

EAST BETHEL CITY COUNCIL MEETING

March 5, 2014

The East Bethel City Council met on March 5, 2014 at 7:30 PM for their regular meeting at City Hall.

MEMBERS PRESENT: Bob DeRoche Ron Koller Tim Harrington
 Heidi Moegerle Tom Ronning

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

Call to Order **The March 5, 2014 City Council meeting was called to order by Mayor DeRoche at 7:30 PM.**

Adopt Agenda **Ronning motioned to adopt the agenda with no additions. Koller requested to add the supplemental bill list and a request for a gambling permit for the Cedar Creek Community School PTO to the agenda. Ronning withdrew motion. Koller motioned to add the bill list and the Cedar Creek School PTO request to the consent agenda. DeRoche seconded; Moegerle, “where would they be added”. Koller said G is the supplement payment and H for application for gambling. All in favor, motion carries unanimously.**

Public Forum No public comments.

Consent
Agenda

Item A
Bills/Claims

Item B

Meeting Minutes, February 19, 2014 City Council Meeting
Meeting minutes from the February 19, 2014 City Council Meeting are attached for your review and approval.

Item C

Resolution 2014-07, Declaring 2006 Jacobsen HR 6010 Mower Surplus Property
The 2006 Jacobsen HR 6010 mower has outlived its useful scheduled service life. Because it often requires numerous repairs and the difficulty associated with obtaining replacement parts, the mower is no longer a reliable and efficient piece of turf maintenance equipment. This is a scheduled replacement and budgeted for in the Equipment Replacement Fund.

Staff recommends adoption of Resolution 2014-07, Declaring Jacobsen HR 6010 Mower Surplus Property and directing the equipment to be used as trade-in value.

Item D

Purchase John Deere 1600 Mower-Equipment Replacement Schedule
As part of the City’s Equipment Replacement Program, the 2006 Jacobsen HR 6010 wide area mower is scheduled for replacement in 2014. This is a regular replacement for this item. This piece of equipment has reached the stage in its service life where the maintenance costs of this mower are becoming excessive and are approaching the value of the machine. Due to the lack of a local dealer, replacement parts are expensive and take longer to receive compared to other models. Due to higher maintenance costs, increased down time and lower productivity of this machine, City staff recommends that we replace the 2006 Jacobsen HR 6010 wide area

This mower is the main piece of equipment for maintaining the City’s parks and public grounds.

Staff has checked state contracts for wide area mowers with a minimum specification of an eleven-foot mower deck. This is consistent with our needs and similar to the replaced piece of equipment. From a review of the State Contracts for this type of mower, we have identified the John Deere 1600 as the unit that best matches our requirements. With numerous local vendors, access to parts and service is also the best match for the City’s needs.

Funds for this acquisition are provided for in the Equipment Replacement Fund. Funding was budgeted at \$44,000 for replacement of this mower in 2013. Staff decided to push the replacement date out an additional year to 2014. The salvage/trade in value of the Jacobsen HR 6010 is \$5,000. The cost for the new John Deere 1600 is \$48,913.60 on the state contract. The total cost for this machine less the trade in of \$5,000 is \$43,903.60. Funding is available from the City’s Equipment Replacement Fund.

Staff recommends the purchase of the John Deere 1600 wide area mower. This equipment will meet our current and future needs and has a projected service life of ten years.

Item E

Resolution 2014-08 Declaring April 26, 2014 Arbor Day in East Bethel

The Park Commission and staff are continually working on ways to improve the City’s park system. The Park Commission has recommended applying for a Tree City USA award. One of the requirements for the award is to have an Arbor Day resolution from the City Council and an event held to celebrate the occasion. Applying for the award would not require any additional funding or City resources with the exceptions of staff time to fill out the application and the cost of a tree to plant on Arbor Day.

The Park Commission and staff have discussed holding an Arbor Day celebration in Booster Park on April 26, 2014 at 10:00 am, which is also the Spring Recycle Day. The local scout group that has adopted Booster Park would be invited to attend and help with a tree planting to replace trees that have been lost to disease and wind within the park.

Staff recommends adoption of Resolution 2014-08 Declaring April 26, 2014 Arbor Day in East Bethel.

Item F

Fee Increase for Prime Ice Time for the City Ice Arena

Even though the Arena Fund is now in a positive cash position as a result of the cell tower lease fees and improved management, revenue from the Arena has declined over the past three years. Revenues, excluding concessions and tower lease payments, have fallen from \$224,824 in 2011 to \$209,382 in 2012 and to \$202,102 in 2013 while hourly rates for ice rental have remained constant at \$185/hr. for prime time rental and \$140 for non prime time rental.

The rates for arenas in neighboring Cities are as follows:

<u>City or Entity</u>	<u>Prime Rate</u>	<u>Non-Prime Rate*</u>
Isanti	\$190/hr.	\$140/ hr.
Andover	\$192/hr.	\$145/hr.
Forest Lake	\$200/hr.	\$140/hr.

*Non-prime rate hours vary but generally cover the times between 6-8 AM to 2-4 PM on Monday through Friday.

Due to the need to generate additional revenue to cover expenses at the Arena, Staff recommends the adoption of Resolution 2014-09, which would increase the prime time hourly rate for ice rental to \$192/hr.

Items pulled:
Moegerle requested B and C be pulled.
Ronning requested F be pulled.
Koller requested D be pulled.

DeRoche made the motion to approve the consent agenda with items B, C, D and F pulled for separate discussion. Ronning seconded, all in favor, motions carries unanimously.

Item B: Meeting Minutes, February 19, 2014 City Council Meeting

Moegerle, "I pulled B, because I didn't vote on one of the motions. It is page 28 right before the Council reports. I didn't vote to recognize the appointment of Tim Harrington and I wanted that to be noted. **I ask that the minutes be adopted as amended.**"

Koller seconded. All in favor, motion carries unanimously.

Item C: Resolution 2014-07, Declaring 2006 Jacobsen HR 6010 Mower Surplus Property

Moegerle, "I pulled C for the purpose that, this is an expenditure of 1% of the operating budget of the City. Why has a 2006 mower come to the end of our useful life. Why we are going to spend 1% of our budget on this piece of equipment?"

Davis, "This piece of equipment was purchased in 2006. It was never suited for the application or the conditions that we have here. It is generally used for finer turf but we mow sandburs and weeds. The mower was slated for replacement in 2013 but we extended it out to 2014 to get another years life. Another reason we want to replace it this year is there will be new emissions requirements in 2015 which will, as reported by the manufacturer, increase the cost by up 22%. By purchasing this year we can save approximately \$10,000 over next years price increase. In addition we've spent approximately \$10,000 on maintenance on this machine over its 8 year lifespan."

DeRoche, "I looked at the equipment last year. Parts availability is tough. This mower was not made for rough cutting and to keep this machine is going to be putting good money after bad. You get what you pay for"

Ronning, "Reel type mowers are for golf greens."

DeRoche, "They also use it on nice fairways."

Moegerle, "Who made the motion?"

Ronning, "It is like taking a Cadillac through the Grand Canyon. It should never been purchased."

Harrington, "I went over and looked at it Monday. It has to be serviced in Chanhasseen. The parts are obsolete. Tom says it is a mower for golf courses."

**DeRoche motioned to approve to approve C. Koller seconded.
All in favor; motion carries unanimously.**

Item D: Approve Purchase of John Deere 1600 Wide Area Mower

Ronning, "I think that is a ridiculous amount of money for a lawn mower."

Davis, "The 2006 Jacobson was almost the same price. It is a wide area mower. It mows 9 feet. It has a larger horsepower engine and will mow at higher speeds. It is a rugged constructions and was bid on the State Contract. That is the going rate for these types of machines. This will mow much more property more efficiently and has a much higher productivity than the 60 and 72" ZTR's that we use in conjunction with the wide area mower.

**DeRoche motioned to approve the purchase of John Deere 1600 wide area mower.
Ronning seconded.**

DeRoche, "We have to get a mower. Is this a commercial grade mower?"

Davis, "Yes, it is."

DeRoche, "Some of the lighter weight John Deere machines are not commercial grade. What is the life expectancy? Will we be able to change the oil? Change the blades."

Davis, "We do the maintenance.

Ronning, "Is this a diesel?"

Davis, "Yes."

Koller, "Does it have a cab?"

Davis, "No."

DeRoche, "You get what you pay for. You can buy something not so good and you get what you pay for it."

Ronning, "Ron what did you pay for the 3000 series with the loader?"

Koller, "\$18,000."

Harrington, "The cost for emissions requirements are going to go up next year, so the amount will increase next year."

Davis, "There is no argument that it is a lot to spend on a mower. We will get a lot of life out of it."

Ronning, "How and when are we going to pay for it?"

Davis, "We have an equipment replacement fund to pay for this. It won't have an impact on the general budget. We won't have to increase the levy for this."

Ronning, "Do you see any impact on this budget or future ones?"

Davis, "No this will not impact this budget or future budgets as we have the funds already set aside".

All in favor, motion carries unanimously.

Item F: Amending the 2014 Fee Schedule

Ronning motioned to approve Resolution 2014-09 Amending the 2014 Fee Schedule. DeRoche seconded.

Ronning, "This has to with the Ice Arena and fee. Are we comparable with the other ice arenas?"

Davis, "We are the cheapest in the area. Some of the other facilities are nicer, such as the National Sports Center. On your update on Friday, you will get some options on the Ice Arena. One of things we have to do is raise our rates to make it current with other areas. There will be other recommendations in the report. We can have it be a discussion item at a later meeting. Currently we allocate the revenue for the tower to the arena fund. We want to separate that from the arena fund
And use some of that for the sewer and water bonds. The assignment of this money is what is keeping the arena in the black. We need to make sure it breaks even. I will have it in a report for you Friday."

DeRoche, "I don't have a problem raising the rates. It has been a thorn in my side since we bought it. I thought it was always making money when I came on the Council. I didn't know the cell tower was keeping it in the black."

Davis, "We would propose to raise the rate by \$7.00 per hour from \$185/hr. to \$192/hr."

Ronning, "We aren't pricing ourselves out of the game. It would be nice to know who is using the rink."

Davis, "We aren't. We are providing the facility for use for people in other cities, such as Oak Grove, St. Francis. We don't need to subsidize this function for use for others outside of the City."

Moegerle, "I am fine with raising the rates once, but not raising them twice. Now you are raising fees on it twice. I would like it to be more streamlined and do it once. We are also talking about the RFP. Does the rate matter to the folks with the RFPs?"

Davis, "I am sure whoever we will contract with will want to see the cheapest ice rink times,

so these times will be easier to sell. We want to raise it for one time. Please read my report and we can discuss it. They are totally separate issues. We need to raise the rate now, so we are in ball park with the other areas.”

Moegerle, “What type of rate will you suggest later?”

Davis, “If we move the cell tower revenue, we need to look at what we need to balance this.”

DeRoche, “We gave the concessions up, because that wasn’t doing any good. It’s not that I don’t want kids to skate but If we are subsidizing so the kids around us can skate then we need to take another look at it.”

Davis, “Everyone here would like to see it stay open. But we can’t afford to subsidize it any longer.”

Moegerle, “I just have a problem with raising it twice.”

Davis, “We need to raise the rates to generate the revenue. We are looking to stay competitive.”

Ronning, “Are we looking at different management?”

Davis, “Yes, I am not as concerned with price they submit to do the management as long as we are guaranteed enough income to at least break even. We want to make sure they generate x dollars of revenue to make up the cost of running the arena.”

All in favor, motion carries unanimously.

New Business
Traffic and
Motor Vehicle
Ordinance,
Section 70-111

Background Information:

On October 2, 2013 Becky Knisley, 23250 Sunset Road, requested City Council to consider amending Traffic and Motor Vehicles Ordinance, Section 70 to address noise and hours of operation of dirt bikes. The City has received previous complaints from residents in other areas regarding this same issue. This Ordinance was discussed at an Ordinance Committee meeting on October 28, 2013, but no consensus was reached at that meeting. Staff has looked at this Ordinance and is recommending the following changes:

70-110 Definitions

- Changed Motorized dirt bike to Off Highway Motorcycle (OHM) – this is to make the language the same as the Off Highway Vehicle regulations of the MN DNR.
- Added definition for race track

70-111

- Under No. 1 – proposal to change lot line setback from 50 ft. to 100 ft. and dwelling units from 100 ft. to 200 ft.
- Under No. 3 – added language for non residents
- Under No. 4 – Added No at the beginning of sentence
- Under No. 6 – Left two (2) hours of operation unchanged, and changed language from one (1) hour to two (2) hours of no operation
- Under No. 8 – Added language regarding race tracks
- Other considerations - The Council could look at adding language for an Interim Use

permit (IUP) for race tracks

Staff recommends Council consider the changes, and if approved, directions to publish.

DeRoche motioned to table this to a work session. Ronning seconded.

Moegerle, “Wanted to know if the motion to table could be clarified and why do we need to come back again to discuss this.”

DeRoche, “There is a motion to table and a second and therefore there is no discussion”.

All those in favor, DeRoche, Koller, Harrington and Ronning-Aye; Moegerle-Nay; motion carries.

Manufactured Home Ordinance, Section 34-183

City Council received a request from Nancy Krueger, owner of property at 18467 Lakeview Point Dr. to consider amending the Ordinance regulating recreational camping vehicles. The Ordinance Committee discussed this matter at a meeting on October 28. This property is zoned R-1 and has a property tax classification of seasonal recreational residential-non C. The property is 0.2 acres. Ms. Krueger is requesting the Ordinance be amended to allow the placement of her recreational camping trailer on this site.

We have references to Travel Trailer and Recreational Vehicles in several places in our code. Any modifications that are done in one section of the code should carry forth into other relevant sections of the code also.

Under Article 34 – Floods, we address the placement of Travel Trailers. However, that is only in those areas that are on the general flood map. This should be changed so that it applies and should also be included in Article II, Chapter 38-20 as additional items. The proposed language in Article 34 and Chapter 38-20 should be the same. We should also include the same language in Appendix A, Zoning under General Development Regulations. This will keep the information consistent from one section of the code to another. The Changes in Article 34 could be as follows:

Article 34, (3) a. 3 – Additions provided by the City Attorney

Article 34, (3) b. 1 – Additions proposed by City Attorney with the Staff addition of Property Tax Classification status as Seasonal Recreational – vacant and improved as a condition.

The definition of Recreational Vehicle/Travel Trailer should be included in Definitions section of Zoning Code Appendix A, Article 34 and Chapter 38.

Attached are maps that locate all the properties in the City that have a tax classification of Seasonal Recreational. Even though there are sanitation requirements in the proposed amendment to this Ordinance, allowance of placement of recreational camping vehicles on these properties could create consequences that have a greater impact than simply addressing the situation of an individual property owner.

Staff recommends Council consider the changes, and if approved, direction to publish.

DeRoche motioned to table this issue and discuss it in a workshop. Ronning seconded. All in favor, DeRoche, Koller, Harrington and Ronning-Aye; Moegerle-Nay; Motion

carries.

Johnson
Street Service
Road

As discussed at the January 22, 2014 City Council Meeting, MnDOT was in the process of reviewing the eligibility of the grant for the service road project. Initially, the City received notice that a maximum grant amount of \$702,000 was awarded for this project.

The attached memo dated February 27, 2014 from Phillip Bergem provides a summary of MnDOT’s final decision on the grant award. MnDOT considers only the segment of service road from 219th Avenue to 221st Avenue to be eligible. The eligible cost is estimated to be \$574,000. The City can secure the remaining \$128,000 in grant funds by providing access control along Trunk Highway 65. Access control would restrict access to Highway 65 from the adjacent parcels. Once the access control documents were executed by the landowners, they would be deeded to MnDOT.

If the project is to move forward it must be awarded before June 30, 2014. Staff is requesting direction on how the Council wants to proceed on this project. Three possible options would include:

- Option 1 – Notify MnDOT that the City will not be moving forward with the project.
- Option 2 – Obtain access control along Trunk Highway 65 to maximize the grant amount of \$702,000 and proceed with the project as originally planned.
- Option 3 – Accept the \$574,000 in grant money and construct the service road from 219th Avenue to 221st Avenue only.

The current estimated total costs for this project are as follows:

Construction Cost	\$ 1,089,036
Easement Acquisition Costs	\$ 203,500
Overhead and Contingency Costs	<u>\$ 160,000</u>
Total Project Cost	\$ 1,452,536

If only the segment of service road from 219th Avenue to 221st Avenue is constructed at this time. The total cost of \$1,452,536 would be reduced approximately \$530,000 or to a total of \$922,536. To date a total of \$262,397 has been spent for easement acquisition and preparation of plans and specifications.

Fiscal Impact:

As of February 2, 2014 the City’s Municipal State Aid Construction Fund balance was \$1,451,072.93. Whether the project moves forward or not, the current expenditures of \$262,397 are reimbursable from the City’s Municipal State Aid Construction Fund. If the City moves forward with Option 2 or Option 3 the amount that would be financed from the Municipal State Aid Construction Fund would be \$750,536 and \$348,536 respectively.

Staff is requesting direction from Council regarding moving forward with this project.

Ronning motioned to suspend all activity and try to recoup easement cost. Koller seconded.

Moegerle, "Can you explain?"

Ronning, "It would be two blocks and this is an expensive cost."

Jochum, "It is based on engineers estimates and these two blocks are the most expensive segment of the project."

Ronning, "There are two residents to get signed on."

Jochum, "MnDOT Is trying to get access control. They are trying to get signatures. That \$128,000 cost is gone for sure, if we don't get them signed."

DeRoche, "How much is in the easements?"

Jochum, "\$203,500 was for easement acquisition."

DeRoche, "No matter what happens with the project, we own the property."

Davis, "The only way we can recoup the costs if we discontinue the project and then we would have to have all the property owners agree to sell back. However retaining the right of way is investing in the future road. If the property owners refuse to do it, we are left in the cold. I'll try to tell how this process happened. Originally the MnDOT regional office awarded the project and we proceeded based on that award from their Regional Office. The central office didn't agree with how it relates to the cooperative agreement grant. When it got kicked upstairs, they changed the rules of the game and denied funding for the southern half of the project long after we had incurred costs."

DeRoche, "I haven't been in favor of this from day one. I would rather to see us focus on the sewer and water district. Maybe do something along 189th."

Davis, "The only thing we could apply would be on the east side, to make a right in or right out. 189th wouldn't apply to the cooperative agreement grant?"

Jochum, "That would not be eligible for the cooperative agreement."

Ronning, "If we go with the lease agreement, we forfeit the easement and get the access. We get the extra change at the end of the deal if they sign over the easement. We pay for the easement and deed it to MnDOT."

Davis, "If we want the cooperative agreement grant, we must get the deeded agreement that will not allow or request access to Hwy 65."

Jochum, "MnDOT is trying to get the City the remaining money. It will happen naturally."

Ronning, "The cost is higher."

Jochum, "That includes all the removal on Hwy 65, the storm water, it is already stubbed to go to the south. Even though the distance is not the same, and a lot of Hwy 65."

Davis, "This includes the connection and turn lanes, and also extra grading."

Ronning, "A comparison is you go to Vegas, and you keep investing and you don't get any place. The future we want to plat it. The future is from now to 3000."

Moegerle, "It opens area for development. Municipal State Aid money is not always there. You can't use it for repairing roads. If we use MSA funds on the south side of the corridor by Black Bear. That is an area we need redevelopment. This is valuable. It has great appeal with future development."

DeRoche, "We have the easements, it could be developer driven. I was at the Roads Commission meeting when it came through, when we have so much more to focus on in the sewer and water area. It's the build it and they will come proposition again. If we have the easements, we don't have to purchase them again. Maybe a developer will want to put in the roads. We would have the easements for it."

Moegerle, "Isn't going to be more expensive in the future? Are they use it or lose it?"

Jochum, "They don't want your funds to go to a certain level. We have Lincoln, Laurel and Longfellow on the schedule. We have enough to do both projects."

Koller, "We have the easements and there is no interest in development. At this point in time, no."

Ronning, "This is 90% is farm land. If we didn't sell it back to them, it goes down the middle of the field. They might be interested in renting our land for their crops. What would be cost for the City?"

Jochum, "It's the engineers estimates and they are based on comparable projects and current bid prices. I am usually fairly close on my estimates."

Ronning, "How close is this to what we had to increase the levy?"

Davis, "The price is twice the levy increase."

Ronning, "This is a road to nowhere. Especially now that we know it is double what the assessment was. I don't know anyone who will pat us on the back."

All in favor, DeRoche, Koller, Harrington and Ronning-Aye; Moegerle-Nay; Motion carries.

DeRoche motioned to select Option 1 - Notify MnDOT that the City will not be moving forward with the project, Koller seconded. All in favor, DeRoche, Koller, Harrington and Ronning; Moegerle-Nay; Motion carries.

Ronning, "We are all in favor of growing the City, but there is no use for this."

2013 Finance Report

The unaudited December 2013 Financials including: Narrative, Bank Reconciliation, Balance Sheet, and Summary Revenue/Expense Statement are attached for your review. The City of East Bethel's annual financial audit will begin on March 10th and be conducted by Abdo Eick and Meyer's LLP. After the audit is complete a comprehensive financial report will be

provided to the City Council. We will have a presentation in April or May by Abdo, again the main function of an audit is to ensure the financials are fairly stated and that there are no material weaknesses in our internal controls.

Jeziorski, "2013, the general fund had a surplus of \$360,000, that was driven by better than anticipated building inspection revenues. What happens to the surplus? Does it get refunded? No. It goes into the fund balance. It is a governmental term that describes the City's net position or simply assets minus liabilities. The City's fund balance was roughly \$2.9 million dollars at the end of 2013, which is 62% of our 2014 budgeted expenditures. This is roughly a \$1.3 million dollar excess from the City Council target fund balance of 35%. Other funds I wanted to take a look at are the Equipment replacement fund which has \$1.2 million, HRA \$770,000, Street Capitol \$730,000, Trail fund \$144,000. These are not funded through direct levies but are rather transfers from the General fund".

DeRoche, "Can the fund be used to pay for overtime, salt?"

Davis, "We would transfer the money from the general fund."

Jeziorski, "These funds are generally looked at undesignated, and can be transferred anywhere."

Jeziorski, "As for 2014, in order to balance our budget we raised the levy by 15.1% and will use \$20,000 in fund balance. Also in 2014, we have had our bond rating upgraded to AA from AA-. It is cited, within their rating criteria. The rating reporting cited strong management and staff's monthly reports to council. They also look at the Macro environment of our State and drill down to the nuts of bolts of our financials and internal controls. We have also initiated a levy to pay for the 2010A and B debt service. They are now built into the levy. We have refinanced the 2005A and 2010B debt issues.

We have settled the union contract for 2014/2015/2016 and also renewed the medical insurance. Given the whole Obama care issue, we had the opportunity to renew our medical insurance and did so at a significant cost savings and better plan. Finally, we are now seeing market values trending upwards. 2013/2014 we had a market value of 709 million and for 2014/2015 had a market value of 788 million.

2015 timeline – April 1, we will look to have a finance committee meeting. Key points of discussion will be reserves, levy tolerance and the debt management plan. April/May Staff will submit their budget requests and will be incorporated into the budget model. July, the proposed budget will be presented to the City Council at which time Council can ask specific questions to department heads. September 3, we will set the preliminary budget and levy and on December 3 final budget and levy will be offered for consideration.

I don't have any actions items for you."

Ronning, "December 2013 financial statement and analysis, the second paragraph under assets. 712, delinquent fund balances \$84,000. How much of this property just haven't been paid on, how many are foreclosures, can you answer?"

Jeziorski, "The county doesn't break it down that way. We just get a statement telling us what it is."

Ronning “Is there a way to find out how much the banks are sitting on. If they are sitting there holding on to our money, I want it back.”

Jeziorski, “As you go up the years, it goes up each year.”

Davis, “One remarkable statistic, is our receivables on tax payments are 97%.”

DeRoche, “How long does the County to foreclose, I know someone who is delinquent on three properties. If they are delinquent to the County, that is how we get paid.”

Davis, “The County does work with property owners. As long as they are making payments. As far as when they will declare it for Sheriff’s sale. I don’t know.”

DeRoche, “If they have a payment plan with the County, how long does that extend?”

Davis, “The County tracks that.”

Jeziorski, “There are fees and penalties that area tacked on. The City and taxpayers need to be made whole. It is a lengthy process.”

Moegerle, “Do we get the money?”

Attorney, “It is prorated among the taxing authorities.”

Ronning, “It is a one way street, there is no advantage to us. Perhaps if it is the same value as all the neighborhood. Who owns those properties? Does US Bank or Wells Fargo have a bunch? Let’s send them hate mail.”

Vierling, “They would have to have people making payment to be in a deferment. By statute if there is no payment in three years, in the fourth year it goes to Sheriff’s sale.”

Ronning, “Can we get foreclosures?”

Vierling, “The tax auditor wouldn’t know which ones are in foreclosure.”

Davis, “Depending on where they are in the system, they may charge us for us getting the information.”

Vierling, “The property owner has the right to buy it back from the bank. They won’t advance payments on taxes they will wait it out. For every year of non-payment there is penalty and interest. It has to be paid. You will get the principal and the penalty and interest.”

Ronning, “So we will get it one way or another. It is reasonable to ask what makes this approximate.”

Vierling, “They would be able to give you the property identification number.”

Ronning, “I would like to look at the numbers. Could they print out a master list of the properties in the City.”

Jeziorski, “I have seen that report before.”

Ice Arena
Management
Contract RFP

Prior to 2006 the City of East Bethel managed the operation of the City Ice Arena. Due to the labor-intensive nature of the operation of this facility, a decision to outsource this service was the option selected for management of the Arena. Beginning in the 2006, the City contracted with the National Sports Center for management services under an agreement that ended in June of 2008. The National Sports Center did not exercise their option to extend the contract for another two-year period due to decreased demand for ice time.

The City solicited management proposals and contracted with Gibson Management Company, LLC for a one-year period ending July 31, 2009 and extended by City Council for the term of 2009 to 2011 and then from 2011 to 2014. Gibson Management's contract will expire on July 31, 2014.

As with all professional contracts, the City solicits proposals for services on a 3 to 5 year basis to ensure that full value is received through these agreements.

The City explored the potential for the sale of the Arena as a rink facility, but while there was interest among the current users, there were financial limitations with these groups. There also appears to be a diminished value in the secondary market for this building as a use other than an ice arena.

The building and property have a tax valuation \$953,800 and an estimated market value based on a cost approach of \$918,100. As there is currently no excess income above expenses, an income approach to valuation was not considered. The arena building is approximately 34,000 s.f. and the two parcels that compose the property are 6.29 acres. The property is encumbered by a MnDOT park and ride agreement that comprises one acre of the site. There is also a 0.11-acre cell tower site on the property.

Even though the Arena Fund is now in a positive cash position due to improved internal management and cell tower lease income assigned to this fund, the net revenue from the Arena has declined over the past three years. Revenues, excluding concessions and tower lease payments, have fallen from \$224,824 in 2011 to \$209,382 in 2012 and to \$202,102 in 2013 while hourly rates for ice rental have remained constant.

In addition to the basic scope of responsibilities, the proposed RFP would address maintenance standards, requirements for an active and maintained website and a message response policy. Upon the selection of a contractor, the City would negotiate incentives for the sale of non-prime ice time and advertising above a base threshold.

Gibson Management, St. Francis Youth Hockey and the National Sports Center have expressed an interest in submitting a RFP for the management contract. Upon approval of authorization to advertise for an RFP, we will post notice on the City's Website, Minnesota Ice Arena Management Association, the Anoka Union and any other source that markets to the management of ice arenas.

Other options, other than a management contract, could include leasing of the facility to a current user or the City's direct use of a contract manager to operate the facility. These options would be alternatives for consideration in the event an acceptable proposal for a management

contract for the facility is not approved. Staff is also evaluating proposed rate increases and their impact on potential sales as a means of increasing revenue and reducing the City subsidy to the facility.

Staff is recommending Council consider approval to authorize the solicitation of RFP's for an Arena Management Contract for the East Bethel Ice Arena.

DeRoche made the motion to consider approval to authorize the solicitation of RFP's for an Arena Management Contract for the East Bethel Ice Arena. Koller seconded.

Ronning, "When this goes out, can we get comparison as management fees. We aren't in the same ball park as Columbia Heights."

Davis, "We can check with other sources. We will check what we are going to get what they are paying for."

Koller, "Would it be a possibility to have them only manage during ice time?"

Davis, "That would be something we could do. We need to get more dry floor events. We recognize we have a hard time doing it. If we have the right person in there, we might be able to do that. We could sell more ads and signage space. We might look back at our agreements with the schools. We will look at other sources of revenue to make it break even or hopefully, even better. If we get proposals back and say they don't want to deal with dry floor events, we could have it fall into effect during ice rental availability only. The City of Andover keeps ice all year long. We might want to keep ice for another month, but we can't do it all year because we don't have cooling capabilities."

Ronning, "Could we make this a gun range?"

DeRoche, "Ramsey did it."

Davis, "14,000 square feet is taken up in lobby, locker room, concession, etc. The usable area is only 20,000 square feet so we may be limited as to our options for other uses both in terms of size and costs for conversion. We need to ask what is the value to the City of East Bethel as an ice rink? It does bring people in. Hopefully there will be a place for them to spend money in the City. Depending on how we answer that question is how we deal with the issue."

Koller, "When my daughter played hockey there, people said it was the dirtiest rink around."

Davis, "St. Francis Youth hockey and the high school are our prime users and we need to make that facility as clean as possible."

Koller, "Gibson is made up of three people and we usually only have one person show up."

Davis, "The utility rates are lower this year, than any other year. We did a conversion to a more efficient lighting system a couple years ago. ."

DeRoche, "How old is the Zamboni?"

Davis, "It is the original one."

Koller, "The government is going to require replacement of the refrigerant."

Davis, "Fortunately we have a different system and the new requirements don't affect us. Most systems will take \$20,000 to \$30,000 or more to make the replacement."

Harrington, "It could mean more business for us."

Davis, "I don't know what Forest Lake or Isanti have."

Ronning, "I don't want to sound like a grumble on this thing. I believe that is the object of the question."

Moegerle, "What is the expected life of the Zamboni?"

Davis, "We don't have anything on the equipment replacement fund for the ice arena. The estimated construction cost for the building was \$1.5 million dollars. Whether we want to recover the costs. We could write off the costs for capital improvement. Hopefully we can get another three years on it. The Zamboni is a \$60,000 to a \$120,000 piece of equipment."

All in favor, motion carries unanimously.

SRWMO 2015
Budget

The SRWMO's draft 2015 budget is attached for your review. Any requests to modify the budget must be presented to the SRWMO prior to their May 1, 2014 meeting. After that date, and absent any comments or direction from East Bethel, our portion of the budget can be considered approved at the level indicated for 2015.

The proposed 2015 SRWMO Budget is \$47,010 as compared to the 2014 budget of \$48,464. East Bethel's share of the budget, as presented in the attachment, is proposed to be \$15,003.80. The City's share for 2014 is \$15,571.

There is a proposed change to the 2015 draft budget under consideration that is not reflected in the attached 2015 Budget Summary. Unapproved, but proposed at this point in time, the SRWMO at their February 6, 2014 meeting discussed reductions for the Lakeshore Landscaping Marketing and Aquatic Plant Education. The proposed changes (final approval of these changes would be made at the 5/1 SRWMO meeting) would result in reducing the 2015 budget from \$47,010 to \$45,000, depending on the option chosen. This change would result in a reduction of 7% from the current 2014 budget and reduce our share by a proportionate amount.

Staff requests the City Council review and provide comment on the SRWMO 2015 Budget.

Davis had requested Leon Majors to address the Council. He can come to the March 19th meeting. We can keep discussing this.

Davis, "We are working on alternatives for the ice arena and they will come out Friday."

March 5, 2014
Council
Member Heidi
Moegerle

Moegerle, "The taxable market value has gone up and that is good. That is a solid gain. I like the minutes and wanted to point out that it is a positive change and wanted to point that out. When will the comp plan be coming forward?"

Davis, "Winter will be back and we anticipate this will be on the next Planning Commission agenda. For those that live in the Forest Lake School District there will be a new bonding limit issue on the ballot on May 20th. I've followed up with legislature with the traffic education programs that are being doing throughout the state. There are five live bills. There is a punitive program for those that gathered in all the fees. There are four other bills that address the education programs. They are differentiating on how much is being put to the different educations areas. Within two weeks we should know. It could be a way for us to get more income."

Council
Member Tom
Ronning

Ronning, "Ron, were you going to comment about Booster Day? One of the biggest problems the Booster Day people have is coming up with funds. They have put a lot of effort into it. If anyone has ideas on how to come up with extra money they would welcome the input."

Council
Member Ron
Koller

Koller, "They are planning an event at the ice arena. They are going to have a beach party with volleyball and games. It will be posted when things are set. Denise Lachinski has done a really good job. She puts in a lot of hours. On Monday I attended the Fire Department meeting for their harassment training. Today the fire department responded to a chimney fire. Let this be a reminder to clean your chimney."

Council
Member Tim
Harrington

Harrington, "I stopped by the maintenance to introduce myself. Next week I will meet with Park Commission. Day light savings time begins this weekend."

Council
Member Bob
DeRoche

DeRoche, "I went to the East Bethel Royalty dinner. The Royalty was glad to see someone there. There are a lot of snow banks and I can see where they are removing a lot of them. It looks like all the ice shacks came off the lake. I would hope there isn't a lot of staff time devoted to the ticket diversion program. Council has said where they are at on this. I would hope that no one is burdening staff to look into things unless it is brought up before Council to direct staff. People are saying the meetings are going better and quicker. There was a nice article in the paper about Tim. I am looking forward to meeting again with Met Council and pick their brains."

Adjourn

Moegerle made a motion to adjourn at 9:00 p.m. Koller seconded; all in favor, motion carries unanimously.

Submitted by:

Jill Anderson
Recording Secretary