standard that was initialized with the projected. There are going to have to be modifications considered, I believe. It isn't a charge by the acreage. All this is, we are trying to establish benefit. There is a certain amount of benefit associated with these benefits. We need to figure out what that assessment is." Koller, "I agree with Bob, we need to have a work meeting and go through this one lot at a time and make it a little more fair and reasonable. Because we would like to bring more businesses in and keep the businesses that are here. And if we tax them right out of existence, it is not going

to work.” Davis, “I agree. I think that is what needs to be done and I think that is what some previous discussion was hinting at. We need some more time to evaluate this and then come up with an assessment roll.”

Ronning, “These are a one-time charge?” Davis, “These are a one-time charge. They would not pay any more assessments on these improvements.” Moegerle, “What is the purpose of a lateral benefit assessment? Is this associated with the fact that a vacant lot has a stub for water on it is more marketable than land that doesn’t have a stub on it? What is the purpose of that. And, where does the income from this lateral benefit assessment go? Does it go to defray the cost of the project? And, if the businesses in this district do not bear this cost, if it is a hard cost, then it gets passed on to the residents, who get no benefit from this. That is the hard place that we are in.” Davis, “The lateral benefit assessment is essentially what is paid for from the benefits derived from the improvements of the project. The access to the water, sewer and street improvements. That is the easy part. The hard part is determining what that benefit is. Especially in this case. We have a case where the notice of proposed assessment was sent out almost three years ago, October 6, 2010. There has been a lot that has happened on the project since then. The project is essentially complete. So now we are going and following the assessment process and notices were sent out as a follow up to that. What we have to determine is what a fair assessment is, in relation to everything that is going on. As far as to your question as where the money goes, this money goes to the City and it would be used to defray the cost of the project to pay down the bond issue.”

Moegerle, “I know we have the budget issue later on the agenda. Where is the income that comes from this included in our budget? I know it is on the revenue side, but has that number been plugged in or is this one of those open items?” Davis, “It hasn’t been plugged in because the assessment is not final. It is one of the things we listed as working on that we can apply as a reduction for the 2014 budget or subsequent budget years.” Vierling, “And, once assessed, the funds received, by statute the funds would be dedicated to payment of the bonds. It may not be deferred or diverted for any other use by the City.” Moegerle, “For an existing business to have access to water when they already have a well doesn’t look like a benefit. It is only a benefit when that property is redeveloped. So, those buildings there are pretty new, so redevelopment is not in the immediate future. The value is very difficult to assess. It does look like more time is going to be needed on this.”

DeRoche, “I know people don’t like to hear it, but I haven’t been for this project since day one. I voted against it and I caught a lot of flak for it. I was not able to see how this thing would ever sustain itself. I have listened to a lot of people over the last three years that initially thought this was a great idea, and it was going to help them out and increase their property values. Now that it is coming, and it is time to pay, people are changing their tune. I guess it is unfortunate that everybody else gets caught up in that. I am not sure what the answer is, but running people out by taxing the heck out of them is not the answer. Again, if the businesses leave, the residents are going to pay more.”

Moegerle, “But, clarify that. This is an assessment to say, “Your property value has increased because you have this public utility. It does go to defray the cost of the overall project. It is not like a hard cost of paying for a pipe. What the access and the value of that access do for the marketability of that property, is that more or less what we are talking about here?” Vierling, “That is the cap of the assessment. That is the top limit under law by which you can assess a property. If that is challenged, a City must show benefit to the property by increase of fair market value directly resulting proportional to the improvement.” Moegerle, “So this is spreading the cost of the project over the benefitting properties.” Vierling, “This is the City recapturing that element of the cost of the project

that we can attribute to increase in value. Obviously the City is going to be paying for this total project. The assessments are probably a relative part of it. Obviously, the sewer and availability charges and water are going to be another part of it when people connect. There will be utilities that will be expanded. Those rates will be there and to the extent that there is a shortfall, which we are projecting there will be, they will be paying again by virtue of the taxes that will be levied generally throughout the community. So, from that perspective, you are looking at four different sources of revenue that will be pledged to paying down these obligations.

DeRoche, "So, in other words we are telling these people, we realize you didn't want the sewer and water. But, it is a benefit to you. You just don't realize it yet. Down the road this is going to benefit every single business out there. Is that the case? Not in my world. If every single one would have come up and said, "We really want you to do this because it is going to benefit us a lot. It is going to help us move out of here, bring in a building, develop, do whatever." But, I don't think I have heard anybody say that."

Moegerle, "Moving on to Aggressive Hydraulics, kind of the same as everyone else. Ron anything special?" Koller, "Same as everyone else. I think we need to go back and go lot by lot and reassess all of them. This is ridiculous to drive the businesses right out. We have people out there that spent a lot of money on new wells and now we are telling them to cap them off and hook-up to City water and sewer." Moegerle, "Are we in fact telling them to cap those off?" Davis, "The wells can be used for irrigation purposes. They cannot be used for domestic purposes. Nor can they be cross connected." Moegerle, "Effective when?" Davis, "When they make their physical connection to the system. And that has to be made by August 2014." DeRoche, "I can understand Aggressive Hydraulics, look what they went through to bring the business up here. And, I am sure that they hadn't anticipated this cost. Did you Paul?"

Davis, "One thing about Aggressive Hydraulics, keep this in mind too. They were not an existing business when these original 429 assessment notices were sent out in 2010. Even though the property was a part of that, they weren't. There was an indication of this in the dealings with them, but, there was a lower number based on their preliminary plans. Their information has been all over the board until their project was finalized. They have kind of played a guessing game with this."

Ronning, "What kind of interest rates are the potential here?" Moegerle, "It was 5.25% in the packet. However, I am looking at the fixed 4.42% for 15 year and 3.49% for 20 year and that is the mortgage rate on bankrate.com. Other options are to look at the rates for CDs which is not applicable, loans, home equity and credit cards. If you want me to look at those numbers, I can do that."

Vierling, "Almost universally assessment interest rates are tied to the interest rates that you are occurring on the bonds that are subsidizing or financing this project. It is typical that a City will set their interest rate on an assessment at either a point or a point and a half over what they are paying on the bond issue from which they are financing the project."

Ronning, "And if it was 5%, the cost would effectively double in about five years. So, \$580,000 looks closer to \$1,200,000. That is too high."

Moegerle, "Colleen, do you have any tools to help work through this, other than what Bolton and Menk offered years ago?" Davis, "No we don't have anything other than options. We did provide another scenario which addressed the vacant commercial properties. And, in discussions if we are to address the vacant commercial properties, we

need to address the developed commercial properties too. I think the whole situation needs to be examined and evaluated before an assessment roll is recommended for consideration.”

Ronning, “Food for thought, I don’t know how much we can answer. Some of it would be helpful to have a work meeting, like has been suggested.”

Moegerle, “We have Mueller Theater and Met Council and we have River Country Coop (the gas station). What was Met Council’s point? What was their objection and did they suggest a solution?” Davis, “Met Council’s objection is they claim an exception from the sewer assessment based on State Statute 473.545. They do acknowledge that they may be liable for the water assessment. Craig is working on a proposal for that so we can include that proposal on their bill.” Moegerle, “Is that something that you can’t tax other governmental entities?” Vierling, “You can assess, you can’t tax. You can assess other governmental entities and non-profits. It is a different process under the statute. But we still have to go through this process to get to there. But because they don’t get a tax statement like the rest of us do, it is a different methodology in terms of what they actually end up getting billed for and how it gets paid. It doesn’t matter if it is a church or a school, or another community that may own land in your community something like that. It is just a different process of how we bill them out.” Moegerle, “But they did get the notice?” Vierling, “Absolutely, they all got notice.”

Davis, “River Country Coop’s objection was the cost of the assessment. In their case they claim that they would receive little or no benefit from this and their objection is the cost.” Moegerle, “Have they taken out their car wash equipment? Is that vacant now?” Davis, “Their car wash was removed a couple years ago. They were originally given a determination of four SAC units by Met Council. But, they requested a new determination and the Met Council did a review and came back with a new determination of two SAC units. Their car wash has been gone for approximately two years or longer.”

Moegerle, “Do we want to deal with Mueller Theater?” Koller, “It is the same as everything else. We need to sit down and go through each lot and put some realistic numbers down.” Moegerle, “One of the things I am looking at is there was one business that was pro this project (and I am thinking October 6, 2010) and unfortunately we have to distribute this across all of you. And, because there is a benefit and it is kind of ephemeral to figure out (I am sure a real estate agent could advise us on that). Could we look at this issue by square footage, frontage feet? What other factors do we want Jack to bring back to us to look at this? The other number is what do we want to recoup from these businesses for this project?”

Davis, “That is the question you really need to answer, because that is really the way costs are going to be decided. Whether it is front footage, square footage, ERUs, whatever standards you want to use, the bottom line is what is going to be derived from it.” Moegerle, “I think the ERU number is too crude because it is between 1 and 27 and you can’t finesse based upon things like square footage. But, what other measures do we want to use?” Davis, “I don’t know that you want to use square footage because you have such a disparity there. You have 2,000 to 60,000. And most of them are going to be in the 10,000 range and the ones in the 60,000 range skew it and puts them at a disadvantage.” Moegerle, “But, for example with regard to the bank, part of their land is under water and so it would be square footage of developable or redevelopable land. I don’t know how to figure out the basis for spreading the costs that we ultimately determine.”

Ronning, “As Jack said, you almost have to look at the end of the story and work backwards

and see how you can make it go.” Davis, “It is almost like reverse engineering. The methodology you use, you could use either one. That is the other thing that needs to be determined, the fairest way to do it. And I don’t think we can work that out tonight. The one that gives the most balance and equity of assigning these. No matter what we do everyone has to be treated the same. It has to be equal across the board. So that will affect several of the ones out there now.” Moegerle, “Does the rate have to be the same for developed and undeveloped land? Or can they be at different rates, Mark?” Vierling, “You are required by law to use a uniform methodology in assessment. And usually appraisers when determining value for these types of benefits, they do not factor in the existing use of the property.” Moegerle, “Could Ken Tolzmann give us a little bit of information on this?” Vierling, “He might be able to give you some input from that perspective.”

Moegerle made a motion to table the assessment roll for the 2010 Municipal Utility Project until the next regularly scheduled City Council Meeting or work meeting of which this will be the subject. Davis, “There is one other thing I would like to point out. This needs to be submitted to Anoka County by November 15th if it goes on the pay 2014 taxes. So, if we are going to have a work meeting, we have to have it as soon as possible.” Moegerle, “How about Monday. No, we have an EDA meeting.” Davis, “It will take a few days to work out some of these options and alternatives for you. I think Wednesday will give us ample time to do that.” **Moegerle amended her motion to table until Wednesday, October 23, 2013. Koller seconded.** Ronning, “A friendly amendment. Rather than table which is permanent, can we recess or suspend?” Vierling, “You can recess or suspend the meeting, but this is an item within the meeting.” **All in favor, motion carries.**

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

Dan Butler of 23002 Austin Street, “I am on the Economic Development Authority and the board of East Bethel Chamber of Commerce. I urge all of you to do your best job. I know you will in attracting businesses to the city. I am glad I am on this side of the dais. I know you have a hard job ahead of you. I admire how you stick to it. Anything you can do for the consideration of businesses, we really appreciate that.”

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

Consent
Agenda

Moegerle made a motion to amend the Consent Agenda to included: A) Approve Bills; B) September 4, 2013 City Council Meeting Minutes; C) October 2, 2013 City Council Meeting Minutes; D) Accept Resignation of Cable Technician; E) Resolution 2013-62 Accepting Donation; F) Coon Lake CDBG Grant. Koller seconded; all in favor, motion carries.

DeRoche, “I want to pull items B) September 4, 2013 City Council Meeting Minutes and E) Resolution 2013-62 Accepting Donation.” Moegerle, “I want to pull item C) October 2, 2013 City Council Meeting Minutes.” Ronning, “I want to discuss F) Coon Lake CDBG Grant.”

Moegerle made a motion to approving the Consent Agenda including: A) Approve Bills; B) September 4, 2013 City Council Meeting Minutes; C) October 2, 2013 City Council Meeting Minutes; D) Accept Resignation of Cable Technician; E) Resolution 2013-62 Accepting Donation; F) Coon Lake CDBG Grant. Koller seconded; all in favor, motion carries.

DeRoche, "I pulled item B) September 4, 2013 City Council Meeting Minutes because on page 5 (I am not going to go into grammar and punctuation) but, in the last paragraph there is a statement made that says, "In reevaluating this, we found we could save \$4.4 million on downsizing the water treatment plant." That was actually 3.8 million. If I recall, Jack?" Davis, "I would have to look that up." Moegerle, "I definitely said \$4.4 million." DeRoche, "I know what you said, but that is not factual." Moegerle, "Well okay, Mark can you tell us on changes, factual versus what was said. What are we approving here?" Vierling, "Council can amend minutes if the individual or the maker of the statement recognizes that there is an error and wishes to correct it. If that is what you intended to say, then obviously that is what you intended to say." Moegerle, "That is what I intended to say. However, we can go on with this as well, where I am misquoted. I pulled this one as well. Apparently it is in the next one."

Moegerle made a motion to adopt the September 4, 2013 City Council Meeting Minutes. Motion fails lack of a second.

DeRoche, "That was my main concern, that number was inflated." **Moegerle made a motion to adopt the September 4, 2013 City Council Meeting Minutes. Ronning seconded. Koller and Ronning, aye; DeRoche and Moegerle, nay; motion fails.** Moegerle, "Can we have those brought back to us if \$4.4 million is not correct?" Davis, "Yes."

Moegerle, "I pulled the October 2, 2013 City Council Meeting Minutes. On page 9 of 16, immediately above the bold face, we have DeRoche, aye, Koller, aye and there was a start of a vote, and I think that is confusing. However, on the same basis for Bob's attention. On that same page we talk about the raise and "to go from ¾% to 0% to ¾% to 1.5%". And, I think it was most recently 1.5%, 0%, 1.5% and 0% and it averaged out to ¾% so, for the basis I don't think that is a correct statement, I pulled it. And there are a couple places where it says I said something and it is not even a direct quote and it is not even two minutes later and for the same reason I have pulled these to ask for these corrections." Ronning, "What if the fix?" Moegerle, "Basically, you guys go ahead and vote for them and I vote against them. The resolve on page 9 is to remove DeRoche, aye; Koller, aye. If Mr. DeRoche wants to correct that other paragraph ¾%, etc, that is his prerogative, on the same basis of my statement." DeRoche, "I am not going to correct it, because I am fairly sure that is what went on." Davis, "I think the sequence was 0%, 1.5%, 0%, 1.5% that we had over the last four years. And it equated to ¾%." DeRoche, "Without seeing it, I am saying what it is."

Moegerle made a motion to approve the October 2, 2013 City Council Meeting Minutes. DeRoche seconded. DeRoche, Koller and Ronning, aye; Moegerle, nay; motion carries.

DeRoche, "I pulled Item E) Resolution 2013-62- Approving Donation. The reason I pulled this was it was Heidi who initiated buying the computers. But, that being said, she did purchase it, she was reimbursed and now she wants to donate it back to the City. You never really can completely erase a hard drive, so there still might be information of the City's on the hard drive." Moegerle, "I want to correct that, it was completely scrubbed." DeRoche, "And now that the City has already spent the money and reimbursed her for it, I don't want someone coming back in a year and saying, "I don't have a computer, I donated it back to the City. There is an ulterior motive here in my opinion. However, once it is out there, it is out there." Moegerle, "Well frankly I don't live in the world of ulterior motives and there are people that do. Frankly, I saw in the budget that there was an \$800 assessment for a

laptop. This laptop is the one I have been working on. I tried to transfer to the other one and was not very successful. And so when I saw there was a need and that computer was being underutilized, it makes perfect sense. This is not an ulterior motive. It makes good common sense. As I said when we talked about the GRE thing, if I can magically have one of those poles in my backyard, it is my civic duty to do this. I don't care about the reimbursement. As I have told Jack, you can tell me the assessed value of it is \$1, I still want you to have the computer. That is not the issue."

Ronning, "Who is in possession of the laptop?" Davis, "I have possession of the computer at this time." Ronning, "Is this a request to donate the computer to a school or something?" Davis, "No. I have a written statement from Heidi that she wants to donate this to the City. This is the process to donate to the City. In order for us to accept it, we have to accept it by resolution and then we can do with it as we see fit." DeRoche, "My problem with that is, Heidi used a good example, I saw a deficit, so I brought my computer back. I don't want that being the premise for anything. If she wants to donate it to a charity, Meals on Wheels, it's fine. To do it this way, I think is inappropriate." Ronning, "Does the City have a need for it?" Davis, "The City always has a need for computers. Roseville will have to take a look at it to make sure it is clean. Desktops are set-up different, versus a City computer and this one is. We would have to buy a Microsoft License for it. So there will be some things to do to it to make it ready for use for City purposes." Moegerle, "However there is the \$800 that is under the Council budget, equipment replacement, all of us were told this is a computer." Ronning, "I am not trying to be argumentative. As soon as you buy it, it is almost obsolete. So, if you paid \$800 the likelihood of you getting \$799 is tough." Moegerle, "And I told Jack if you send me an acceptance back of an evaluation of \$1 that is fine. I have no expectations." Ronning, "Do you have any way to evaluate the computer?" Davis, "It would be very difficult to know what a used computer would go for." Moegerle, "I use this computer and that one is Windows 7."

Moegerle made a motion to adopt Resolution 2013-62 Accepting the Donation from Heidi Moegerle. Koller seconded. DeRoche, nay, Koller, aye, Moegerle, aye, Ronning, aye, motion carries.

Ronning, "I pulled Item F) Coon Lake CDBG Grant because I am unfamiliar with it." Davis, "This is the item that we discussed at the HRA meeting and the HRA gave direction to pursue this. In order to apply for a grant we need Council authorization. All we are asking for is authorization to prepare the grant application. We would still need authorization to submit the grant to the County on January 14, 2014." Ronning, "For whatever it is worth, I have seen my name on Facebook pages saying I am opposed to helping Coon Lake residents with their septic conditions. Which I am not. I do have a question, once the grant is prepared it comes back to the Council." Davis, "That is correct. Once it is prepared, it comes back to Council. And, if it is approved, it will be submitted."

Ronning made a motion to direct staff to prepare the Coon Lake CBDG Grant Application. Moegerle seconded; all in favor, motion carries.

Fire
Department
Report

Davis stated the Fire Chief is here to report on statistics for the prior month.

Chief DuCharme, "The fire department has been very active with Fire Prevention Week. This last Saturday was the open house. I want to thank the firefighters for their hard work. Adam Arneson one of our lieutenants was in charge of it and he did a great job. The East Bethel Royalty was there also, and they participated in a food drive with about 450 pounds

of food for the food shelf. And the Lions Club, they participated in the food that was served and the Chili Cook-off.” Moegerle, “Who won the Chili Cook-off?” Chief DuCharme, “Marilyn from the Lions Club, and 2nd Place went to Ruth from the Lions and 3rd Place was a firefighter, Jeremy Shierts. On the fire prevention side also, we had our firefighters out in the elementary schools and they met with all the kindergartners and all the third graders. A big thank you to Dan Berry and the firefighters for that. Dan heads up that group. Oak Grove’s Fire Department was also there with us since some of their kids also go to our schools and we appreciate their assistance. They also provided the Fire Safety House. We are 95% done. We just have some preschools left to do.”

“The other thing that happened is we sold old Engine 21 to a fire department in Alabama for \$50,000. River Falls Fire Department bought it. The broker fee was \$5,000. The boys from Alabama flew up and drove the truck back. They are delighted with the truck.” Moegerle, “And that will go back into the equipment replacement fund?” Chief DuCharme, “Yes, it will. For September we had 46 calls which is about average. For the year-to-date we have 404 calls. This month there were 32 medicals. And, I want to remind everyone that the flu season is beginning. Important for our firefighters and the public out there to remember.”

Moegerle, “I think what you guys do with the EMS calls is great. What happens with regard to the Ambulance service coming to our area? What happens to the training of our firefighters, will you continue to be the first responders? Tim Hoffman who is on Parks, his brother is the Park Rapids Fire Chief and he has talked to me a little bit about how their fire service changed when Ambulance Service came to their area. I know that is a little away, but how are you going to work on that and do you see that in the near term?”

Chief DuCharme, “The ambulance service areas are controlled by the State of Minnesota. And they are controlled by what we call the EMSRB, Emergency Medical Service Regulatory Board. That state board is the authority or jurisdiction that assigns areas. Our area is assigned to Allina. When Allina comes out in their trucks, they have a minimum of one paramedic and one EMT. They come out from either Cambridge or kind of local. Part of the reason the Fire Department was involved in medicals was the time line for getting there. That is not to say that Allina doesn’t meet their timeline, which they do. There are some protocols which they have to meet. We train either two first responders or emergency medical technicians; we give our firefighters a choice. Just about half of our firefighters are EMT level trained. The other half is first responders and if they want to make the jump, we help them do that. Getting back to your question, is the ambulance service ever going to come to us as a provider? I certainly see that the fire service is a great partner in EMS, but with the service that already exists, I don’t know that there is a need. However, we do train to the EMT level because sometimes there is a need for a higher level of care.” Moegerle, “Again, what Tim was saying is that the fire department gets paid for these runs and I don’t think we get paid for these runs. And, the question is, Allina gets paid for these runs, so how do we get involved with that, and I know we have had some discussions on that.” Chief DuCharme, “And that discussion goes on and on. We as a Fire Chief group have presented that to the Ambulance Association and are in constant negotiation there. Will there be some time that we will be paid by Allina? That is a possibility. There are some fire departments and rescue squads in outstate Minnesota that are paid a minimal amount. I don’t know if it is feasible to charge the resident or insurance company. That is difficult because we are not able to discriminate between someone that has insurance and someone that doesn’t.” Moegerle, “Are you able to get that information from the Ambulance Service, or is there no sharing of that information?” Chief DuCharme, “There could be, but I don’t know that we want to be in a situation where someone with a chronic illness doesn’t

want to call 911 because they can't afford it." Moegerle, "But that exists anyway. Because they would already have to pay the ambulance company." Chief DuCharme, "If the ambulance transports. If you look at our sheets, a lot of the ambulance calls are transports. It is not like the system is being abused. I will make the agreement with the Council that we will continue to have discussions with the Ambulance service on how we can recover these costs." Moegerle, "I appreciate the philosophical debate. Because I have it with myself on how we can recover these costs. Thank you for the information."

Koller, "On selling the fire truck. Were we clear on liability on the framework?" Chief DuCharme, "Yes, everything was disclosed to them." Koller, "So they know it needs some frame repair?" Chief DuCharme, "Absolutely. When we contacted the broker that was the first thing we discussed."

Chief DuCharme, "One other item I would like to discuss with the Council. It won't affect the 2014 budget, but it could affect either the 2015 or 2016 budget. This is the Public Safety Data System that the Fire Chiefs and Police Chiefs have been working on for about 2½ years as far as designing a public records system. We are at a point now where vendors have been selected, the County went through the RFP process and the county is going through contract selections. Tomorrow it is likely the committee is going to meet and approve the proposal we are putting aboard. This is a \$7.6 million project. It is a complete redo of the records management system used by all of Anoka County. Anoka County is going to bond for \$7.6 million dollars. Starting in 2015 or 2016 there will be maintenance costs for the fire department and sheriff's department. For the fire department it will be about \$3,300 a year. I don't know on the sheriff's side what the cost is going to be."

Moegerle, "Did you inspect the old Our Saviour's Church. What is that building being used for and how is the renovation going?" Chief DuCharme, "We did inspect it. It doesn't mean they are close to using it. I was dealing with the fire alarm vendor. I have not had contact with the owners. There has been some work done inside. It looks like someone took a spray gun and painted things and some roof repair has been done and mold abatement."

Ronning, "I was at Our Saviour's this morning and a fire truck was there. Was there an emergency there?" Chief DuCharme, "We were there for the preschool. That was part of the fire prevention."

Chief DuCharme, "For the 2014 budget, the Relief Association had originally requested a City contribution of \$500 per firefighter, or \$17,500. And when Troy Lachinski the president of the Relief Association was here talking about increasing benefits, he did make the statement that he would gladly lower that \$3,500 to \$14,000. I had a chance to talk to Troy and he is in agreement on that. He thinks that is a very doable thing. Their request is the \$14,000. I know you are going into budget talks when I am done." Ronning, "When I hear that one person approved something I am going to ask. Does that have to go back to the membership for approval? Or does he have the authority to do that?" Chief DuCharme, "Troy has brought that to the Executive Committee and he does have the authority."

Oak Grove
Building
Inspection
Services
Contract

Davis explained that on November 21, 2012 the East Bethel City Council approved a contract to provide Building Official and Inspection Services to the City of Oak Grove. The contract fee schedule was structured so that Oak Grove would be charged 95% of their building inspections fees and 100% of the plan review fees for our services. Their previous contractor, Inspectron, Inc. billed for 65% of their fees for inspections and 100% of fees for plan reviews.

When we negotiated the contract with Oak Grove we told them we were not comfortable with the 65% charge for inspections and needed 95% of this fee until we confirmed that our revenue projections were accurate. Our cost for providing these services to Oak Grove through August 2013 has been \$34,111. Thirty per cent (30%) of our total time by building department employees has been spent on Oak Grove Building Official and Inspection Services to date in 2013. Based on our expenses through August, our costs for providing this service for the year of 2013 are projected to be \$51,141.

Total amounts billed for the Oak Grove Building Official and Inspections Services through the end of August have been \$135,633. Total fees for this service for 2013 from Oak Grove were projected to be \$60,000. The fees we charge Oak Grove are based on a percentage of inspection and plan review fees that are conducted.

The percentage charged for the inspection fee was adjusted to 85% effective June 30, 2013 and as part of the original negotiations on the contract, the fee charged for inspections was negotiable based upon our cost/revenue experience. Even though we want to maximize our potential for revenue from the provision of this service, we don't want the City of East Bethel to be perceived as exhibiting an unreasonable position in terms of fairness and equity in the contract. Although Oak Grove currently prefers to contract with the City of East Bethel for this service, we must maintain the value on our part as to the charges for fees should we wish to maintain Oak Grove's interest in the continuation of the contract.

We have seen that our current billing arrangement more than covers our expenses and generates additional revenues for the General Fund. It has been requested by Oak Grove, and I would feel confident in recommending, lowering our percentage of the inspection fees to 80%. A reduction in our fee would accomplish the following:

- Serve as a good faith act on our part to insure equal values in the contract:
- Provide the revenues necessary to cover our costs and generate additional income needed to fund our Building Department from fees as opposed to levied General Funds; and,
- Serve to strengthen our relationship with Oak Grove as we move forward with joint ventures in the future.

We estimate that an 80% percent charge for inspection fees and the 100% charge for plan reviews will produce approximately \$175,000 in total billings based on the volume of permits issued in 2013, or a total reduction of 5.9% of the inspection fee. Even with this proposed fee reduction, there should still be a net positive cash flow in excess of \$100,000. We project our costs to be approximately \$52,000 for 2014 for these services. As previously stated, 30% of our time in the Building Department is required to administer this service and it does not interfere with any services to East Bethel residents.

Staff recommends that the fee billed to the City of Oak Grove for Building Official and Inspections Services be reduced from 85% of their inspection fees to 80% effective January 1, 2014 and the contract for this service be approved for 2014.

Ronning, "What would an effective date be and what is the reason for the request?"

DeRoche, "Do we need to make a motion and second to discuss this?" Vierling, "It would be preferred."

Moegerle made a motion to amend the contract with the City of Oak Grove for Building Official and Inspection Services to be reduced from 85% of their inspection

fees to 80% effective January 1, 2014 and the contract for this service be approved for 2014. Koller seconded.

Ronning, "What is the reasoning for it and if there is a contract it affect, is there a hard ship for it?" Davis, "There is a contract in effect. The fee was 95% and the City Council approved a reduction to it for 85% in June. The reason for it is the fee we charge more than covers it. And, it is an act of good faith to keep both parties in the contract receiving some equal value. Oak grove is interested in exploring other joint shared services such as with the City of East Bethel, street sweeping and maybe based on City Council approval some Finance Director services. They currently contract out for these services. When we contracted with them for these services we indicated to them that we wanted to get some historical data before we entertained an 85% fee. I think we have shown that this more than covers our costs. And 80% definitely covers our costs and generates a substantial amount of revenue to cover the costs of our building department so we don't have to use general funds and levy for it."

Ronning, "I remember when we reduced our costs. And, my question then was, "Did the City imply that we would consider doing such a thing, reduce it from 95% to 85%. And, the answer was yes. My opinion at that time was I didn't want to complicate things by giving them an answer different from what the intermediate, the go between had already given them. Have we done a similar thing with this?" Davis, "Yes. When we first sat down we wanted to make sure we didn't get into something that was going to be a cost to us. Even though both parties can cancel the contract with 30 day notice, we only bill them for the time over there. So if we are only over there for 30 hours, we only bill them for 30 hours. But, we did tell them when we started this that we would negotiate these fees at the end of this year. We would take a look at them to make sure our revenues were in line with our cost. And to make sure they were getting a fair deal also. I think at 80% is more than fair, we get additional revenues and they get a needed service from us." Ronning, "Is there any likelihood that this would go in the red? Davis, "This is based on hours over there, so we wouldn't work in the red. If a trend came up that it looked like it was going to go in the red we would either renegotiate the fees, or give our 30 days notice on the contract." Ronning, "They have been pretty active with their building permits this year. How many have they had?" Colleen Winter, "They have had 45 new homes." Moegerle, "Further discussion, Bob?"

DeRoche, "This is kind of funny, the round robin thing, every time it starts, it starts down there. Pretty much by the time I get to it, the things have been answered. The concern I have is November it was 95%, June it went down to 85% and now they want to go down to 80%. I understand negotiating a contract and going down. What I also see by reading articles in the newspaper is Oak Grove is pretty proud of the fact that they keep lowering their costs. And, I don't want to see us getting to the point, this isn't even a guarantee. So, we can't even put it in the budget. Especially with next year coming and it being an election year and the newly elected people might have a different perspective on what they want to do. So, I don't think we can bank on that money. But, it started at 95% now we are down to 80% and they were paying Inspectron 65% but I think they are getting a heck of a lot better product. Because I wouldn't want to see it keep going down here." Davis, "We have indicated that 80% is the lowest we can go and still do this contract."

DeRoche, "Seeing how we have already renegotiated twice, will they come back and say either negotiate or we will go somewhere else?" Davis, "Well 80% is our bottom and going in we worked with them to find a rate that was best for both cities. And, I wouldn't recommend going lower than this." Moegerle, "This contract will take effect January 1,

2013 and go through December 31, 2014 and if there is an election and there is change, the election won't affect it?" Davis, "That is right, unless they gave us 30 days notice to end the contract."

Ronning, "If we lose this what is the impact to the City? We put on an additional person. To my knowledge, it was quite a bit to be able to do this. If we lost this or decided to get rid of it, what would be the impact as far as our employment status?" Davis, "The building inspector was not hired as a result of this. That position was budgeted in here prior to entering this contract. Our building permit fees are increasing. I think we took in \$137,000 so far this year. There is a need for two people in our department. If we only had one, we could have to contract out to get the work done. We did some checking on how we compare on turning a building permit around compared to other cities and we are right in there with the other cities. As far as affecting our service for our own residents, this has no effect. Our building official spends about 10% of his time in Oak Grove, building inspector about 40% and our administrative assistant spends about 15% of her time scheduling inspections for Oak Grove. It has been beneficial for East Bethel, but we have enough work in that department to keep everyone at full employment."

All in favor, motion carries.

Local
Government
Officials
Meeting

Davis explained that the Anoka County Local Government Officials (LGO) meeting is scheduled for October 30, 2013 at the Cedar Creek Ecosystem and Scientific Area office at 2660 Fawn Lake Dr. NE in East Bethel. Attached is the agenda for the meeting.

Should Council wish to add an item to the proposed agenda, this request needs to be submitted by county by October 18, 2013.

Staff is seeking direction as to any additions that Council may request for inclusion for the October 30, 2013 LGO Agenda.

Moegerle, "At these meetings, it is not uncommon for the host City to give an update. Certainly the bond sale we completed today is something of note. I don't know if we have any other announcements on advancing our sewer and water infrastructure we could make at that point. I know we talked about the Shaw Trucking development." Davis, "I don't have the agenda in front of me, is the Sand Hill Area issue on there?" Moegerle read the agenda. Davis, "We will contact Jerry Soma and that can be part of the introduction for whoever delivers that address." Moegerle, "At this point we talked about this in August and September, that attending this is part of the job, I will be attending. I don't know if we have to get this out that this may be another meeting. Who else will be attending?" Ronning, "I will be interested but I don't care about the meal." Koller, "I will probably go." DeRoche, "I am not sure." Davis, "We will post it." Ronning, "The thing of interest is the aquifers and ground water management." Moegerle, "I attended that geological atlas survey class and saw a lot of people from Anoka County there. We are getting praise for having that water reclamation plant and water back into the aquifer locally as opposed to sending it downstream. So we should be in good company there." Ronning, "These rapid infiltration systems, these aquifers take 20,000 to 30,000 years for stuff to get down through there."

2014 Budget
Discussion

Davis explained that in addition to attempting to mitigate the impact of the proposed 17.5% preliminary tax levy increase, of equal importance is the development of a policy as to the management of future debt due to our obligations for the repayment of the bonds for the water and sewer system. The development of a plan to address this matter will enable Council and Staff to manage the severity and impact of future tax increases that will be an

issue in 2016, 2017 and 2018 due to 2010 C Bond payment and the commencement of principal payments on the 2010 A and B Bonds in 2018.

Staff requests that Council consider the line items as listed in the attachment as candidates for additional reduction for the 2014 Budget and continue the discussion as to the fund balances as noted in the attachments and their application for further budget reductions in either 2014 or subsequent budget years.

Davis, "What I presented today was an update for the line items to be considered. We have gone over some things, and others had some recommendations. In order to start this off I listed some minimum reductions that I thought we should consider."

Moegerle, "This looks like minimum and maximum reductions, because you have eliminated some of them all together." Davis, "The only thing eliminated was there was two line items for the seasonal maintenance employee. I did add some reductions that were suggested." Moegerle, "Some are 100% so I don't know that they are minimum reductions. That is my question." Davis, "These are things that you need to take into consideration."

Moegerle, "Ron, you want to take first strike?" Koller, "Well, looking at the items listed here, I don't have a problem until we get down to the Fire Department Outreach Programs and portable toilets. You know what happens when you cut the portable toilets." Davis, "What I was looking at there was the ones that we would cut out were the parks that have very little usage." Koller, "Has anyone looked at the City owning the portable toilets?" Davis, "No, because then you have the problem of cleaning and disposal." DeRoche, "Hazardous waste." Davis, "In my opinion this is probably something that is better off being outsourced." Koller, "On level 2 there is Professional Service Fees-Planning. What is that?" Davis, "In the Planning budget there is \$15,000 available for professional service fees. \$12,000 is for GIS Service fees maintenance and recording secretary fees. It was \$25,000 and we cut it to \$15,000 it was to do some planning for the comprehensive plan for the corridor." Koller, "And then down in level 3 there is a Parks Capital Transfer \$25,000." Davis, "In the preliminary budget that was done, there was \$100,000 for the Parks Capital transfer. That was reduced to \$75,000 and I am proposing we reduce it another \$25,000 to \$50,000." Koller, "The CSO position?" Davis, "That is off the table. That was approved with 2014 contract." Koller, "Booster Day fireworks, we have cut them down to almost nothing." Davis, "That is up for Council consideration." Koller, "I would like to keep that on. They run a really tight budget as it is and they bring in a lot of people." Moegerle, "If there was a way to keep that and not have the City pay for it, would that be okay?" Koller, "Well, you will find they get some donations as it is and it is still pretty tight. It is almost a City function. It brings a lot of people to East Bethel." Moegerle, "If it could be covered by another entity such as the Chamber of Commerce, would that be okay with you?" Koller, "Possibly."

Moegerle, "Tom you want to go next?" Ronning, "The city newsletter reduction to two times a year, I am opposed to that. You had indicated only so many people have cable, so many don't. Much of the community is not computer connected. I don't know how else you get information to people." Davis, "This is the only communicative item that we get to all the residents. There is a value in this, that everyone receives it." Koller, "We have the reader board now." Ronning, "I think there is a lot of opportunity in there, more so than this, but it is a good start."

Moegerle, "Bob." DeRoche, "What do we pay for the person for taking minutes at Parks, Planning and Roads." Davis, "We budget \$600 each for Roads, Parks, Planning and EDA

for minutes.” DeRoche, “In looking through this thing, unless you put everything together, I have no idea what the individual things are.” Davis, “If you look at the narrative description it tells you what each one is for.” DeRoche, “Ron kind of hit on it. Portable toilets for parks, I noticed last week that the satellites weren’t out, so where are people going?” Davis, “Where was that?” DeRoche, “At Booster Park. And the fireworks, could the money come from somewhere else? Maybe they will pick it up, but has anyone approached them? Before we start cutting these things, we need to know. I would be willing to cut the EDA.” Koller, “For Pioneer Days in St. Francis, the City kicks in \$35,000.” Davis, “They are going to be decreasing that every year, on a sliding scale. But, that is still a substantial contribution.” Koller, “And we put in \$2,500.”

Moegerle, “This came up before the EDA, and there is a short history of this. Not all cities contributes to this. EDA did look at this. I did ask, I talked to Darry. She said give me more information, what would the Chamber get, what would a business get. And, I said I am sure they would get their name up emblazoned over Booster Day as a sponsor. It was my idea and I owe her an e-mail to find out what she thinks. Between now and the time that we have to complete the budget, I don’t expect an answer. And the misnomer of Booster Day Fireworks, these are really the Relief Association Fireworks. They occur at the dance and in any case so there is that. I did have a question with regard to the availability for grants for fire outreach programs?” DeRoche, “I take it I am done? You jumped right in and starting talking.” Moegerle, “Well you asked a question.” DeRoche, “The budget for the EDA is \$133,000. What is anticipated for the EDA?” Davis, “There is \$56,000 is transferred for staff salaries and do EDA functions. Another \$57,000 is unobligated funds, so they can be used as things come up during the year that we would be required to do economic expenditures on. That is where the \$10,000 could be cut from. Then \$34,000 is Professional Service Fees, they pay to host the website \$4,500 and the rest is unobligated. We can cut this, but if the need arises, then a transfer would need to be made from the general fund.” Ronning, “Once a budget is finalized, what is the approval process for those unallocated funds?” Davis, “Anything the EDA proposes to do has to be approved by the City Council. DeRoche, “But, that like everything else, sometimes things just get pushed ahead without the complete EDA’s approval. In fact the last couple meetings, since I was accused of stopping the waterpark project, but it was stopped at the EDA meeting. There was talk about a feasibility study. Once a camel gets his nose under the tent, it doesn’t take much to get the rest under there. I think if some of this stuff was handled at a work meeting first, instead of a City Council meeting and some of this gets hashed out, I think it would be much better. And that just hasn’t happened. Public Works overtime, I think that can’t even be a consideration. You know the first time it snows and we say, sorry, we can’t plow, we cut out the overtime for Public Works. I think the fall out for that is going to be pretty bad. And, I think it could be a safety problem.” Davis, “I totally agree. A lot of these were put in there to show that if there are cuts, there will be deep consequences. There will be issues if you cut the budget so far, other things come into play. If you cut the Public Works overtime, that means they would go out, plow for eight hours and go home and come back tomorrow. The reason we are discussing these, is because we are getting into the categories where these cuts need to be looked at very closely, look at what the consequences are and see if there is value in making those reductions.”

DeRoche, ‘Fire Department Outreach Programs, isn’t that what that shindig was last weekend was?’ Davis, ‘Yes, that is part of it. Probably the biggest part is what do in the schools for fire prevention. And also what they do for recruitment, such as the explorer program, for the future.’ DeRoche, “I will go into more in my Council report. But, it is like the meeting with businesses. We have the assessment and all the money we owe. I can’t blame staff, because you were tasked to come up with a way to pay the money we

owe. But, to stick it with these businesses is kind of like you 13 are on the hook here. People know the project went through. Without it, we wouldn't be sitting here trying to figure out how we are going to come up with 17.5% max on a levy."

Moegerle, "With the Fire Department Outreach Programs, I am looking at Fire.org and their grants and funding. Unlike nails and the solution to every problem is not a hammer, I know we have worked through the SAFER Grant and I am not suggesting that Mark has not looked for grants, but, I would certainly hope that is being done. Because it looks like there are grants and safety programs, particularly for children. I am probably being confused by a contract from December 15, 2010, but in regard to the travel that you are suggesting to be cut, isn't that a part of your contract?" Davis, "No, that is just mileage I turn in for trips that are taken." Moegerle, "I am really concerned about cutting the Professional Service Fees for \$3,000 as well as the EDA for because comp plan amendments, those expenses we don't know about. In addition, I think we need to add into this a membership to Metro Cities. I think that the article in the Star Tribune talked about the need for East Bethel to come to the Met Council and ask for help and I think it was made very clear that Metro Cities can in fact, be an aid to what we choose to do. My suggestion was we cut all budgets by 2% to 3%, and as the public we haven't heard the results of that. And we were each schooled on that privately. I still haven't changed my position on that with regard to certain departments, particularly under our circumstances. But that is a concern to me. I think I made myself clear to the fireworks issue. I did talk to the president of the Chamber and she is interested in finding out what benefits accrue to whoever takes over that \$2,500. At the Parks Commission meetings what we heard from the public is there are no park benches or tables, so here you go. That would be a place where those monies could go, a benefit to the some parks, not all parks. A question I have about the general fund balance transfer, do we have a projection as to what we will have in the general fund balance at the end of the year? Is it \$200,000 or do we have a real number?" Davis, "We are projecting \$200,000 it could be + or -10% but it will be somewhere around there." Moegerle, "Okay, one of the things we discussed at Parks was with regard to Trails is they are usually matching grants. It was discussed with us about Anoka County coming in and doing a Master Parks and Trails Plan. It is matching grant funds and the same way with Met Council through Anoka County. I don't want to see that savaged. I can see reducing it some. I am also concerned about reducing the Parks Transfer another \$25,000. We need to find a happy medium with regard to that. I would rather see you split the \$25,000 between the both of them than reduce the Parks Capital Transfer by 50% it really savages that budget. I think that is a little tough when the Trails Capital Fund hasn't changed." Davis, "The Trails Capital Fund wasn't funded last year and the year before it was a \$5,000 transfer. For two years previous to that it was funded at \$62,500. One thing to consider in Parks also, is we do have a concept plan for residential development that will be paying a parks dedication fee that will go into the parks development fund. That could potentially be a couple hundred thousand dollars. So, there will be some means to replenish this fund through development."

Ronning, "I have been breaking this down by category and then sections within the category and then treat it as how many percent within that category. The biggest item, 34.14% is the pay we get. There is commissions and boards, that is 22% of it, professional service fees is \$12,000, dues and subscriptions \$16,380, that is 19%. I have been looking for the low hanging fruit if there is any." Davis, "In that budget category, the only thing that can be considered is the equipment replacement and the conferences. The salaries are set, the professional's services fees are basically what we pay to the League of Minnesota Cities for membership, the boards and commissions, Sunrise and Upper Rum River Watershed and statutorily we have to pay for those." Ronning, "Dues and subscriptions, \$16,080." Davis, "The League, Alexandria House, and a few others. And professional service fees is what we

pay for Municode.”

Moegerle, “Is there a way we could get this updated through November? What we have is through May. We have expenses through May of 2013 actual. Not as a paper copy, but it would be interesting to see. The other thing is we haven’t talked about opportunity cost. Last year we talked about going paperless. Some of the people on Parks and Planning are very willing to go paperless. It is the opportunity cost. We got a lot of grief last Wednesday that the 2012 Budget wasn’t on there. Are we using our time appropriately. It is the same way with minutes. I spoke with Wendy about the minutes. How long did it take you to get the minutes done? I think the verbatim minutes are extremely costly. I don’t want to micromanage, but are the residents getting what they pay for when the minutes are typed? Or are there other areas that the staff could be working on? And it is a philosophical discussion.”

Ronning, “I spoke with Jack at the last meeting about ongoing utility usage and I think you said that there is a way to, some kind of an energy audit. These LEDs are supposed to run for like 20 years or more. They are expensive, but I am starting to put them in our house, because the cost of running them is way less expensive. Our electric and gas utilities, that is where the biggest savings is at home.” Davis, “And just like at home, energy is a big part of what we pay. We pay it at this building, the public works building, fire stations buildings, the sewer plant, water plant. We did have an energy audit done I think in 2009. It might be time to have one done again.” Ronning, “Do you have timed thermostats? If it is unoccupied then it doesn’t need to be 70 degrees.” Davis, “We do have timed thermostats here at City Hall.” Moegerle, “You have timed thermostats, but everybody has their own fans and own heaters. We can send a man to the moon but we can’t keep an office at 72 degrees. So, the question is are you saving anything by doing that? In general, yes, but when each one has their own heater or fan?” Ronning, “I was thinking about when it was unoccupied.” Davis, “When you come in here on Monday morning, it is usually pretty chilly.” Ronning, “I am looking at some unidentified savings.” Davis, “It has been quite a while sense it has been done. Connexus did the last one, and I don’t think there is a fee for it. We can contact them and see.” Ronning, “Windows and doors would probably be a big one.”

DeRoche, “Trails Capital Fund, there was a comment made about matching grants being available. Well there probably is. But, there is matching grants for a lot of things. So they say you put in a \$100,000 and we will put in \$100,000. We are at the point and we had talked about this with parks, were there are some parks that people just don’t use. It came up at the Roads Commission that there is a major park within three blocks of that place so why would we want to put another park in? Why not take some of that money, does it have to go into land?” Davis, “We don’t want any more land right now, we want to stick by cash for the foreseeable future. I thought we didn’t want trails right now. It is like saying it is free money, but no, it is not. If we are looking at cutting things, such as our part-time seasonal people, who is going to maintain this stuff? As far as opportunity stuff, that makes me chuckle a little bit. I see the verbatim minutes came up again, that should be a dead issue, and it should remain that way for a while. How much staff time was spent on the waterpark? And, then we were told it only cost a postage stamp. But, we had the opportunity to save money. Tom had mentioned something about the newsletter. Hey, some people don’t have it. Look at Harriet Olson, she moved across the street and now she doesn’t have cable, and all she has is the newsletter. We have to keep people in tune with things going on. I got a problem with cutting that out.” Ronning, “Some of these areas the overtime is insurance, you might not want to have it. It is like life insurance, you don’t want to use it, but, it is worth it.” Davis, “Snowplowing is a priority, it is a public safety issue.

The reason it was listed is to show the deep consequences and secondary effects.”

Ronning, “I would really hate to see them go. If you don’t use them, they end up in general fund.” DeRoche, “Wasn’t part of why our rating was up was the way our money was managed.” Davis, “It has to do with the way it is managed. It has to do with our fund balance is over what the state auditor recommends and our overall fiscal policies. Which Council manages and staff manages.”

Davis, “I would like to go over a couple things on this handout, pertaining not only 2014, but also down the road. There is a table labeled levy options for 2014 and currently the preliminary levy was submitted to the County and it indicated a 17.5% increase. That has been decreased to 17.2% and that is reflective of the decrease in personnel costs in Community Development and the replacement of the Receptionist with another person. If we choose to select those line item budget items that I recommended as minimum reductions, that would be a \$44,600 which would be a decrease down to 16.1%. If we took all of those it would reduce \$88,000 and it would take it down to 15.2%. If we took those reductions and combined them with the onetime reduction, which is the 2005B bond fund balance what we anticipate to have is a general fund surplus of over 50% and trails capital fund that would decrease the levy to a 4.8% increase. The one drawback to that is \$464,000 of that is they are one and done. If we use them this year, we take care of a problem, but we will be in the same situation the next year. I would caution us to consider how we use the surplus funds and capital funds, I would recommend that we use them to address issues in 2016, 2017 and 2018. Do what we can to affect as much reduction in this years, and if we can get it down to 15% that is optimistic.”

Moegerle, “This is how I am challenged when I hear that. Okay if you raise the taxes now and you don’t raise them next year, as opposed to ½ each year, I don’t think we really heard about how people feel about it. I don’t know if that is an election based view. I am really torn, as usual I see things both ways. I am hoping in our survey we sent out and that was on the website we get more information.” Davis, “On that survey, we only got 19 responses. So there is no sample size to even go by there. And, I think most people that were hear on Thursday were concentrating on 2014. That is the one that looms. It would be good if we could make those jumps smaller, but if we do, we are going to have to use those resources and we are going to owe 1.3 million dollars over and above these bond payments in 2016 and 2017. If we can keep these funds until that time we would have the resources with SAC and WAC to tackle the issue.”

Moegerle, “Let’s talk about this lateral benefit issue and that is not the way to balance this budget. But how does staff look at that revenue, that has not been summarized on the impact on the budgets?” Davis, “If we adopted the maximum assessment, we would recover about \$90,000 a year over the 20 year term. It is about 20% of what we need this year. If we modify it, it is not going to make or break this thing. It is not a critical component. I did present an outline recommendation for the 2014 budget to consider at a minimum the \$44,600 in reductions for the 2014 budget. And again, Tom has brought up some areas we can look at for reductions, Heidi has brought up some, Ron has brought up some, Bob has brought up some and we need to consolidate these and see what is acceptable. I think we also should postpone any Park Capital Improvement projects for 2014. That doesn’t mean we need to take that money, but from a perception point, it would be better if we don’t do any projects in 2014. Also, look at escrowing 2005B bond fund balance in excess of 50% and Trails Capital Fund to address the 2016 payment. I think we need to escrow all the City SAC and WAC in 2014 and 2015 to address the 2016 payment. Continue to address the 2010 A & B Bonds. Continue working on the political and administrative issues with MCEs that could address our obligations and enhance our

economic development. These are just a very general outline of things that we kind of need to concentrate on. If anyone else has a list or any suggestions, we certainly need to put them on there.” Ronning, “How many more meetings are we forecasting for this?” Davis, “We can do it in one, or we can have a couple more. We have set the date to send it to the county on December 4th.”

Staff Reports Nothing.

– City
Administrator
Council
Member
Report –
DeRoche

DeRoche, “I have a few things I want to address. I have a little handout, Heidi you were giving them away. East Bethel City Council Property Tax Payment for Their Homes. And then at the end how they voted on the preliminary budget, 17.5% tax increase. I guess what I am missing on here is if you were looking for this information, “Bob has that tax, why does he have that tax?” Did you happen to look on the Anoka County website and see that in 2008 the governor signed a bill that was basically a property tax exclusion for disabled veterans? That I filed for and what was excluded was the \$300 for the Coon Lake Improvement District. I am not ashamed that I am a disabled vet, I am proud that I went and served as young as I was. And this is one of the very few things that was offered to vets. Especially of that time era. And I find it a slap in the face to say, “He doesn’t have a problem raising taxes, because he doesn’t pay property taxes.” I would go back anytime and take my service disability and just pay taxes. If you have never been in the service, Tom has, I have discussed this with Tom, and I have discussed this with a lot of people. My biggest thing was, I have had people say, “Gee Bob if you don’t have a dog in the fight why are you trying to save the residents money? Why are you the one that voted against the sewer and water? Which by the way if two other parties would have done that, we wouldn’t be discussing this 17.5% levy we are trying to cover. And between the slander and the Facebook comments, I think this is unbecoming of a Council person. If you want to personally attack me that is fine. But, to do it in a public forum and on social media, I think it does stuff out, you need to get your facts straight. At least give people the opportunity to find out what it really means. I have no problem explaining it to people. In fact, I got three calls before I came here. Apparently there was more than a letter sent out. I said here it is, I have nothing to hide.

On a lighter note, the fire department open house was a great time. Eric floated in the tank in his Gumby suit for quite a while. There was a Chili contest. Jack was in there when I got there. Ron came. I got roosted into being a judge. It was good. Good turnout, the kids had a great time. The weather was cloudy, but it was a good deal. It is unfortunate that we can’t call the 2010 Council and say, “You guys put us here, you figure out the budget. I don’t want to pass it on to someone else. I think people are figuring it out. We have to come up with something, but it has to be a balance. We can’t just stick the businesses with it, we can’t just stick the residents with it. At some point, next Wednesday is that what we decided we are going to do? I would prefer a work meeting, over a special meeting, to maybe come to a consensus, so that when we show up to a Council meeting and we know where we are going.”

Council
Member
Report –
Koller

Koller, “I went to the Fire Department on Monday and they are training on all the new trucks. Went to the Open House. I think we have a Booster Day meeting tomorrow.”

Council
Member

Ronning, “I have had some questions about this service road. There were some issues regarding easements. Has there been any cost changes?” Jochum, “As of right now we are

waiting on MnDOT to finalize our plans and grant. The easements are all done and in place..” Ronning, “Are we on target for easement cost?” Jochum, “The initial estimate was \$300,000 when we applied for the grant. I think we spent about \$190,000.” Ronning, “And I have heard the cost is up about \$100,000 for our share?” Jochum, “We won’t know that until we bid it.” Ronning, “What would happen to the easement fees if it didn’t go through?” Jochum, “We have already signed them, so you would own them. You can’t get the project signed unless you get the easements. You have to move forward at some point and decide to do it or not.” Ronning, “I tried to not do it earlier.”

Ronning, “I was surprised to see this. The only purpose I can see is to make a comparison of the five Council Members. What did you have in mind when you put this together?” Moegerle, “Answering Harley’s question? He asked do all of you pay property taxes. And last week I gave him a copy. Some other people asked. There was no ulterior motive. There are folks that look for them. But I think it is an interesting fact.” Ronning, “It is pretty suspect.” Moegerle, “Why?” Ronning, “If someone wants to know what I pay for property taxes I don’t mind telling them.” Moegerle, “And I don’t think any of us do. But, he didn’t have the access to it.” Ronning, “Harley would have asked me if I paid property taxes. He has never been too proud to ask me anything.” Moegerle, “And you know, I didn’t know what the exact number was so I wrote it down and said you can hang on to this if you like. For whatever it is worth.” DeRoche, “Did he ask for the preliminary tax?” Moegerle, “It was in context to the taxes. So, that was what his statement was at the public forum. He asked for it, I got it.”

Ronning, “Why didn’t you give us copies?” Moegerle, “Because he asked for it. You can have one.” Ronning, “You did it about us, why didn’t you give us a copy? There are other people that have copies.” Moegerle, “Because I am sure you know what it was.” Ronning, “No, I didn’t know what it was.” Moegerle, “If you weren’t interested, why would you ask for it?” Ronning, “If I did something about all of us, I would make sure and give all of us a copy of it. Probably before I made it public. I hope you are uncomfortable about this.” Moegerle, “Not at all.” Ronning, “This is one of those election deals, look at me. It is more than peculiar that you put this together to pass around and don’t let us know. Don’t give us a copy of it.” Moegerle, “Harley asked all of us a question while we were sitting here. And, I respond to peoples requests just like you guys all went over to see about the outdoor stairway, I wasn’t invited. I didn’t know, I didn’t go over there. It happens, it is life guys, give it a break. Somebody asked, I put the information together, its objective, its factual, there are no comments, nothing is said one way or the other, and it answered Harley’s questions.” Ronning, “It is pretty well left up for interpretation. I still don’t understand why we weren’t included in the concept.” Moegerle, “I wasn’t included in the outdoor stairway.” Ronning, “The outdoor stairway came before the City. It was a conscious decision not to bring it up.” Moegerle, “You spend a lot more time thinking about me then I do about you. It didn’t even occur to me.” Ronning, “Who else got copies?” Moegerle, “I don’t know, I will try to remember and put together a list for you.” Ronning, “Thank you for showing that I pay more property tax than anyone else.” Moegerle, “It is public information.”

Moegerle, “What is the status of the noise ordinance? That Ms. Kinsley wanted us to follow up on?” Davis, “We are working on it.” Moegerle, “I was thinking Coon Lake Beach where I live, when there are fireworks if they could be done by 10pm that would be good. What is the status of the emergency response situation for Council. We had Mark here and if all of us die a resident takes over.” Davis, “We thought we would get though the budget process first.” Moegerle, “What is the status of Cell Tower Lease.” Davis, “That will be on the next Council agenda. American Tower has agreed to all the terms that the City

Attorney has recommended. And, they have agreed to put that in the contract.” DeRoche, “And did that include the deletion part?” Vierling, “Yes.” DeRoche, “Alright Mark.”

Moegerle, “The Star Tribune article, Met Council suggested that East Bethel meet with them and ask for what they want?” Vierling, “I am not aware that this is litigation.” Moegerle, “When can we start meeting on that or are we going to wait until the first of the year like it said in the Star Tribune article?” Davis, “We can initiate the contact with them at any time. The pressing issue is this budget. I am sure we are going to have to schedule this out a month in advance.” Moegerle, “I am not sure it would not be bad for them to know about the issues we are having with our budget. At the last meeting, when people came about the tax increase, we had some comments about the website. Could we have this also on the work meeting. Fact that we have agenda and meetings, but not packets. Thinking those kinds of things, are they a functional issue. What can we do.” Davis, “The 2012 Budget is on there. We can post anything that is not available contact City staff.” Moegerle, “At the Park Commission, they are all so quiet. And it brought up the issue they mentioned it was so much more helpful and free flowing if we worked in Booster West. Is there a possibility that we will get videotaping in that room?” Davis, “If we want to spend about \$20,000 doing it.” Moegerle, “What about our franchise fees?” Davis, “As those are replenished, we can look at this.” Moegerle, “At our last LGO meeting, the County Attorney passed out a DVD on Elder Abuse. Do we need to pass a resolution to get that on the cable channel?” Davis, “No I will get that on there.” Moegerle, “I met the manager of Walgreens at Highway 65 and 242. And we got talking about East Bethel and he said his was the last one before Cambridge. He said he was looking at East Bethel and I said we were working on developing on Highway 65 and Viking. So, that is good. Tomorrow is the CLIA meeting. Frankly I don’t have ulterior motives.”

Moegerle, “How about we set the work meeting for 6:30 p.m. on Wednesday, October 23rd.” Ronning, “Sure that will work.”

Ronning, “I have something else. You said that Harley asked about this and the purpose of this was to respond on what our taxes were? Did he ask on how we voted on the taxes?” Moegerle, “He asked do you all pay property taxes.” Ronning, “He knows we do. If he was asking about us paying taxes why would you put the voting record.” Moegerle, “What are you worried about, this is just facts.” Ronning, “Everyone draw your own conclusions, this is just facts. I would respectfully ask that next time you are doing this, let us know you are doing it.” Moegerle, “Call me up and ask.” Ronning, “I am not going to call, I just expect that you will let us know you are doing something like this.” Moegerle, “Absolutely not.” Ronning, “So you are doing it behind our backs.” Moegerle, “I do not report to you.” Ronning, “No you don’t. But, unless I ask you about something I don’t know about, you won’t tell me.”

Adjourn

Ronning made a motion to adjourn at 11:07 p.m. DeRoche seconded; all in favor, motion carries unanimously.

Attest:

Wendy Warren
Deputy City Clerk