

EAST BETHEL CITY COUNCIL MEETING

February 5, 2014

The East Bethel City Council met on February 5, 2014 at 6:00 PM for a special meeting at City Hall.

MEMBERS PRESENT: Mayor Bob DeRoche Ron Koller
Heidi Moegerle Tom Ronning

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

Call to Order **The February 5, 2014 City Council special council meeting was called to order by Mayor DeRoche at 6:00 PM.**

Adopt Agenda **Koller made a motion to adopt the February 5, 2014 City Council Special Council agenda. Ronning seconded; all in favor, motion carries.**

Introduction of State Legislators DeRoche, "We are honored that Senator Michelle Benson and Representative Tom Hackbarth have accepted our invitation to be our guests tonight and discuss legislative and economic development issues that have an impact on and will shape the future of East Bethel.

State Senator Michelle Benson represents District #31, which serves the northern half of Anoka County, along with segments of Isanti and Sherburne counties. Senator Benson has been assigned to the Environment and Energy committee, and the Health and Human Services Division of the Finance Committee. She is also the Ranking Minority Member of the committee for Health, Human Services and Housing.

State Representative Tom Hackbarth serves House District 31B, which is comprised of the communities of East Bethel, Linwood, Columbus, and Ham Lake, and portions of Oak Grove and Andover. Representative Hackbarth is a Republican-Lead on the Environment and Natural Resources Policy, and is also involved in the committees for Energy Policy; Environment, Natural Resources and Agriculture Finance; and Ways and Means.

DeRoche, "Thank you for coming and welcome to East Bethel."

Legislative Discussion with Senator Michelle Benson and Representative Tom Hackbarth Davis, "As the next legislative session begins on February 25th, the City of East Bethel is very interested in being briefed on and informed of the funding priorities and issues that will be considered by the Legislature. As a City, we have a strong interest in what is happening at the State level and have needs we feel are relevant for consideration for assistance. The priorities that we wish to discuss with our Legislators on February 5th are as follows:

- **East Bethel Water and Sewer Project** – As you are aware, the City of East Bethel is involved in a sewer and water project that was approved by an outgoing City Council in 2010 and had limited public support. The financial feasibility of this project has been in question since its conception and the impact of the debt of this project, coupled with the lack of growth upon which the projects financial pro forma was predicated, is now being placed upon the taxpayers of the City. The 2014 City Levy increase of 15.1%,

required to pay just the bond interest on this project, is evidence that the project is not sustainable from a standpoint of revenue generation. The City is seeking information on and support for bonding bill assistance or economic development grants to assist us in our efforts to address this financial challenge.

- **Transportation Needs** – Transportation is a critical part of the future development in the City of East Bethel, particularly along the Highway 65 corridor. In order to stimulate development along this Corridor, it is very important that we work with MnDOT to provide access to properties that can be developed with high density uses. A particular area of concern is the area in the vicinity of the intersection of Hwy 65 and 187th Lane. This is an intersection that was planned to be signalized by MnDOT both in 2001 and in 2006. However, in MnDOT's most recent Congestion Management Safety Plan, the intersection of 187th Lane and Hwy 65 is no longer included as a priority and is not even mentioned in the plan. The City has met with MnDOT officials and we were told that it is the current intent to limit signaled intersections on Hwy. 65 as much as possible. While we respect MnDOT's vision of Hwy 65 as future freeway, we do not believe that we should be required to have our access to this vital transportation route on hold for the next 30 to 50 years while we wait for the construction of interchanges on this route. Signaled intersections are essential for traffic safety, an interim solution to traffic management and an immediate need as a stimulus to economic development on Hwy 65 in East Bethel.
- **Agency Partnership/Funding** – The City would like to take advantage of funding opportunities at the State level and would like to have a discussion about how to best improve our relationship with DEED, MnDOT, and Greater MSP. In addition we need your support and advocacy to encourage these agencies to invest and steer development opportunities to East Bethel.
- **Other Concerns or Issues**

The City is seeking input and direction from Senator Benson and Representative Hackbarth as to means to address these issues.”

Benson, “The legislative session is starting February 25. There will be a bonding bill this year and the Governor has set out his proposals. The House and the Senate did have some strong opinions on bonding. The bullying bill will come back and citizens should get involved in that. Minimum wage is being considered. That will come up again. Everything will move fairly quickly this session and there are hopes to get out quite early. There will be some education reform and some human services policy dealing with the sex offender program. The Federal Government has asked the State to make changes in the sex offender program. Difficult decisions will be made.”

Tom Hackbarth, “I am curious to hear what the Session has to say. They want to start late and end early. The deadlines will end about the first of April. Michelle did a good job of covering hot topics. MNSURE is something that should be thrown out and started over. The bonding bill is something that has to get done this year. \$800 million bill deal was made this year. The word has already been broken. The Governor has already said it would

be a \$1 billion dollar bonding bill. It will be a hard time to get Republicans to vote on that. They will have hard time getting out. The beverage container deposit will be pushed. There are going to be a number of things addressed. I was on a panel about the gas tax. There are very controversial topics and I don't see it ending soon or good. Is there anything you have heard about or would like to talk about?"

Davis, "I want to thank both of you in addressing the Sandhill Crane clear cutting issue. Thank you so much for that. We would like to talk about the Sewer and Water Project. As you are aware, the City of East Bethel is involved in a sewer and water project that was approved by an outgoing City Council in 2010 and had limited public support. The financial feasibility of this project has been in question since its conception and the impact of the debt of this project, coupled with the lack of growth upon which the projects financial pro forma was predicated, is now being placed upon the taxpayers of the City. The 2014 City Levy increase of 15.1%, required to pay just the bond interest on this project, is evidence that the project is not sustainable from a standpoint of revenue generation. The City is seeking information on and support for bonding bill assistance or economic development grants to assist us in our efforts to address this financial challenge."

Tom Hackbarth, "I don't know of an issue or project like this, and don't know if individual cities have come to the House or Senate to get bailed out by someone. Your project is all done and a huge burden. I haven't heard about a bail out at the Capital. You could write a bill to get included in the bonding project. Coming up with money from the State, I don't know. There are grants but they do cover some of these things in emergency situations. We can talk to different departments to see if there is something."

DeRoche, "Why hasn't there been legislation introduced so another city council isn't put in this same situation. So a lame duck council doesn't tie the hands of another council."

Hackbarth, "We could draft legislation on that. Maybe we can pass something like that."

Moegerle, "I was appointed to the LMC legislative committee, and have brought up the point there and it didn't gain any traction. They couldn't find something that wasn't too restrictive. They struggled with my ideas."

Hackbarth, "You will need to have the LMC on board with you."

Moegerle, "In one of their legislative sessions they had a presentation on the City of Tamarack. They were bailed out on a particular issue."

Hackbarth, "It might not have been the same amount of money."

DeRoche, "We are not looking for getting the entire thing bailed out."

Hackbarth, "For your situation your in right now, I don't see anything out there."

Moegerle, "We have talked about the Met Council. Is there a Chinese wall around this? Does it cross some lines?"

Hackbarth, "No, the legislature oversees the Council."

Moegerle, "The population projections you have are way out of line. I didn't have any traction with our Met Council representative. It is a tough situation to be in."

Hackbarth, "It all depends on who is in office."

Ronning, "You are kind of limited to what you can say. You do something for the middle kid, and you need to do it for the older kid and younger kid."

Hackbarth, "This is a pretty unique situation."

Ronning, "We had a 15.2 levy increase over and above."

Davis, "Our population has declined since 2007/08."

Ronning, "There aren't a whole lot of people who are happy about this. If people get to the point where they can't afford this, if the revenues decline significantly, how would the state look at a failing City. We are not in that shape."

Hackbarth, "There are cities that are failing. We always want to see economic growth. We want everyone to do well. It isn't favorable for anyone when those things happen. State of Minnesota help bail us out, so we don't go broke, is a stretch."

Ronning, "Are you aware of any kind of direction that a community like that could be guided towards?"

Hackbarth, "I don't know of a solution. I have tried to find a program for cities in this situation and haven't found a solution."

Ronning, "You are on the Ways and Means committee. What is the potential for infrastructure in the State? What equates to jobs? If anyone can find a road without holes. So many of the roads are in bad conditions."

Hackbarth, "The pool of money, we have plenty of money at the State level for roads. It is the way the money is being handled. In my opinion the gas tax money shouldn't be going for transit. I have been trying to get an express bus to East Bethel. I believe in buses, the trains are a bad deal. The money could be spent on roads."

Ronning, "Train transportation, are we breaking even?"

Hackbarth, "No, it is a huge subsidy. I don't know the exact numbers. We will never break even on transit."

Moegerle, "I met a person from Chaska at the League of Minnesota Cities Conference, and there is a whole lot of money going to the southwest metro for transit. What is that dynamic and how do we change that?"

Hackbarth, "It has to come from the Governor. If you get the right transportation commissioner, that can change. Transportation dollars have to be appropriated by the legislature, but the Department of Transportation has a plan or formula on how the dollars are allocated. The Commissioner can manipulate and work the monies in different ways. Sometimes the legislators can get special things done. Deals do take place."

DeRoche, "Touching on that point, where are the checks and balances? When putting together East Bethel's project, and the numbers didn't balance, where was someone at Met Council checking the numbers from East Bethel? Dealing with Transportation monies, where are the checks and balances to ensure too much money doesn't go to one area? If you put a multimillion dollar water reclamation plant in our city and then you won't put transportation monies in the same area."

Hackbarth, "It is the administration, the Governor. If they aren't doing something right, we

can put in a bill to change something. The legislative auditor looks at things if they aren't appropriating things out correctly. You have probably seen the legislative auditor on the news on a number of things."

Benson, "The Governor appoints the representatives to the Met Council. The administrator from the Met Council and staff impacts the decision-making. The members of the Council set high level policies, transit and transportation dollars from the Met Council. Things ending up being skewed to the Met Council. They have a very strong voting block. The Met Council then takes those projects and moving forward. That is why it is happening in the Southwest metro. You need to keep your eye on the administration, and not just the Council."

Ronning, "When we had a meeting with Met Council, it was with staff."

Benson, "What you will find, is that staff makes decisions. They did not do the math right. They didn't listen to people in the community. It is impossible to hold people in an agency responsible. They have all the responsibilities and none of the blame. We will do our best to things to make things better. If we can hold Met Council responsible, and reprimand them we will. We have never been down the path of bailing out a city in this situation."

Davis, "We realize there is no bail out. We would like to let you know that we want to work with our legislators to promote economic growth."

DeRoche, "In our meeting with Met Council, there is nothing they can do about the bonds. The way the whole thing was figured out math wise just doesn't make sense. There was a feasibility study and feasibility studies make me chuckle. You can skew them any way you want. They have admitted they wouldn't do East Bethel the same way again."

Moegerle, "Now they have corrected their population projections. They have given us projections saying the people aren't coming here. What we need is not something they can deliver to us. They can't make us immediately desirable. Can they deliver things that would help with the problems from the bonds?"

Benson, "I would like to see the list of things the Met Council is doing to make this more difficult."

Moegerle, "We had some grants and loan programs. That is the issue, yes loan programs would help. How do we get those to be accepted and utilized?"

Koller, "Back in 2010 before this was bought up to the City of East Bethel, I told the Council to put it on the ballot. I think a City of this size should have to have it on the ballot. To protect other cities from what happened to us, there should be something put in place."

Benson, "What kind of power can we give to cities. Again the League of Minnesota Cities is going to be a helpful resource. Has it been tried in other states, or locations?"

Moegerle, "We 'as the League' like to do legislation that allows the cities to elect to do certain things. They didn't want to come across as mandating during lame duck council they don't do certain things. They were really taken aback by the audacity of what it would take for them to do. It would probably be very good for them to hear it from you."

Ronning, "It is our job to address these problems. We are stuck with generic answers. If there is any subtle guidance, can you contact the Mayor on these issues?"

Benson, "You can have the Met Council Rep advocate for this region. That would be a reasonable first step."

Moegerle, "One of the things that is difficult is that they have their day jobs and have an appointment to the Met Council. Our Rep is a very busy man, and we are seldom on his radar. The Metropolitan Council appointment process is a great boon, as far as being taxed by Metropolitan Council and then have our representative appointed to us. It is very difficult to feel that East Bethel is top priority. It is just a matter of the representatives have their own jobs."

Benson, "They aren't really accountable to local elected officials and that is due to the structure of the organization."

Davis, "Transportation is a critical part of the future development in the City of East Bethel, particularly along the Highway 65 corridor. In order to stimulate development along this Corridor, it is very important that we work with MnDOT to provide access to properties that can be developed with high-density uses. A particular area of concern is the area in the vicinity of the intersection of Hwy 65 and 187th Lane. This is an intersection that was planned to be signalized by MnDOT both in 2001 and in 2006. However, in MnDOT's most recent Congestion Management Safety Plan, the intersection of 187th Lane and Hwy 65 is no longer included as a priority and is not even mentioned in the plan. The City has met with MnDOT officials and we were told that it is the current intent to limit signaled intersections on Hwy. 65 as much as possible. While we respect MnDOT's vision of Hwy 65 as future freeway, we do not believe that we should be required to have our access to this vital transportation route on hold for the next 30 to 50 years while we wait for the construction of interchanges on this route. Signaled intersections are essential for traffic safety, an interim solution to traffic management and an immediate need as a stimulus to economic development on Hwy 65 in East Bethel."

Benson, "I would be happy to have that meeting to discuss the transportation need."

Moegerle, "They were going to add another lane on 35W, where is that in the discussion. That would really disrupt transportation for East Bethel."

Benson, "They were talking about another MnPass lane. It would not come this far north, I don't believe."

Ronning, "Last year the budget was balanced."

Benson, "The budget has to balance every year. The school shift has been paid off and there are excess funds in the projections."

Ronning, "That is interesting to know."

Davis, "I would like to point out the uniqueness of our situation. We would like to ask for assistance in dealing with other State agencies, such as DEED. We would appreciate your assistance in explaining our case."

Benson, "We have very good staff, and they see a broader view of government and they do a lot of research. It might be your first time through and we will make recommendations,

and help you though.”

Ronning, “About Hackbarth’s commented on completed projects. What about non-completed projects, would you be willing to speak about that with the Mayor?”

Hackbarth, “I have legislative meetings with lobbyist and department heads in my office all the time.”

Ronning, “If there is an issue, would you facilitate a meeting prior to a project?”

Hackbarth, “I would facilitate the meeting, Senator Benson and I would be willing to do that. I do that all the time. When you’re saying there might be something you want to bring forward then let’s get a little meeting together.”

Ronning, “There are a number of things that would promote growth. It is almost like you’re stuck in the mud with this problem. Your comment gave me some ideas.”

Benson, “The Sandhill Crane is an excellent example of what we are talking about. There were disagreements and Departmental priorities that had to be adjusted. Start the conversation earlier rather than later and that way everyone knows what is going on.”

Moegerle, “In the worse case scenario if the city wanted to try to a legislative approach, for future legislative sessions, what would be the time to put a proposed bill to have you sponsor.”

Benson, “For bonding, it can take a very long time. The St. Cloud Civic Center was put together in 2009 and still isn’t done. If you want something for 2015/16, let’s start after the election.”

Hackbarth, “If it is a bonding issue, the sooner the better. Sometimes they pass but then they can get line item vetoed. It all depends on the situation and the issue. The sooner the better.”

Moegerle, “We have an excellent staff, with regards to lobbying, do we need a lobbyist?”

Hackbarth, “The League of Minnesota Cities is your lobbyist. They might draft something and get your approval. You can come to us first. Then we will have to get the League of Minnesota Cities on board with it. You might be asking for something that neither of us agrees with. It all depends on the situation.”

Benson, “Anoka County is very good at having the County Commissions come down and lobby for the issues. If we work on draft legislation, get us on board as early as possible. If it something that is going to change policy statewide, it will take a while.”

Hackbarth, “It is not easy to get things passed. The item can die anyway and could also get vetoed by the Governor. We talked about Metropolitan Council and there are a lot of different times where the State of Minnesota doesn’t hold people accountable and there numbers are not correct. You go through all these different things. The voters are the ones that hold us accountable.”

DeRoche, “We will have staff send you information on what the numbers are.”

Benson, “I am glad you have moved past fighting and are looking for solutions.”

Adjourn **DeRoche made a motion to adjourn at 6:55 p.m. Koller seconded; all in favor, motion carries unanimously.**

Submitted by:

Jill Anderson
Recording Secretary