

EAST BETHEL CITY COUNCIL MEETING

MAY 7, 2014

The East Bethel City Council met on May 7, 2014 at 7:30 PM for the regular City Council 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

Call to Order The May 7, 2014 City Council meeting was called to order by Mayor DeRoche at 7:30 PM.
Pledge of Allegiance The Pledge of Allegiance was recited.

3.0 Adopt Agenda **Harrington made a motion to adopt the May 7, 2014 City Council agenda. Moegerle seconded. All in favor, motion carries unanimously.**

4.0 Presentation Davis presented the staff report, indicating the City of East Bethel managed and operated the City Ice Arena with City staff until 2006. From 2006 to 2008, the City contracted with the National Sports Center for management services for this facility. The National Sports Center declined to exercise their option to extend their contract at the end of the 2008 season. As a result, the City solicited other management proposals for operation of the facility and awarded the contract to Gibson Management Company, LLC, for a one-year period. The contract for the Gibson Management was extended in 2009 to 2011 and another extension was granted in 2011 to 2014.

City professional service agreements are evaluated, generally, every five years and additional requests for services are solicited to ensure the City's receiving the best value for both the cost and benefit that's being offered. The Request for Proposal [RFP] that was advertised for this service was advertised in the *Anoka Union*, the City website, and the Minnesota Ice Arena Managers Association. There have been four inquiries regarding the RFP from:

- 1) Rink Management Services Corporation
- 2) The National Sports Center
- 3) North Metro Community Association
- 4) Gibson Management, LLC

Rink Management Services Corporation is a national company that manages approximately 40 rinks throughout the United States. They currently manage the rink in Vadnais Heights and their representative lives in Blaine.

The National Sports Center manages 8 sheets of ice at their Blaine location and, as stated above, operated our rink from 2006 to 2008. Even though there was initial interest on their part, The National Sports Center informed the City that they would not be submitting a proposal for this contract.

North Metro Community Association is a local non-profit 501(c)3 corporation composed of the Saint Francis Youth Hockey Association along with other youth sports groups and local business leaders that are dedicated to increasing participation in hockey participation as well as other sports.

Gibson Management, LLC is the current management contractor of the City Arena. They have managed this facility since 2008.

The City Ice Arena was able to post a positive fund balance for the first time in 2013. The goal of the City is to operate this facility at no less than a break-even point with no taxpayer subsidies. This position was made clear to all those who have submitted RFPs.

Aside from outsourcing the management of the Arena to an independent contractor, as we have done since 2006, the City could consider the following alternative options: leasing the facility outright or hiring a contract manager and operate the facility under the umbrella of the City.

The major issue with leasing is protecting the City's investment in the facility and establishing responsibilities for maintenance of the equipment. Directly contracting the management as a City function, while a consideration, could create a position and role that has the potential to expand well beyond its anticipated purpose and produce an additional level of management and possible expense.

At the conclusion of the presentations tonight, staff recommends Council consider approval of a contractor to provide management services for the City Ice Arena and direct staff to negotiate a contract for these services for Council consideration for approval at the June 4, 2014 City Council Meeting.

At this time, I would like to ask the representative from the Rink Management Services Corporation to come forward and present their proposal.

Randy Peak, "Good evening. My name is Randy Peak. I work with Rink Management Services Corporation. I'd like to take the opportunity to thank you for reviewing our bid proposal and I would like to point out three things that Rink Management brings that we feel are imperative to the success of operations of ice arenas. First, Rink Management, as earlier stated, manages 40 recreational facilities, 32 of those being ice arenas. Further, Rink Management is a systems-based organization, and finally, Rink Management uses gap standards for accounting. These practices will provide timely and accurate P&L statements and balance sheets, which will be provided on the 15th of the month. That was a brief overview at this time. If there's questions, I'd be welcome to address them."

DeRoche, "Have you been to the Ice Arena?" Peak, "Yes, I have."

DeRoche, "I was kind of looking in here. What proposed changes do you think you would have to make to turn it around and be a profitable?"

Peak, "Well, I—the key elements with facility management in particular ice arenas, first is you need to meet with your user groups. The second thing you need to do is also take a look at what community programs you can do, and then you've got to think outside of the box a little bit, whether it's programming of different sports, such as broomball, and then take a look at non-ice sports, such as dry-floor activities to see if you can bring in additional

revenues to the building. A final component of what we would do is we'd take an active approach in looking at board advertising and different sponsorships for the building."

Moegerle, "To follow up on that, you talked about the special events programming, which is wonderful, but without the ice there is no air conditioning there." Peak, "Uh-huh."

Moegerle, "So thinking outside of the box, I mean, what would you suggest might work during the summer months, no ice, no air conditioning? What might be an example of where you would look?" Peak, "Well, I think first community based. There's things such as kids' garage sales, different activities you can do for selling maternity clothes. There's a lot of different craft shows you can do, albeit it can get a little muggy in the facilities. I think with the right atmosphere, you can make it fun for the people. As far as sporting activities, there's anything from boxing matches to lacrosse practices, realizing you might need turf for that, but it's really outreaching to user groups and to different community members to see what needs are out there to try to expose those opportunities and create them for revenue flow for the City."

DeRoche, "I noticed most of your clients are rather large." Peak, "Uh-huh."

DeRoche, "East Bethel Arena's kind of small, and how do you see the potential of this Arena without a large capital investment being able to get up to what some of these other ones are?" Peak, "Well, one of the things that we would do through social media, through Facebook, through Twitter, Constant Contact would be to, again, try to bring out—you know, think outside of the box for these facilities to capture some events that come in. There's untapped markets out there that may or may not know that this facility is there for them. It's our job to try to find them. I started managing a facility at Centennial Sports Arena 25 years ago. Twenty-five years ago, Lino Lakes was a small facility that nobody knew of, and if you look at it today, you know, that's grown into part of the metro area and, you know, had to start with baby steps, working with the school districts, working with the community members, and, you know, starting to build a base there and growing upon that."

DeRoche, "Now, we have the Sports Ice Arena, Schwans, whatever you want to call it, down there in Blaine. That's kind of a major competition, wouldn't you think?" Peak, "Absolutely. There's 8 sheets of ice down there and a fieldhouse. I'm familiar with that facility as well. I've worked there for 10 years. Living in Blaine, I'm familiar with the area here. I've done programming here with youth leagues 10, 15 years ago here at East Bethel. So, you know, again, it's taking an approach and really going after the community and meeting with your user groups and your major stakeholders of this building to find out what untapped markets are there and then maximizing the current user groups that we have. It may be neighboring—working with neighboring communities or hockey associations to see if there's other ice needs that can be met. Are the lacrosse teams out there that need to be addressed? There's different components to these facilities and our approach would not be to hope to fill in rings; rather it would be to go out, find those user groups, set up meetings and find out what those needs are and see what we can do to address them."

DeRoche, "Well, I guess to get right to the point, without you have not a feasibility study, maybe you have, one of the concerns of the City's is our capital investment. This think has been kind of a drain for awhile and now it's even, am I correct, Jack?" Davis, "We were in the black for the first time ever this year."

DeRoche, "So, you know, one of the things we have to look at is what's it going to cost us

to bring around to your ideas.” Peak, “Sure.”

DeRoche, “Because if your—if you folks put the money in it and for some reason you leave or the contract’s up, you’re going to want that money back, I would think, or a portion of it. I’m not quite sure how that would all pan out. So that is—you know, that’s something we have to look at here also because we don’t know any. Heck, if it isn’t turning into a ‘barn burner’ we had problems.” Peak, “Um hmm.”

Davis, “Randy, I think one of the basic questions is that we’re looking for an answer for is, you know, what assurances can your company provide that you can generate the revenues in excess of your management fee cost to make this a self-sufficient or self-sustaining operation.” Peak, “Um-hmm. I—I think to simply answer that, it’s the networking and staffing that Rink Management brings. They have 23 full-time staff personnel to work on the social media, to work on the website. Susan Mohs from their corporate office lives in St. Cloud. She’s very active in, as I mentioned, the social media. Our goal would be to find ways, again, to outreach to not only the user groups of the past, but how do we get involved with the different community members that not only are from East Bethel but in neighboring cities.”

Davis, “Is your proposed management fee that’s listed in the proposal, is that negotiable?”

Peak, “It is.”

Ronning, “A lot of these questions are very impossible, difficult to answer. What do we need and, as far as just general statements, what kind of shape are we in compared to what we should—you would think we should be in?” Peak, “Well, I think the first thing that I would ask and take a look at is how are the youth hockey numbers. Are the youth hockey numbers growing? Are they decreasing a little bit? You know, where are the numbers in youth hockey and what can we do to increase those numbers? You know, what learn-to-skate programs are out there? What are we doing for introduction to hockey? What are we doing to introduce kids to hockey? Because we all know hockey’s a very, very expensive sport, so there’s got to be different avenues to find ways to introduce kids into hockey to get them playing, and once they start playing, then they continue into the shoulder season, you know, the early fall and the spring hours for additional revenue flow for ice rentals.”

DeRoche, “Ron, have any questions?” Koller, “Not really here. It’s all pretty well laid out here.”

Ronning, “How many states are you in?” Peak, “Seventeen.”

Ronning, “Seventeen states. With what kind of a management service group for size?” Peak, “I’m not sure of the question.”

Ronning, “How many employees?” Peak, “There’s up to 1,600 part-time employees.” Ronning, “Okay.” Peak, “Yeah, it’s a very large organization. You know, a lot of those are, you know, counselors, camp directors, learn-to-skate instructors. Their main corporate office is 23 full-time people and some of those are headquartered in Virginia, others are headquartered throughout the United States. So the support base is there to maximize the efficiencies with staff, where an on-site arena manager can focus on managing the building, working with the customers, finding ways to increase revenue flow, not worrying about the HR because there’s an HR Director in corporate, there’s a marketing person in corporate, there’s a website person in corporate. So a lot of efficiencies through corporate that allows

the rink manager to do more of the rink managing, as opposed to having to wear all the different hats that you see with running a facility.”

Ronning, “And that’s a pretty reasonable concern. We’re going to be the smallest fish in the big sea. So—but that’s a good answer. Thank you.”

DeRoche, “How many other cities with a rink of this size do you work with or have you?” Peak, “Well, there’s different work. Some are with, you know, working with indoor parks at malls where it’s—a lot of it’s just simply open skating and some of the creativity there is, you know, working with Cartoon Skate and doing something different than just having public skate. You have to get, you know, cartoon characters out there to create different excitement for open skating. Open skating in Minnesota’s viewed boring because it’s skate in circles, you know, and a lot of kids have opportunity to play hockey here. So you have to think outside of the box a little and do certain activities to attract kids to come to the rink. Could be birthday parties. But doing something just a little different always is an advantage and the experience that they’ve had with, you know, creating these as I call them cartoon skates with different cartoon characters on the ice has been very successful.”

Moegerle, “Could you list one of your properties that you manage that would either be most like East Bethel or one that you just recently have taken over and there’s transforming so we could kind of look at the website?” Peak, “I think one that comes to mind right now is we’re in the process of doing a consulting with Red Wing. Their challenge is actually they have two ice arenas and they want to go down to one because they don’t feel they have enough interest in one facility. So they’ve asked us to do a feasibility study on what the difference would be between two rinks and one rink, but what their concern is, they’re seeing an aging population and their concern is that they don’t have enough interest in hockey and the figure skating community to even support one rink.”

Moegerle, “Are you actively managing that one at this time?” Peak, “Just consulting right now.”

Moegerle, “Just consulting?” Peak, “Yup.”

Moegerle, “What one would you be actively managing that I could look at your website to see what you’ve done?” Peak, “The one that I’m personally doing is at Vadnais Sports Center.” Moegerle, “Okay.” Peak, “And there’s plenty to look up on that one.” Moegerle, “Okay. Good to know.”

Koller, “Now, the negotiated fee.” Peak, “Yes.” Koller, “It looks like here that doesn’t include, like, the website?” Peak, “That would all be inclusive, yes, it would.” Koller, “Okay. Well, here they have prices for the website postings.” Peak, “The fee would be for all the part-time staff, the manager, and then the management fee would be inclusive of that.” Koller, “Okay.”

Moegerle, “I noticed on the Red Wing Town Complex, you offered free wifi. Is that something that East Bethel is missing, not having wifi there for the parents to check their Internet?” Peak, “Well, that’s more of a skating park, so, where you’re going to get more of the parents dropping the kids off and, you know, wanting to look up things on the Internet.”

Moegerle, “Okay. Wanted to know if we missed an opportunity or overlooked something.” Peak, “Sure.”

DeRoche, “So basically the \$94,000 is just kind of the base price, the emailing, the social media, everything is add-ons to that, kind of like a menu, right? We’re going to get the main course, but if we want side dishes here—you know, that’s what we have to figure out is what’s it going to cost us, what are we going to be obligated by contract to take.” Peak, “Uh-huh.”

DeRoche, “You know, I mean, if you guys come in and say, ‘Well, we want this, this, and this done,’ it’s what it’s going to cost and you have to do it. We say, ‘Well, wait a minute, um, we need to figure out how we’re going to pay for this first.’” Peak, “I guess to answer the question is the \$94,500 would be all part-time staff, an on-site manager, plus all the administrative support. So there would not be additional costs.”

Ronning, “Then we have to bear—bear in mind this is kind of an introductory fact-finding consideration. We’re just scratching the surface to—for—out of curiosity, heavy curiosity.”

DeRoche, “Well, got to ask questions up front.” Ronning, “No, I’m not criticizing questions. I’m just—there’s only so much.”

DeRoche, “Anybody else have any questions? Thank you very much, sir. We’re going to...”

Davis, “Thank you, Randy.” Peak, “Thank you.”

Davis, “North Metro Community Association. Is there a representative here from the North Metro Community Association to give a presentation?”

Ronning, “Did they know about it?”

DeRoche, “You’re shaking your head. Do you know somebody that’s from North Metro?” Audience member “I’m not sure why they aren’t here.” DeRoche, “Do you have any way to contact them?” Audience member “I’m trying to contact them at this time.”

Davis, “Gibson Management?”

Todd Gibson, “I’m Todd Gibson. I own and run Gibson Management Company, LLC.”

Koller, “You’ve been running this since 2007?” Gibson, “Eight, 2008.”

Koller, “What happened to the webpage?” Gibson, “The webpage, actually, there’s a website: eastbethelicearena.com.” Koller, “I couldn’t find it.” Gibson, “There is a website Eastbethelicearena.com. If you look now you can see it.”

Moegerle, “Has it been down for service or...” Gibson, “I am not sure.”

DeRoche, “Todd, I guess one question I have—I’m looking under the objectives. Increase ice sales by a minimum of 3% a year, an increase of advertising sales of more than 5% a year by year 3. My question is what have we done, what’s the history? Jack, do you know?” Davis, “The sales—actually, our sales have gone down for the past three years. I don’t have those exact figures, but they have decreased I think by about \$10,000 or \$12,000 from 2011 through 2013.”

DeRoche, "So the \$64,000 question. What would you do?" Gibson, "We are in the process of, right now, of getting a hold of North Branch and having them come back in and renting more hours from us. In the past they have and then lately they've gone over to Cambridge, so we're in the process of talking to them about coming over and renting some of the hours from the arena and from St. Francis Youth Hockey. And St. Francis Youth Hockey has been merging with Irondale the last couple years, so that could be a factor of the ice sales."

Koller, "I'm looking at the webpage right now. It's a picture of the Ice Arena. It's still—there's no phone number, no address, nothing." Gibson, "I said that's in work in progress right now. We're trying to get that going. We were putting things on the web page with Wendy, the last couple years. We have been doing that with Wendy, putting everything on there and also rinkfinder.com."

Moegerle, "So how long has this website been there? I mean, three years or since 2008?" Gibson, "No, it has not been that long. No."

Davis, "Todd, I'll ask you the same question I asked Randy. What assurances can your company provide that you can generate the revenues above your management fees to make the arena operation self-sufficient?" Gibson, "We've been running the arena since 2008 and every year we've been putting—we have a very small company. We put our managers there five days a week working. We're going to try to get some off-ice events. We're going to talk to the seniors, maybe try to start some pickleball in the arena in the off season when the ice comes out, also talk to the Lion's Club, maybe doing some more events with the Lion's Club, doing some more garage sales or doing some more activities through the communities and work really hard on the dry floor part of it all because when the ice comes out, the arena kind of sits there and we're trying to get more people to use the turf. You know, this year we've had a couple calls for lacrosse and we've had a pretty wet spring, so we're trying to work—go back to that avenue, going back to those associations and groups and try to get those groups come back to the arena like they did—they move—in the second year we were working there with the sports center. We had some lacrosse and whatnot, so we're trying to get more of those activities back to the rink."

Moegerle, "And I appreciate that and I like that you—you're going to try, but what incentives do you have that will make this appealing to the people you're trying to reach out to? What does the ice rink offer that those other targets don't have elsewhere? How are you going to make it attractive to them? I—is the short question, the direct question." Gibson, "Keeping a clean facility and putting the word out there for the users to come there, you know, like from Facebook or media or through, you know, the papers and stuff like that."

Moegerle, "Does the ice arena have a Facebook page?" Gibson, "I believe it does."

Koller, "I'm looking at it right now. It's pretty much blank." Gibson, "Okay. We're in the process of, I guess, hiring a new person to start doing all my media work for me, so that's—we're in the process of going to that direction. We had a transition period with a new manager or manager last year leaving to the new manager this year and so forth, and so we're trying to get him into speed of what's going on up there."

Ronning, "One of the main opportunities is the dry time. What sort of things—I've heard you say, like, a garage sales and stuff for their—how would you market those kinds of

things?” Gibson, “Actually, there’s Facebook pages on garage sales in areas. You can go through there. You can go through the Lion’s Clubs, go through the—go through the associations that use the rink to use it as a place to go on 65 with all the traffic and try and get the seniors to go over there and play some pickleball. Pickleball’s kind of an up and coming thing. There’ll be enough space for three or four courts for pickleball.”

Moegerle, “What other facilities do you manage that you would say this is where we’d like to move the ice arena to look like this other entity that we manage?” Gibson, “This is the only arena that Gibson Management actually runs, and I was approached by Doug Sell, the old City Administrator back in the day to—when I was working with the sports center to keep doing this, and so this is—I have a full-time manager that’s there, you know, throughout the winter season, then through the events as well. He’s there for all the events.”

Davis, “Todd, is your fee negotiable?” Gibson, “Oh, sure, yes. I mean, my fee’s been the same since we started. One year I think we had a little increase on that and then I was approached by Jack and Rita that they were not going to run the concession stand anymore. They were going to close the concession. I took over the concession on my own. I agreed to take some money off of my—my yearly compensation and took that money off and took money off for the employees and then also paid to run the concession stand as well. So I did that willing to have the customers come there to have, you know, a hot dog or hot cocoa. So, yes, it’s negotiable.”

DeRoche, “Who—who’s—I’ll probably butcher this. It’s either Pil—or Pilar Gibson?” Gibson, “Pilar Gibson, that is my wife.” DeRoche, “She’s the marketing/social media director?” Gibson, “Yup, she just took it over and she’s a stay-home mom, so she’ll have plenty of time to go on the Internet.”

DeRoche, “You guys ever thought to use that sign out front for advertising?” Gibson, “We have, but the position of the sign right now, it’s so far back that cars go by and they can’t see it close enough.”

DeRoche, “We talking about the same sign?” Gibson, “Yup, and it was dark for awhile. There was no power to it for awhile at night. And we do advertise all the signs for high school games and for the activities that go on at the arena for the carwashes, the craft shows, and all that good stuff.”

DeRoche, “Anything, Tim?” Harrington, “No.” DeRoche, “Pretty quiet here tonight.” Harrington, “They’ve answered all my questions.”

Ronning, “In jest, we’ve thrown out ideas like a firing range.” Gibson, “Okay.”

Ronning, “I don’t know that anybody will come up with something like that. That was a little bit of a wild—but that sort of thing would be packed.” Gibson, “I’ve actually thought about contacting somebody for a paintball course, indoor paintball course.” Ronning, “Yup.”

Gibson, “I’ll run it through Jack first because of all the potential shots from the ceiling, so we’d have to look at maybe tarping the whole area down. So I—we thought about paintball course, as well, but that may be interfere with our—the beauty pageant and, you know, the gun shows or expos and the other activities. So we have to look at that closely to see if it—

so...”

DeRoche, “What’s your take on that, Mark? Little liability there?” Vierling, “There’s a lot of paintball, really, operations in the area metro wide, so like any other activity, you always have potential for liability, but...” DeRoche, “Okay.”

DeRoche, “Anybody have any more questions? Jack? You’re usually good for a couple good ones.” Davis, “I burned my two.”

DeRoche, “Thank you, sir.” Gibson, “All right, thank you.”

Davis, “Thank you, Todd. At this time, Jennifer Smith will present the proposal, be here to answer questions for the North Metro Community Association.”

Jennifer Smith, “Hello. My name is Jennifer Smith. I’m actually the current SFYHA youth hockey president. I apologize on behalf of the North Metro Community Association. They had a representative to be here tonight. I—we can’t find him. Something must have happened, so I apologize. I will pick up where he may have left off. I will do my best to answer your questions. I’m familiar with their proposal. I have a high-level understanding of what it is that they want to do. We’ve been working together, that organization and the youth hockey and the high school hockey parent associations have been working together to form this particular community association to be able to run our rink to keep hockey here in our community for our children. So with that, if you have questions for me, I will do my best to answer them.”

Ronning, “It sounds like you’re brand new here.” Smith, “I am.” Ronning, “Like, what experience do you have running a business?” Smith, “We—I will be honest with you. The North Metro Community Association is a nonprofit association being formed currently for this sole purpose.” Ronning, “Okay.”

Smith, “It is to keep hockey in our community for our youth. The management type of activity, the experience that we bring, that this organization will bring to the table, I can’t say we because I’m not on this committee, but I’m speaking for them, so I apologize. I might interchange my pronouns. The experience that this organization comes to the table are business leaders in—current business leaders. We have some small business leaders within our own community that are part of this organization. We have people who work out in public and private sector and we have just very passionate hockey families. So that is the experience that we will bring to the table to manage this rink and this organization.”

DeRoche, “So I guess I would probably take it that anything that has to be fixed, redone, or whatever would—the City—that would be the City’s responsibility to take care of that?” Smith, “My conversations with this organization, we are all aware that there’s a lot to be done for capital improvements in this facility. I’m not going to shy away from that. It needs some help. It has been left alone for a few—too many years and it could use some tender, loving care. With that, we have, again, some passionate hockey families and community support and some community businesses that are willing to come in and help put some good old, you know, elbow grease to get this—the—up and ready to go, so we have some volunteer efforts that are—we’re ready and passionate to help. I do know that Caroline, in speaking—Caroline with North Metro Community Association, she’s been speaking a lot with Jack and I do know that they have some plans for some capital fundraising ideas and different type of things that would be able to put some capital

improvement into—into the rink for some more long-term sustainability. That obviously is not day one of our activities. Our day-one goal is to open the rink and have a good hockey season for the next year or so, but they do have thought processes for capital fundraising opportunities for our community and this building.”

Davis, “Jennifer, I know you can’t speak specifically for the group on financial matters, but what is your perception of assurances that they can offer the City that they can generate the revenue above the management fees to make this self-sufficient?” Smith, “The—some of the ideas that other—the two other companies have presented are also on our plates. We have the—where I think we’re uniquely positioned is we have the ability to contact our local groups, North Metro Soccer. They need places to play inside in the spring and in the fall. They are down in a current warehouse that is located in Coon Rapids right off of Highway 100—or I mean one—Foley and Highway 10, pardon me. They have their little four-year-olds running around in there. Daily we see them, so we can reach out to other organizations that we just haven’t tapped. We have—little kids’ soccer is an outside community sport. We have lacrosse. They need places to be. We can even tap our own internal baseball associations, even the surrounding baseball associations. This spring is prime example of what we needed a place to be. I have two St. Francis baseball players. They—again, we were going to other facilities 15 miles away where we had a facility in our backyard that we could have used, put up some nets, get the cages in there, let it rock. So I mean, we have a lot of different out-of-the-box ideas that they are talking about. Again, I heard the shoulder seasons. Well, I understand our facility is not equipped with air conditioning or, you know, year-round ice capabilities. There are times where we could maybe bring it out just a little bit further into the springtime and maybe put it into ice in just a little bit earlier. We hope. We’d like to, to maybe get that fall hockey, you know, just recreation hockey going or the spring recreation hockey going with Cambridge-North Branch-Forest Lake, our own surrounding communities, 3-M 3s. They have—she has ideas that can—I can’t even list out.”

Moegerle, “I have a questions, well, several, actually. But the first one is you’re talking about a profit share with regard to advertising and sponsorship sales. Can you address that or is that more her?” Smith, “That is Caroline’s expertise. I—I don’t wish to speak on her behalf on that particular one; however, I do know what she is saying with—for that. She’s saying that with advertising, we’d bring—she’d—they’d bring in x amount of advertising revenue that would be split with the City and the association, not the Youth Hockey Association, the North Metro Community Association, to be able to generate some of their own types of revenues to be able to do more things within the building. So—but her contact information, should you have any questions, is in there. She has some really great ideas for that profit sharing and advertising.”

Moegerle, “Well, and then, you know, in addition to that then, we agreed to lease a concession space from the City, and so is there profit sharing in concessions?” Smith, “No, that would be so North Metro Community Association would lease the concession stands from you on a monthly basis to whatever that fee is that she has in the...” Moegerle, “Okay. There is something else about that later on.”

Smith, “I saw that as well. But the intention was, and I’ll speak on just the concession piece, so I apologize.” Moegerle, “Sure.” Smith, “I—that we would lease it and then they would operate it. Whether they operate it with, you know, paid staff or volunteers from the hockey community, and to be able to, again, generate some additional revenues to be able to put back into managing and operating the arena itself.”

Davis, "For council's information, we currently lease the concession stand to Gibson Management, and we also have a revenue-sharing agreement in place for the sale of advertisement after they meet the threshold of, I think it's, \$3,500 advertising, and there's a split on sales after that number. So these are just good incentives for the operators to sell more and for the City to gain more."

Moegerle, "More of my questions also go to, you know, there's incentive fees and then other compensation related to capital investment, and I don't know if our attorney has looked at that yet, which was amortizing—I'm not sure I still said that right. Thank you. Investment over the initial term plus renewal periods. If the contract is terminated for any reason before the investment is fully amortized—close—then payment of the unamortized portion will be required. And that's sort of open ended there and I realize that this is not a contract. Do you know what they're getting at?" Smith, "I'm sorry. I'm not specific with that specific language. I'm going to apologize and not go into all that."

Davis, "I would think that's one of the things that would be ironed out in negotiations and personally, this is one thing in this proposal that I question some."

DeRoche, "Well, it's 8 years is mentioned in that paragraph. Is that what they're looking at is an 8-year contract?" Davis, "No, this would just be—this would be a 3-year contract at a maximum."

Koller, "It's probably fair to say these are talking point introductions." Smith, "Absolutely."

Koller, "Do you have the—not to make an unfair question. Do you have the authority to comment on the fees, if that's negotiable or not?" Smith, "And that's right. I don't have the authority to comment on that." Koller, "No. Okay. That's fine." Smith, "And I apologize. I'd rather she or Eric..." Koller, "That's why I asked if you have the authority. I don't want to put you on the spot." Smith, "Thank you. I appreciate that."

Vierling, "This organization, being new, are they engaged in any other business activities?" Smith, "No, the sole purpose is for the management of our local rink."

Davis, "Is the incorporation of this group as a 501(c)3?, is that contingent on your receiving this contract or have you already received your corporation?" Smith, "They are in process of receiving that status right now, so they have gone through that process and are—have submitted the paperwork."

Vierling, "I presume they must be in process because I'm not seeing any registration under the Secretary of State's website for the organization." Smith, "Right. Agreed. She's in process."

Ronning, "Is the two Butterfields are the top of the corporation. Then two more. Is there another group of informal cadre or something that you..." Smith, "Yup. They will have a board of directors, so those four will be the main board of directors opening up their board of directors to be at a maximum of 7 to 10 candidates. If when we receive this opportunity within our community, so the four incorporating on the nonprofit are those four listed and they will open it up as an appointing to 7, maximum of 10, to be able to fulfill the necessary actions that need to be done to manage the rink. I'm assuming they'd have some volunteer

business development, you know, those types of directors.” Ronning, “Uh-huh.”

Ronning, “That question, for me in particular, is who—who’s—who are the players?” Smith, “Who are the players? The players are our community.” Ronning, “They’re pretty much neighbors, it sounds like.”

Smith, “It will be—it will be community neighbors. We—I do know that they want to recruit and go for the ones that are passionate about not only hockey in our community, but passionate about youth activities in general because I do believe that—that the crux of Caroline’s presentation is not only is this a facility for youth hockey for 9 months out of the year, especially the past winter, but we do have a responsibility to our youth in our area that we can open this up for other things and really make benefit, you know, the use of this space.”

Moegerle, “I like your enthusiasm.” Smith, “Well, I am very enthusiastic on—on behalf of them and myself because I do have—again, I have two sons playing hockey. I don’t want to use my personal opinion to make a presentation for that in general, but right to the point.”

Moegerle, “But for a business to succeed, it needs more than enthusiasm and I guess can you address, you know, those resources that they’re going to bring that’s more than enthusiasm that can make this thing work?”

Smith, “Well, I think—I will answer that question. Enthusiasm, I think, for this project is 85 percent of what we need right now because if—without it, you know, it’s just kind of a forward motion without a real big push. So enthusiasm’s going to get it, but what they’re bringing to the table is true—I mean, we have players on the board that are business owners, local business owners in our community that have a vested interest in our community. We have—where was I going with my thought. I apologize. We have private and nonprivate businesspeople that will come to the table with their expertise. There’s, you know, accountants that are our neighbors, are not only our neighbors. They’re not only hockey parents, but they are accountants. They’re—they’re marketing development people. They are, you know, HVAC people that can help fix things. They’re mechanics that might be able to help if the Zamboni breaks. So they’re bringing the expertise when they round out this organization for those pieces of the puzzle that are, you know—that we will need to be able to manage this.”

Moegerle, “And I guess my question would then be to Jack. Do you want this cadre of volunteers to fix the Zamboni?” Davis, “Well, generally, those costs are city responsibilities, capital costs and maintenance of the equipment is a City responsibility.” Smith, “Whew, dodged that one. But we still need somebody to be able to run the Zamboni.” Moegerle, “Okay. All right.”

Ronning, “Caroline wrote the proposal?” Smith, “Caroline Butterfield did write the proposal.” Ronning, “There’s an awful lot of thought in there.” Smith, “She’s a marketing director, so she is a passionate hockey mom/marketing profession who, you know, brought the thoughts of a lot of us together to be able to put it in one cohesive package. So I appreciate your comment on that and I’ll pass that along.” Ronning, “I think you’ll pass it along?” Smith, “I will pass that along.” Ronning, “Thank you.” Ronning, “It’s very well written.”

DeRoche, “So you can’t speak to fees if that’s just cut in stone or they’re willing to

negotiate or...” Smith, “I will say if it allows us to keep the door open and be considered for this, anything is negotiable. I would say that, but I can’t speak on behalf of them in a solid format, so it is their responsibility.”

Davis, “One concern with the proposal, and I’ll just touch on this basically that can be negotiated is that personally I feel that the proposal for the manager, the fee for that person is very high, and I don’t think that we can afford the fee that’s presented as such and I would hope that would be a negotiable.” Smith, “I will pass that along, absolutely. I do want to touch, though, that that fee is definitely also a 12-month fee. It’s not just the hockey season, so that payment is to make sure that it is year-round coverage in that facility to be able to grow the use of it.”

Ronning, “Interesting ideas about the soccer and different things like that.” Smith, “Oh, absolutely, and especially this spring. I mean, if I could just make one personal injection right here. This spring with it being so poor weather, I think if that had been able to be marketed and opened up, you would have had lacrosse teams coming at your door, soccer teams at our door, baseball groups. There’s a lot of use for it at different times of the year.”

Ronning, “I see support for you back there.” Smith, “Thanks, guys.” Ronning, “Sometimes it’s good to know you’re not alone.”

Moegerle, “I appreciate your—your presentation has been very helpful, but now it raises a question I have for another one of the people who were presented here. Well, I don’t know if we were able to ask the question that was asked of Gibson was are they organized solely to operate the East Bethel Ice Arena because I was looking at your website and all I saw was East Bethel Ice Arena. Is that what you—the sole purpose of your organization?”

Gibson, “[unclear off mic]” Moegerle, “Okay.”

Moegerle, “I think you have a very interesting proposal and I wish the principals had been here.” Smith, “I apologize for that. I do, too. And I know that they have excellent ideas and it’s—as you can see, it’s documented on there, but even outside of the documentation, their ideas are bubbling over on different thoughts. So they had to condense it into that. So I know they had good intentions.”

Moegerle, “Jack, ancient history, but how is it that East Bethel came to own the ice arena? I think that’s a story that needs to be repeated.”

Davis, “There are many varied reports. The one that I hear most consistently is there were a group of people who were interested in constructing a hockey facility or an ice rink for this area in the early nineties. They formed some type of group, whether it was legally incorporated or not, I do not know. They raised money. Apparently, there was a donation of property for them to use. The site that’s currently on, they entered and started construction of the facility and at some point they realized that there were going to be some difficulties with them finishing the job and they approached the City of East Bethel to see if they would take the project over, and the City Council agreed to do so and, therefore, we have the East Bethel Ice Arena.”

Moegerle, “Which is—you know, those people have aged out, they’re gone, they’re retired, but the history, which you’re probably very familiar with, you know, and I think I read in some meeting minutes is someone said that the ice arena’s been a thorn in my side since it

was purchased. So—but local operation is attractive. But, you know, that appeal does not erase my concern that, you know, I'd like to see more, you know, more people here. This is what I'm going to do, you know, more organization. It's appealing, but I don't want to be back in the situation those people were when we bought the ice arena, so makes it for a difficult decision, which is a good thing."

DeRoche, "Next, I guess—excuse me, but except for the fact we're not buying it, they're not buying it, they're managing it, and, you know, our concern I think is to be can whoever make enough money so that we stay in the black and we don't need to divert more money over to pay for it."

Moegerle, "Well—well, and the issue is when you have a volunteer organization like that, can they hold together and keep going, you know, because I've seen other, you know, nonprofits divisive personalities split off and all good intentions. You know, I mean, but then I've seen them—some be very successful. And so, you know, we would, you know, be very much invested if we went your direction, you know, in your success. So—you know, I realize this is different than buying a—an ice arena, but, you know, we are investing in its success."

Smith, "You had some questions—I don't mean—and I might be out of line, but you had some questions on our program."

DeRoche, "Well, go right ahead." Smith, "Currently, as you all know hockey, and I think it was stated before, hockey's a very expensive sport, \$185 to \$200 an hour ice fees at various locations is hard and we're a small community, so—but we're a very passionate community with passionate hockey players and we have—we have some good skill level coming through the pikes that we want to make sure that hockey is retained, not only for our current use but for the ones that are coming up. With that said, yes, hockey is declining in numbers. It's not what it was in 2000, 2001, and 2002. That's just a fact of our demographics. If you look at our school district, our school district is also declining in enrollment after the birth year of 2004. So it is our job as—as youth hockey and also as—as a management company is to get those people and recruit it. Youth hockey, this year was staying stable with our numbers from last year, so we expect to purchase more hours. There was a comment that the last two years we have co-oped with other associations. That actually has added to the amount of hours that we have used and we have been short hours that we needed and it was a really good thing that we were co-oped with those other organizations because we were able to use their rinks for the added teams that we put together. So we're staying stable. We'd like to see ourselves grow. With that, we're also in discussions with our surrounding communities and will continue to be in discussions with our surrounding communities about potential mergers and co-ops and, hopefully, other long-term scenarios that may be a benefit to us. So North Branch is in our backyard—is our neighbor. Isanti is our neighbor. Our high schools are co-oped with one another for the girls' program for—at North Branch, so it's in our best interest to make sure that we—we keep hockey as a—as stable as we possibly can within our—all three communities."

Moegerle, "And those are established relationships then?" Smith, "Yes. They're—they're established right now. We are trying to solidify sure relationships going forward."

DeRoche, "Oh, maybe if the Wild gets the Stanley Cup, interest will be up, they've been fighting for it." Smith, "It might peak. I know my kids were awfully tired for school this morning. So we are doing everything that we possibly can as a hockey association, not just

a management company, but as a hockey association, we are doing everything we can to at least maintain our numbers and grow them in our declining population.”

DeRoche, “How do you raise your funds?” Smith, “I’m sorry?” DeRoche, “Your funds?” Smith, “Funds?” DeRoche, “Are they through pulltabs?” Smith, “Our association does not engage in gambling, charitable gambling. And we do one major fundraiser a year, which is our calendar raffle. So—which is gambling under the Minnesota State Law, but we get a one-day permit for such things. So we do—that is our major fundraiser. That will—that helps our—that is our cash flow for the season. Other than that, our—the fees you pass to us, we pass to our parents. It is straight pass through, so our parents are paying the \$195—or the \$185 to \$200, depending on what rink we’re at hourly bill, and that’s our hockey fee.”

DeRoche, “How many kids from the area do you have?” Smith, “Sorry?” DeRoche, “Do you have any kind of breakdown? I mean, is it primarily St. Francis kids or Oak Grove kids or, you know, do you get some from Ham Lake?” Smith, “We don’t look at it that way because we’re a cohesive school district, so it’s all part of ISD 15. So I don’t have the sub demographics. We had 187 skaters last year between the boys and the girls. The girls’ program is actually growing. It was good. We like to see that. So now we—we need to start recruiting with our learn-to-skate programs and our mite development hockey. We did a skate for free program this year for our first-year skaters. We as association, we ate it, but they’re not on the rink so much, so we can do that with our calendar raffle. So we tried to get as many of the little kids in, you know, our little kindergartners in and get them hooked and love to come to skate and so that’s—we have plans to do that this year too, and keep growing our numbers.”

Moegerle, “In your plans, is there room for figure skating or all those other ice sports?” Smith, “Sure, and I think from a youth—I’m going to speak as a youth hockey mom president, not as the association on here. But, yes, I believe there is opportunity for that. We can all share the ice. We need to be very smart in how we schedule. We need to work together, not only the youth. We need to work with the high school, and that’s a relationship that has to be established with whomever is managing this—the rink because we need to make sure that the high school’s needs are met, but that the youth’s needs are met at the—with the hours as well. And then, yeah, I mean there’s lots of figure skating times. There’s good times, bad times. We all want the great times, right? 5:30 to 8:30 at night is when we all want to be on the rink, but we know as hockey families that that’s not always going to happen. So there’s give and take, but we need to make sure that we are looking out for the best interests of our—of our local—of our local kids. But figure skating can—I know a lot of figure skating happens during the day. It’s another marketing opportunity, actually, because I know that they’re down at the super rink a lot.”

Ronning, “Does your primary group have appointments, elections, or something to, like, the school board or such a thing?” Smith, “As a youth hockey organization?”

Ronning, “As individuals, that they’re...” Smith, “Let me see if I understand this. So the youth hockey organization is a board of directors and, yes, we have annual elections.”

Ronning, “But within the school district or something?” Smith, “It is open to our community and mostly it’s our—it’s open to those that are part of—a member of our youth hockey organization, whether that means a parent/coach, a mom or a dad, community members that—maybe a non-parent coach that wishes to coach. So that’s what it’s open to.”

I came to listen and I spoke a lot. I'm sorry."

Moegerle, "No, but that's—we need that. Thank you."

Ronning, "Curiosity, but my question is how many open doors do you have available that you automatically have contact with this group, that group outside of your own?" Smith, "Oh, that's—I mean, so the open doors, we need to go find those and knock on them and open them ourselves. So that's outside-the-box thinking. That's where some of our member—our current board members have just as many fantastic ideas on the youth side as this organization who put together your—your management proposal. So we all know that to sustain hockey in our area, we need to think outside the box. We need to do some fundraising for our parents to be able to sustain that hockey fee. So we just need to be passionate enough to be willing to take the chance and knock on the doors and think."

Moegerle, "So your passion is the hockey. So here it—oh, no, no, no, your group is hockey. So it's summer. Does the passion go away to find that, or it continues because the more you bring in is less fees for the kids?" Smith, "Absolutely." Moegerle, "So that's the incentive." Smith, "It's the incentive." Moegerle, "Okay."

Smith, "And just really to use that space—utilize that space efficiently as many months of the season as we can. I mean, it's—it sits out there in a prime, drive-by spot and if we can open it up to, you know, summer programs that are not ice related but can be using it, it's a fantastic ideas to think outside the box to generate some additional funds so it doesn't sit idle. Idle facilities obviously are no good." Moegerle, "Okay. I don't have any more."

Harrington, "I just—I just have one comment. I was going through this and I kind of like the idea that they want to start a pro shop and since that ice arena's been around, I don't think there's ever been a pro shop in there." Smith, "We drastically need it. I'm—so I'm speaking as a youth hockey mom now. But, yes."

Harrington, "I mean, kids get their skates sharpened. You know, if you need a stick or a roll of tape or something, you know." Smith, "The nearest place is, you know, 12 miles down the road or up the road."

Moegerle, "So I think Rink Management also, didn't they have that in there, too, about having a shop, as well, for sharpening?"

Peak, "Yeah" Moegerle, "Yeah, yeah. Okay."

DeRoche, "Ron, you got anything else?" Koller, "No."

DeRoche, "Well, I appreciate you standing in." Smith, "Thank you for your time."

Ronning, "Very good answers from everybody and good conversation. Thank you."

Davis, "At this time we wish to consider a recommendation for a contractor to approve and to negotiate a contract with or are there additional items that we need to have, perhaps, a work meeting to discuss these?"

DeRoche, "I guess I'd kind of like to see a work meeting, and in the interim have staff contact each organization and just see what—I mean, if we pick one and the negotiating

doesn't go well..."

Davis, "We can pick one. If negotiating doesn't go well, we can drop down to the..."

DeRoche, "Yeah, but I, you know, I—I guess I'd rather see a work meeting and kind of take what we got. I got a lot of information. That was pretty good. Everybody spoke very well. Sometimes you don't get quite that much information."

DeRoche motioned to table the decision to approve the selection of a contractor for the Ice Arena Management to a Work Session. Koller seconded.

DeRoche, "Discussion?"

Ronning, "Sure."

DeRoche, "All in favor?"

Ronning, "I already thought you had discussion." DeRoche, "Not a tabling motion."
Ronning, "Oh, oh, okay."

Moegerle, "We're not tabling this."

Vierling, "Actually, your motion is, in essence, to move it to a work session, so it's not tabled, per se. And, yes, you can discuss it."

Ronning, "Are we saying that we don't start with this end of things at least preliminary until we...do we want to have both channels going at the same time?" Moegerle, "I don't understand, both channels of what?"

Ronning, "Well, where you—staff or somebody's going to be speaking with these people and getting a feel for where we are with everything. We've gotten a number of ideas and such, and I'm just curious if we're going to stop that until we have a work meeting."

DeRoche, "Jack, do you have a pretty good idea of what we're looking for? I mean, the fees was kind of the big one." Davis, "I think the fees are the main thing and to see what latitude they have or comfort level they have for negotiating their proposal." DeRoche, "Right." Davis, "We could bring that back and then you can address the positive aspects of each one and weigh them in the balance and make a decision, or at least recommend a decision for the next Council meeting on the 21st. Also, we could possibly have this work meeting, perhaps, next Wednesday."

DeRoche, "Could we have the Butterfields make a—contact the City? I think that would be kind of important."

Moegerle, "But I also would like to see if there's anything that any of the three would like to add, you know, having had the opportunity here. So I don't know if we could get that in time for the 14th, which is next Wednesday. Is that going to be a problem for anyone? Okay."

DeRoche, "No."

Davis, "As I understand it, then, if there's additional submissions that any of the three presenters wish to add, if you can get that to me by Friday?"

DeRoche, "Yeah, because it's got to come out in the packet."

Davis, "And then we will make a presentation with that to City Council in a work meeting on Wednesday, May the 14th. At a work meeting, no decisions can be made, but there will be discussions of this and then they'll have a recommendation that they can consider at the next Council meeting on May 21st."

Moegerle, "Let's—what's on the 14th?" Harrington, "The 14th is a Park Commission meeting too? Is that before?" Davis, "The Park Commission meets at..." Harrington, "At 7 o'clock."

Davis, "At 7 o'clock. We could meet simultaneously or we could meet earlier if you think we can do it. How much—I don't know how much time we want to allocate for this?"

DeRoche, "Well, you know, I want to leave enough time so that if we get into these long conversations, time isn't all eaten up by, you know, a couple comments that we have a little opportunity here to put it in."

Davis, "Or would we want to do it on a Thursday? That next—next week, there's a Roads Commission meeting on Tuesday and a Parks Commission meeting on Wednesday."

DeRoche, "Well, it's Wednesday, I guess. I mean, I'm not—I hate to blow Parks out. They can have the meeting in the park."

Moegerle, "And Booster Day Committee meeting on the 15th, that Booster Day Committee meeting is on the 15th, that Thursday at 6:30. So you're on that."

Koller, "Wednesday would be okay with me." Harrington, "Six o'clock Wednesday, before the park meeting?" DeRoche, "Well, let's see if we can get it done. All right, Jack?"

Davis, "Sounds good." DeRoche, "All right."

Council consensus was reached to schedule a Work Meeting for Wednesday, May 14, 2014, at 6 p.m. to continue discussion on this matter.

All in favor, motion carries unanimously.

**5.0
Public
Forum**

Sharon Johnson, "I'm Sharon Johnson, 20241 Highway 65, and I'm representing myself and Minnesota Fresh Farm tonight. And actually, I was wondering if I could just comment on the ice management. Is that okay?"

DeRoche, "Sure."

Johnson, "Go ahead? Okay, great. I just want to tell you how impressed I am with its—Rink Management Services, right? Not as Ice Management Services or Ice Arena Management Services, as listed there. Okay, so I just want to make sure I've got the right name, Rink Management Services. Just seems to be a really professional organization and what I am really liking about them is that they have access to best practices across all of these rinks that they're managing, so what I'm looking forward to them is them growing the ice arena. And the sporting events in this area, it seems to me that \$94,000 a year is a pretty

reasonable amount. It's an investment and Heidi had mentioned that it's an investment, so it's not just a cost, but this is something that can grow the revenue for the City of East Bethel. I personally would be thrilled with an increase in recreational activities in the ice arena. As you know, we've got the Blue Ribbon Disk Golf, the Beaver Book Sportsmen Club, the ARCC, the model airplane flying club just about a mile north of here or south of here. We've got two golf courses. Minnesota Fresh Farm is working on a bocce-ball course, Pumpkin Patch, and what I can see is this area really becoming a magnet for recreational area or recreational activities in the north suburbs. I know that Blaine is down there and competing with us, but this is a great area for recreation. I think that Rink Management Services can help us grow those recreational activities. Obviously, you need to do due diligence to see if what Randy said is true about his company, but, again, I do think that he's got a track record of success. I think that the goal here tonight is to get somebody to manage the ice arena to keep it open and if it does, then the North Metro Community Association's going to be happy. Their kids are going to be able to skate and they're not going to be worried about managing an ice arena. Randy knows how to manage an ice arena. And that's all I have for tonight, so thank you."

DeRoche, "Anybody else didn't sign up but would like to speak? All right, 6.0, Consent Agenda."

**6.0
Consent
Agenda**

Item A Bills/Claims

Item B Meeting Minutes, March 5, 2014, City Council Meeting
Meeting minutes from the March 5, 2014, City Council Meeting are attached for your review and approval.

Item C Meeting Minutes, March 5, 2014, City Council Work Meeting
Meeting minutes from the March 5, 2014, City Council Work Meeting are attached for your review and approval.

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

Item E Meeting Minutes, March 19, 2014 City Council Work Meeting
Meeting minutes from the March 19, 2014, City Council Work Meeting are attached for your review and approval.

Item F Meeting Minutes, April 16, 2014, Board of Review Meeting
Meeting minutes from the April 16, 2014, Board of Review Meeting are attached for your review and approval.

Item G Meeting Minutes, April 16, 2014, City Council Meeting
Meeting minutes from the April 16, 2014, City Council Meeting are attached for your review and approval.

~~Item H Meeting Minutes, April 23, 2014, Board of Review Recessed Meeting
Meeting minutes from the April 23, 2014, Board of Review Recessed Meeting are attached for your review and approval.~~

Item I Meeting Minutes, April 23, 2014, Public Hearing

Meeting minutes from the April 23, 2014, Public Hearing are attached for your review and approval.

Item J Meeting Minutes, April 24, 2014, Town Hall Meeting
Meeting minutes from the April 24, 2014, Town Hall Meeting are attached for your review and approval.

Item K Audit Engagement for 2014 / 2015 / 2015 with Abdo Eick and Meyer
The Audit Engagement for 2014 / 2015 / 2015 with Abdo Eick and Meyer is attached for your review and approval.

Item L Resolution 2014-16 Twins Tickets Donation for Booster Day Drawing
Resolution 2014-16 Twins Tickets Donation for Booster Day Drawing is attached for your review and approval.

Item M LMC Conference
Information on the LMC Conference is attached for your review and approval.

Item N Seasonal Employees for Public Works
Information on Seasonal Employees for Public Works is attached for your review and approval.

Ronning, "I'd like to pull H."

DeRoche motioned to approve the Consent Agenda Items A-N, with the exception of Item H. Ronning seconded. All in favor, motion carries unanimously.

Item H Meeting Minutes, April 23, 2014, Board of Review Recessed Meeting

Ronning, "I don't know about the table. I want to postpone it for review." Moegerle, "Are there errors?" Ronning, "Yes."

Vierling, "For the next meeting?" Ronning, "Yes."

Ronning motioned to table consideration of Item H, for review, to the next meeting. DeRoche seconded.

DeRoche, "Any discussion on that?"

DeRoche, Harrington, Koller and Ronning-Aye; Moegerle-Nay, motion carries 4/1.

**7.0
New Business**

Commission, Association and Task Force Reports

7.0A
Planning
Commission
7.0A.1
Zoning Map
Amendment

Davis presented the staff report indicating that the zoning map amendment to the official map of the City of East Bethel. The need to rezone the classic commercial park was the catalyst for requesting a zoning hearing change. The other two areas that are in this proposal were reading for rezoning. They're attached to the request for the change for the Classic Commercial Park to minimize the number of submissions to Met Council for approval of rezoning request. Future rezoning of Highway 65 and County Road 22 corridor are intended to be in one submission at a date to be later determined. The Planning

Commission reviewed and recommended City Council consider rezoning changes to the parcels listed below in your packet and described at the April 22, 2014 meeting. The first boundary or parcel of land that's been proposed for rezoning lies west of Ulysses Street, south of 189th, and it's in the Classic Commercial Park, and the current zoning is B3 and R2, and the proposed change is to industrial. The first proposed rezoning area in the Classic Commercial Park and adjoined areas to the west and the south in this development are proposed for zoning changes. This area has been discussed as a priority for rezoning for the past 2 years and the land use within this boundary consists of primarily construction trades, service, and manufacturing companies. The EDA has discussed this area as a potential shovel-read site for industrial-type activities and there are 60 acres within this proposed zone that are developable. Properties in this area are more suited and more likely to be marketed for manufacturing, warehousing, and other trade-relating companies. The current zoning, B3 and R2, limits the flexibility for the use of this area and rezoning to allow industrial would permit a continuation of those types of uses to which would currently be standard to this zone, while at the same time permitting B2 and B3 business locations. The portion of the park that fronts Highway 65 would remain B3 to maintain its utilization for commercial and retail uses. The parcel at 1052 189th Avenue is zoned R2, but there's only one residence at this address. That resident was at the Planning Commission meeting and expressed no opposition or reservations to having his property zoned industrial. The second area proposed for rezoning is on Viking Boulevard approximately one-half mile east of Highway 65 and adjacent to both sides of the intersection with Isanti Street. Currently there are three businesses located in this area and the property immediately to the west is zoned business. This area was previously zoned business and it is recommended that this area revert to that zoning classification as all this business are currently nonconforming to uses. The impact to the residential area is minimal and having these businesses be designated as B3 provides better screening standards between the business and the residences. The businesses located in this area and proposed for rezoning are Builders by Design, 1815 Viking Boulevard, R & L Automotive, 1835 Viking Boulevard, and Gordy's Cabinet Shop, 1861 Viking Boulevard with property identification numbers as listed in your packet.

The property located at 20241 Highway 65 is an area that's currently zoned residential and has a significant natural environment overlay on the eastern section of the property. This property is currently being used for agri-business by Minnesota Fresh, LLC. The business use of this property was discussed at a previous Planning Commission meeting on November 26, 2013, and an Interim Use Permit was approved by City Council with the consideration that the zoning in this area be evaluated and changed to a more appropriate zoning designation at some point in the future. This property is adjacent to Highway 65 and the property both to the north and to the south is zoned business. A business zoning next to Highway 65 is appropriate for future growth pattern along the highway.

The need to rezone the Classic Commercial Park was the catalyst for requesting these changes, and these other two parcels were added to this as they are currently ready for the rezoning process. The last parcel is owned by Mrs. Johnson, who's here, and it's also listed as the PID #s, which are in your packet. The Planning Commission and staff recommend City Council consider the approval of the zoning map amendments to the official map of the City of East Bethel for the properties as previously described. Final approval of zoning map amendments to the official map of the City of East Bethel are contingent on the final approval of the land use amendment to the City of East Bethel's 2030 Comprehensive Plan by the Metropolitan Council. A 2030 Comp Plan amendment will be submitted to the Met Council for review upon approval of this by City Council.

Moegerle motioned to approve Zoning Map Amendment to the official map of the City of East Bethel for the properties described and the PID numbers indicated in the presentation. Koller seconded.

DeRoche motioned to table consideration of the Zoning Map Amendment to a Workshop meeting. Ronning seconded. DeRoche, Harrington, and Ronning-Aye; Koller, Moegerle-Nay, motion carries 3/2.

Vierling, "Do you want to set a Workshop date?" Davis, "Is there a date you'd like to schedule?" DeRoche, "I'm going to bring a calendar up here."

Moegerle, "Can we make that the 14th as well? We're going to be here for—at six o'clock on the ice arena?" Ronning, "Make what?" Moegerle, "Pardon?" Ronning, "The zoning?" Moegerle, "Yeah."

DeRoche, "Well, or the 28th."

Ronning, "I think the tabler has the responsibility to surface it." Moegerle, "Is that *Roberts' Rules* that the tabler decides the..." Vierling, "There's no motion right now to deal with it, make the suggestions. Nobody's made a motion."

Moegerle motioned to schedule a Work Meeting for the purpose of discussing the Zoning Map Amendment for May 14, 2014, at 6:00 p.m. Koller seconded.

DeRoche, "Any discussion?"

Ronning, "How much time are we considering? This is all brand new to me. That's—I don't understand why we're doing any of it." Davis, "Well, the basic need is the Classic Commercial Park. We had an instance 2 years ago when a resident..." Ronning, "We're going to talk about it in the future. That's fine. This is an awful lot to—I don't know where it comes from. It's a big chunk, too much to chew right now."

Moegerle, "The only question I have is has Met Council been apprised of this discussion and are they in a position to act on this rather quickly or has no indication?" Davis, "They have been contacted and they've indicated a willingness to consider this?"

Vierling, "The Met Council won't take any formal position until there's an application to amend the Comp Plan." Moegerle, "But there are informal channels that you can get some inklings." Vierling, "They're not going to take any hard and fast position." Moegerle, "Well, I understand that."

Davis, "As Mark indicated now, there's no assurances when they'll look at it or what their opinion will be, but we did talk with their planner there and they said they would definitely take it under consideration once it was submitted to them."

Moegerle, Koller-Aye; DeRoche, Harrington, and Ronning-Nay, motion failed 2/3.

DeRoche, "How much time do you think it would take to go through here, Jack? Hour, hour and a half?" Davis, "I don't think we could get both of them done the 14th. An hour is..." DeRoche, "I'm thinking about the 21st. We have a Council meeting, but it could be done maybe before that." Davis, "I think depending on the degree or the level of other

information it should require. Hopefully, we should be able to get that done in an hour.”

DeRoche, “But I—I think I kind of told you what my concern was before and I think if that can happen, then it probably would have been done tonight.”

Ronning, “We’re kind of just a little open discussion here. This looks like there’s about 22 properties.” Davis, “Correct.”

Ronning, “Have any of—are any of them aware that we’re talking about this?” Davis, “Yes, they are. They were all notified. There’s a public hearing held and it was discussed at the Planning Commission. Everybody had a chance to speak. Everybody was notified by a letter and advertised in the paper, and there were no oppositions or objections to it.”

DeRoche motioned to schedule a Work Meeting for the purpose of discussing the Zoning Map Amendment for May 21, 2014, at 6:00 p.m. Harrington seconded.

DeRoche, “I’d say, 6:00 because it’s an hour and a half. Any more discussion? Any discussion?”

All in favor motion carries unanimously.

Davis, “Is there any specific or additional information you’d like to see with this?”

DeRoche, “Yeah, I would like, I guess, part of my problem is all this stuff was kind of together. I think they should have been separated, the zoning for one part, the zoning for another part and another part, rather than bunched because there’s some issues that I have with some of these.”

Ronning, “And a little broader information about what—what the impact is and what—what the need is. Unless I’m mistaken, this is a pretty big chunk that—this is the first meeting we’ve seen anything about it, and I’m not aware that anything needs to be done, myself, so I’d like some explanation of why we’re doing this and how many people are—and what they had to comment on. If they were at the Planning Commission, what happened there? They were—they’ve had a chance to speak, but we have no idea what they said.”

Davis, “There were no objections to any of the—what I can tell you is there are no objections to any of the property owners at the Planning Commission who had the opportunity to speak against this. There were—no one objected to having their property rezoned. There are several instances where there are people in favor of this. I know that Mr. Tom Sauter was there at the Planning Commission meeting. He’s the one that owns the property that’s zoned R-2 that would be zoned to industrial. Mrs. Johnson was there, Gordy Hoppe was there. Have to go back and see who the—some of the other owners were, but at the Planning Commission meeting, there were no objections to the rezoning.”

DeRoche, “And, you know, Jack, I guess what I’m looking for is some rationale. When the Planning Commission says you have to go ahead, but when we get it, we have to know why is this happening. So when people say, ‘Hey, why was this rezoned?’ We can say something.”

Moegerle, “I think the simplest question I have is, is there any tax consequences to these people as far as having their property rezoned one way or the other?” Davis, “No, the

zoning doesn't have anything to do with the tax—the use or the value of the building does. The zoning could have something to do with the tax.”

Moegerle, “But that was not an issue?” Davis, “That was not an issue.” Koller, “I attended that meeting.”

Ronning, “So at least one of the properties will be affected that—under these changes, they—they can't use it.”

DeRoche, “Mark, do you—do you have a legal opinion on that? The residential property, what legally is going to happen to that piece if it goes to a resident going to business?”

Vierling, “You might want to take a look. Your zoning code has permissible uses and conditional uses in every zone. For example, when you go to light industrial from business, you're actually—your light industrial zone incorporates all of your business uses and then adds others that are allowable under the light industrial zone. So when you go from what is now a business to a light industrial, you're actually adding permissible uses. Those you might want to take a look at in case those added uses are any of those that you object. One, for example, is adult uses. Is that an appropriate area for that type of thing you have coming in? In terms of residential going to business, it's a little bit different picture because you don't have that incorporation of all those prior uses. You're changing the fundamental use from a residential to a business use, which is a different classification entirely, so you have different uses entirely from that perspective. From the three property owners that are fundamentally operating businesses in a residential zone right now, there's a number of potential issues for them going forward as they are. It's going to be beneficial for those property owners as businesses to certainly want to be in the business zone both for financing, selling, and anything else they might want to do just because the commercial markets, in terms of banking and finance really have a bias against a business located in was, in essence, a residential zone because they feel that the business could come to an end or cease and not be as saleable. So from the residential to the business perspective, those nonconforming businesses are certainly favored by going to a business zone without any question.”

Koller, “Now, those businesses, when they were built, that was industrial.” DeRoche, “They what?” Koller, “That was a commercial zone, but back in, apparently, 2006 or 7, they changed it to...” DeRoche, “Jack?” Davis, “What's that, Bob?” DeRoche, “Do you know when that happened?” Davis, “2008, I believe, is when the rezoning took place.”

Koller, They changed it to residential and all those businesses became nonconforming, and now one of the businesses wants to expand and he can't because it's residential.”

DeRoche, “Well, part of the issue I have is we had discussed the businesses down by the Fire Department being included in that, and, you know, there's—we'll discuss it at a workshop. I mean, we're not going to...”

Ronning, “You mentioned 2008. I remember 2008. Was it 6 that we had a meeting at the church on 22 and some of the people there said, ‘I didn't know I'm losing my property.’ Part of it's being—the golf course is going into the City Center. One of the people I know about three houses in, the service road's going through one of his buildings. Nobody knew anything. I don't think Hoffman knew anything about it, so I'm going to be make—I'm going to make sure we're very cautious and that's my intent, and we understand clearly and

everybody else affected does.”

7.0B None.

Economic
Development
Authority

7.0C None.

Park
Commission

7.0D None.

Road
Commission

8.0

**Department
Reports**

Davis presented the staff report and indicated Council will be requested to consider an IUP renewal for Valder’s Vehicles at 18805 Highway 65 NE, Suite A, PIN # 32-33-23-12-0009.

8.0A
Community
Development

On May 2, 2012, City Council approved an Interim Use Permit (IUP) for Tim Chies and Jordan Valder for an Automotive and/or Motorcycle Internet Distribution Sales business known as Valder’s Vehicles at 18805 Highway 65 with the following conditions:

8.0A.1
Valder
Motors IUP

- 1) At least ninety-five (95) percent of all sales shall be initiated and secured through internet communication between buyer and seller;
- 2) Exterior storage area for vehicles and/or motorcycles is limited to 4,000 square feet and shall not interfere with access to required parking spaces. Exterior storage is limited to no more than twenty (20) vehicles and/or motorcycles for a maximum of forty-five (45) days;
- 3) Parking areas must be identified, striped, and sized according to city code, Appendix A, Zoning, section 22.4, including accessible parking stalls;
- 4) Exterior storage of inoperable vehicles and/or motorcycles, equipment, parts, or materials used in the conduct of the business is prohibited;
- 5) Minor vehicle and motorcycle maintenance is permitted as an accessory use as to vehicles and/or motorcycles awaiting sale and delivery only within a structure. All vehicles awaiting maintenance must be stored inside the principal structure. Body work is prohibited;
- 6) Life and safety inspection by the City building and fire departments must be completed and satisfactorily addressed by Applicant. A Certificate of Occupancy must be issued by the City Building Department;
- 7) Vehicle and/or motorcycle storage area shall be surfaced with concrete or bituminous and shall meet required parking setbacks. Vehicles and/or motorcycles must not be stored in the right-of-way;
- 8) All necessary state and city licenses shall be obtained prior to operation and displayed for public view during business hours;

- 9) Business owner must submit records of sales type as requested by City staff within fourteen (14) days of the request;
- 10) An Interim Use Permit is limited to no more than two (2) years duration upon initiation or renewal. Expiration date is May 31, 2014;
- 11) An Interim Use Permit Agreement must be executed no later than May 31, 2012 and all conditions must be met no later than July 1, 2012;
- 12) All signs associated with the use shall be in compliance with the East Bethel Sign Ordinance.

This approval was the culmination of the following meetings and discussions:

- January 24, 2012 - Planning Commission Meeting heard Ryan DiMuzio and Jordan Valder of Valder's Vehicles make a presentation discussing open sales lots. As a result of the presentation, the Planning Commission recommended that City Council direct staff to propose a zoning text amendment that would allow for open sales lots for internet-based sales with regulations.
- February 1, 2012 - City Council met to consider amending the B3 Highway Business District through a Zoning Text Amendment to Permit Internet-based for Open Sales Lots with an Interim Conditional Use Permit.
- February 15, 2012 - City Council met with the continuation of the February 1st meeting for discussion for a Zoning Text Amendment with Mr. DiMuzio being no longer associated with the request.
- February 28, 2012 - Planning Commission discussed the proposed language and directed staff to make modifications.
- March 27, 2012 - Planning Commission conducted a public hearing was held for the Zoning Text Amendment.
- April 4, 2012 - City Council approved Ordinance 36, Second Series amending Appendix A of the City of East Bethel Zoning Code – Zoning Text Amendment – Automotive and/or Motorcycle Internet Distribution Sales.
- May 2, 2012 - City Council approved the IUP for an Internet Distribution Sales for Valder Vehicles.

The current IUP was granted for only two years due primarily to:

- The request of the applicants, and
- The City's concern that additional planning needs to be completed in the area served by municipal utilities to maximize the land use potential of this site.

During the term of Valder's Vehicles IUP, Staff has requested on two occasions that Mr. Valder re-arrange his vehicles on his lot in a manner that would not resemble an open sales

car lot and requested an audited report of his sales to determine if he was meeting the 95% requirement of sales being internet based. Attached is Mr. Valder's report that was requested on December 3, 2012, an e-mail chain of discussions between Mr. Valder, the City Administrator and the City Attorney, and his most current report that details the sales of his vehicles. It should be noted that Mr. Valder's reports of sale do not, in Staff's opinion, provide what we consider the essential documentation required to substantiate that at least ninety-five (95) percent of all sales shall be initiated and secured through internet communications between buyer and seller.

Mr. Valder has requested a six (6) month extension on the IUP that is set to expire on May 31, 2014. Based on the experience with this type of business operation, more restrictive or additional provisions could be added to the IUP as considered necessary, should Council contemplate an extension of this permit.

At this time, Council is requested to consider the submittal of Valder's Vehicles IUP renewal and provide a response appropriate to the issue.

Koller motioned to approve the extension of the IUP for Valder's Vehicles, 18805 Highway 65 Northeast, for an additional six (6) months with an expiration date of November 30, 2014. Moegerle, seconded. All in favor, motion carries unanimously.

Vierling, "Under the same terms and conditions of the existing permit?" Moegerle, "I want to open the discussion on this." Vierling, "I'm just asking for clarification on the motion." Moegerle, "At this point, yes, that was it. But I have questions for discussion."

DeRoche, "Well, sure. Jordan, you want to look?"

Moegerle, "The one question that I have is why were there no sales dated provided for 2014. What I have is, like, 6 or 8 pages of sales through December of 2013 and so were there no sales in 2014 or is that information available?"

Valder, "No, there were—the sales that I provided were 2013 for your standpoint because 95% is through the years what I assume, 95% of sales are initiated through the Internet and 5% can be potential walk-ins or—is what I—I have it down there. So, I thought it was yearly. It's not, you know, just for—say if I was there for ten years, 95% of all the sales. That makes sense."

Moegerle, "Well, I thought of 95% of all sales during the period of the permit and so what I'm just seeing here is sales for 2013 and nothing for this year. So I was concerned about that." Valder, "Well, I guess it's—it's all the same, now that I think about it. I just figured that I would just give you 2013 records because that was the titles that were done titled in a file cabinet. That's where I keep all the customer information and all the purchase agreements, which I cannot give you due to, you know, Minnesota state law." Moegerle, "Okay. Other questions?"

Ronning, "How many have you sold this year?" Valder, "On average, probably about 17 a month is what we've been doing there, so we've been fairly successful at that location."

Ronning, "The 2013 report says 156 total, Internet 152 or 97.5%, walk-in for 4. Is that consistent with 2014, do you believe?" Valder, "Everything that we do is the same as we've done in the past, except for it's grown, you know, quite a bit since I started. So we're

on track to, hopefully, double those number this year. But I'm looking for a different spot to go."

Moegerle, "Jack, could you tell us your concerns with regard to the data that was provided and indicated?"

DeRoche, "Can we kind of take turns here? Ms. Moegerle? You don't mind if we ask questions, too, right?" Moegerle, "Well, not at all, but there was a silence, so I asked a question."

Davis, "My concern with the data is that we had requested it be provided by an independent auditor rather than just a sales listing, so that was our avenue of concern." Moegerle, "Thank you."

DeRoche, "Boy, actually, I was one of the people that—in fact, I think I might have made the motion when you originally came in. My problem—one of my concerns right from the start was we didn't want a car lot out there, and when you came in—in fact, I've got the papers here—you said you'd worked at a car lot in Fridley. You didn't want that look. You didn't want to have cars out looking like they're for sale. That didn't happen. It was for two years so you guys could get on your feet, move forward and move on. Apparently, those plans changed. Let's see, it's more like networking of car sales. He doesn't want that look. He doesn't want any sale or regular used car lot. Well, you know, I've been driving by there ever since and it looks like a car sales lot. I mean, when you line them up, they're facing out, you kind of once in a while put one under that streetlight that's over there. My biggest issue, to be honest with you, was I really expect people to be up front with me because normally I 'go to bat' for people, I really do. And, you know, the whole—one of the only other concerns was that's part of the Sewer and Water District and we're trying to bring development in and would somebody want to put a business or a building next to a car lot? And so the zoning text amendment went through. I mean, there's white vans that have sat there pretty much all winter on the north side."

Valder, "They've moved in 30 days. I just started that division. All the white vans look alike, you know. Ford E150 looks like a, you know, 2001 E150, that's still made today, new. So, no, they've been moved within 30 days. Those are, you know, presold inventory that we have. As far as the car lot look standpoint, I mean, the whole reason why I did an Internet distribution sales, you don't want open lot sales, you don't want the flags, you don't want the banners, you don't want the hoods open, you don't want flat tires. Now, I don't do that. I keep it nice, clean, organized. So when I have customers that come in from the Internet, okay, yeah, this is the spot. I've had numerous people just pass by me because they don't know where I'm at, but that's okay because I don't want the flags, I don't want the banners, I don't want that crappy look like I'm just a car jockey because that's not what I do. I specialize in trucks. That's where my clientele comes from. So I have them nice and neat, you know. I would expect you guys would appreciate that, and you're driving by. Well, that's a nice business there. You know it's not cars scattered because I can park them, you know, however you want. When you drive by, if I have them just parked right, like, you know, what is that place? What's going on there, you know. It's nice, neat, and it's, you know—that's my image when people come. I've had numerous people say, 'You know what? You have the cleanest spot that I've seen.' Because I work hard on getting that nice and clean. I plow as soon as it snows. Look at the other car lots. They don't plow for two more days. They wait for it to melt because they're too lazy to go out there and brush the cars. So I take pride in my spot, which, essentially, it is a dealership, a dealer's

license, and I take very much pride in that spot to keep it nice and clean, which I didn't have much to work with. That building needed a lot of work, and it doesn't help the guy next door to me doesn't give me a good image, but that's, you know, that's not my problem. I can't—I can't clean up his mess too.”

DeRoche, “Do you remember when you came in here—in fact, it's in the paperwork also—that you said what you were going to do is people would come to you, have you look for a vehicle, you would go find it, bring it back. 95% of everything would be done, they'd pick the vehicle up and it would be gone, or you would have to do something with it.” Valder, “Correct.”

DeRoche, “You know, to my knowledge—and again, you know, my problem is you weren't up front, and if you remember right, you operated for, like, three months without a permit in the city and I think the reasoning was because you still had an open license from St. Louis Park.” Valder, “Spring Lake Park.”

DeRoche, “Spring Lake Park?” Valder, “A wholesale license, not a retail license.”

DeRoche, “Okay, but that doesn't carry over here. And, you know, it's—you know, the frustrating thing for me is, again, I 'went to bat' for you, I really did, and if you read the minutes, you'll see that.”

Valder, “Well, you've got to see from my standpoint too. This is my first time around. I'm young, young business owner, don't know how it all works, okay? I had the business plan of, yes, I'm going to go—I'm going to find these people cars, okay, because I want to make sure they're nice, they're good. I'm not going to sell them a piece of crap trade-in like you did when I worked for, you know, a major dealership down in Fridley. I wasn't going to do that. Found out how do you get these customers? How do you get this clientele? Okay? Internet can only do so much. It's just like, you know, having a Coke bottle that, you know, you can get at the grocery store down the street, but if I don't have it, they're not going to come to me, okay? So I decided, you know what? I'm going to get the nice stuff that I've previously sold my clients with to create new clientele and have them come back, and it's worked and that's why I have more vehicles than the five, six that I normally started with and that's what created my business to grow, okay. So I didn't know that going in there, but I made sure that was in my guidelines that it's—you know, it's Internet distribution sales. I don't have for sale signs on these things. I don't have price tags. I have nothing on those trucks out front except for the buyer's guide by the Minnesota state law that I have to have. So as far as that aspect, I've been up front with you since day one. It's just I'm young and I didn't know how this was going to go. You know, it's just all my own money. I don't have my dad help me. I don't want my grandparents to help me. I did this all on my own and that's what I figured out is that's what I had to do. To create more clientele, I had to have more inventory that's not sold yet to get those clients to come in and service those clients in the future, and that's what I've done.”

DeRoche, “Well, to use—and I'm going to say it's an excuse, Jordan, because to use the excuse you're young and you didn't know better, I'm sorry. I—I—you know, whatever. I would rather if you'd come in and said, 'You know what? Yeah, you're right. Geez, yeah, maybe, hey, this is what, my plans have changed. This is what I want to do,' whatever. But to say you're young and you didn't understand it, you're—if you've got a Minnesota dealer's license, you've been in the game for a little while.”

Valder, "Wholesale, not retail." DeRoche, "Okay." Valder, "This is the first time I got retail, deal with customers. That wholesale the other dealers. Total different ballgame."

DeRoche, "And bear in my mind, because you advertise on the Internet doesn't make you an Internet sales business because Car Soup does it, Auto Trader does it, a lot of those people do it."

Valder, "Where do you find that guideline? That's just what—don't make no sense." DeRoche, "Well, it was in your IUP." Valder, "Correct. It's Internet distribution sales. Everything's done on the Internet."

Vierling, "No, you have to read the definition that was passed, and that was 95% of all sales initiated and secured through Internet, understood that between buyer and seller. Business has no presale acquired inventory. All sales substantially completed before the product is delivered to the business site for delivery to the customer. Minimal need for automobile storage on site. I appreciate your business history and, you know, this area was set up for an IUP to facilitate the Internet business described and defined in the ordinance, but, you know, the good news is you've gone beyond that with your business model and this is no longer a place that fits for you."

Valder, "Correct. That's exactly why I'm looking for a new spot."

Moegerle, "I have a question for the attorney. Since his business model has changed, if we grant the extension of the zoning text amendment and all of the—in the terms of the zoning text amendment, then do we accept his change in business model and does that cause a precedent problem down the road?" Vierling, "No, because you're only extending the existing permit under its existing terms and conditions. The issue that you're really presenting is enforcement." Moegerle, "Exactly, yeah."

DeRoche, "Well, I've got to ask, okay, because I remember when you came in here and I remember us—I don't know. It just kind of burned me up that you were operating without—when the City said don't until we get you going, and you did anyway and, you know, it looks like a car lot. I don't care how you cut it, Jordan, it looks like a car lot." Valder, "Absolutely. That's essentially—that's some cars. That's essentially what I do. I mean, I don't..."

DeRoche, "Well, and I—I'm not disputing that at all. That's not what's in question here." Valder, "Right."

DeRoche, "But we have this real expensive sewer system that is in this district down there, and, you know, there's been talk, we need to do a comp plan, we need to figure out how we're going to piece businesses in here that are really going to contribute to help pay for that..." Valder, "Right."

DeRoche, "I, because every single person in East Bethel's on the hook for that bad boy. And at the time, a car lot, and that's why there had to be a zoning text amendment because the City at that time didn't allow it." Valder, "Right."

Valder, "That property is going to be redeveloped, I'm sure. You guys know. If you don't know, it's going to be, so I know I've got to go somewhere else anyways, so that's, you know—it is what it is."

Moegerle, "Where are you in that process?" Valder, "I found two properties and make an offer on one, but the property needs a lot of work, like Tim's did, so for me to get it, you know, ready and just approval for the, you know, loan company to say yeah, it can be occupied, it's going to take me, hopefully, less than 2 months, I'm hoping. But you just don't know." Moegerle, "Right."

Valder, "So that's why I'm just saying 6 months just to give me, you know, enough time so I just, you know."

DeRoche, "What's your take on it, Tom?"

Ronning, "Well, I think there's a goof, and what do we do about it? How big of a problem is it? Goof is a pretty mild word for some things. What city are you looking in, if I may? Pardon?"

Valder, "Cambridge." Ronning, "Cambridge." Valder, "I'd love to be here, but I know it's just not going to work out for me." Ronning, "Yeah, I'd like to see whoever's here stay here."

DeRoche, "Tim?"

Harrington, "You know, I really don't have a problem for 6 months. I mean, it does look like a car lot. I've driven by that every day and, you know, if you could move vehicles around a little bit—but for 6 months, you know, I'm all for business. I'm, you know." Valder, "Thank you."

DeRoche, "Jack, what are your recommendations?" Davis, "I, too, think that a 6-month extension should be granted, but we may want to consider some further restrictions in the IUP, especially for the number of days that a vehicle can remain on the lot just so we don't have any questions about that. Also, the number of vehicles, you could consider lowering that, but as far as the 6 months, I would recommend the approval, the extension with whatever considerations you think are necessary for restrictions, especially the number of days a vehicle can remain on the lot."

DeRoche, "I can go for that. He's the boss, so."

Valder, "I've got employees to pay for, so I mean I can't just all of a sudden downsize, say, 'Hey, guys, you know, you've got nothing to work on. Matt, sorry, your sales have got to go down.' I can't do that to them."

Moegerle, "But you do understand the issue of the sales lot."

Valder, "100%, and I tried initially. That's initially what I wanted, but, you know, I try to think of, you know, creative ways to get in and, you know, I thank you for let—allowing me to do this. I really do."

Ronning, "If you ask my opinion—yeah, I interrupted. Pardon me. I'm sorry. When you balance some of these things out, does the crime deserve the time, does it match? If you're out of my business, that's like the death sentence, death penalty, and for what he did, I don't

know that I can justify harming his business. You know, if you explain what needs to be done and if that is—there's no problem with that and it's agreeable, I don't have a problem either, like Tim says.”

DeRoche, “Well, I don't think we're running him out of business.” Ronning, “If we don't grant the permit, we are.”

DeRoche, “Where you want to set up for re—for development, and I think there's only two of us that were here when this thing was originally issued.” Ronning, “Yeah.”

DeRoche, “And, you know, I was kind of a—and at that time, Ms. Moegerle, had the same concerns I did, and—about setting precedent and, you know, jeez, this is where we're supposed to be developing and—do I want to run you out of business? No, but I don't know, man. I wish you could be on this side and see what decisions you've got to make here.”

Moegerle, “Well, here's the difficulty. The difficulty is just that in six months, you'll be gone, but the thing of it is, is they're going to be more businesses coming, and, you know, we're going, gee, you know we had that problem with Jordan. Nice guy and all that stuff, but we learned too, just like you learned.” Valder, “Oh, yeah.”

Moegerle, “And so, you know, nobody—the idea of punishing you, it doesn't enter my mind, but what it does concern is, you know, maybe a violation of our trust and our faith, and that's disappointing. And so, you know, if we can make the next six months a little happier and, you know, follow that a little closer, I think that will make enforcement issues a lot easier for all of us.”

Valder, “What's the issue, as far as just the amount I have? I'm under my 20.”

Moegerle, “Yeah, I went by and counted. I got up to fourteen and I was too far. But, you know, I think making—it looks like a car lot, like they said. Along that western border there, they're all parked up—last time I was there, and I realize things have probably changed since then. But, you know, we don't want it to look like a car lot. We understand a car lot is your business, and so that's...”

Valder, “That's just it.” Moegerle, “Yeah, I know.” Valder, “When you have customers come in and, you know, they get the cars, you know, it kind of gets sketchy, you know. They just don't feel comfortable. I want my customers to feel comfortable when they come to my place.” Moegerle, “Sure.”

Ronning, “Jack mentioned the thing about 45 days and then rotate or do something with it. Do you have a best guess what your stock looks like for time?” Valder, “Before mechanic or when it actually is ready for sale?” Ronning, “Oh, boy. Well, I guess what is on the property.”

Valder, “Sometimes they get distributed disputed everywhere, if they have to go to the body shop, they have to go to the mechanic's shop, but, you know, I've been very fortunate to turn my vehicles within 30 days and that's pretty unheard of, and that's why, you know, I can continue to grow is because I'm not paying interest on these vehicles because most of them are floor planned. And if you have them over the 45 days, you've got another fee, and that's daily interest. So their goal is for you to run them as quickly as possible, so in return

I have to. So they don't—they don't stay more than 30 days, on average I should say, because there are a couple that, you know, for some reason just take a while to find the right client for it."

Davis, "I'm not speaking for the Council, but would you be amenable to reducing that 45-day period to a 30-day period?" Valder, "I guess, you know, it doesn't—as far as the out-front storage, that's really not going to affect me, so."

Koller, "Well, I think since he's asking for a 6-month extension while he finds a new place, we're spending an awful lot of time on something that's going to end in 6 months." Ronning, "Yeah."

DeRoche, "Well, the problem is, another business sees it just like Ms. Moegerle, stated, you know, 'Well, he did it, so why can't we do it?'"

Moegerle, "We've grown and learned and are more mature."

DeRoche, "And, you know, we've had quite a few issues up here where, you know, a precedent was set and somebody—'Well, gee whiz, you let them do it. Why can't I?'"

Ronning, "Because it was wrong. It wasn't complied with and that probably needs to be more up front." Moegerle, "I disagree that it was wrong. I really do." Ronning, "Well, I'm—just—that's a figure of speech then."

DeRoche, "So where are we at here?"

Moegerle, "I call the question."

Vierling, "Motion on the table."

DeRoche, "Well, you—to operate the same as he is or..." Vierling, "No, to operate under the existing permit as conditions are provided in the permit."

Ronning, "Correct. Jeez, I don't know who—I think I seconded. I'm not sure."

Moegerle, "I did. I did." Vierling, "Okay, that's right, Moegerle seconded."

Moegerle, "Do you want to amend it?" Koller, "I think it's fine just the way it is." Moegerle, "Okay."

DeRoche, "Well, then motion stands for leaving everything the way it is with no other restrictions, even though he's not operating under the IUP."

Moegerle, "Amendments?" Ronning, "Well, what would we need to correct?"

Vierling, "To be clear, I don't think you need to correct anything, to be honest with you. I think the motion was extend existing IUP under its terms, 6 months."

Ronning, "But I just want to make sure we're all clear as far as..." Vierling, "I don't think you want to amend the IUP." Ronning, "I don't think so either."

All in favor, motion carries unanimously.

Valder, "Thank you."

8.0D
Finance
8.0D.1

Davis presented the staff report and indicated he just wanted to go over this because at the meeting when the auditors made their presentation, we had some recording difficulties. This meeting didn't get recorded, and there were some very positive things that came out of their review and I just want them so everyone can see them.

The 2013 Annual Financial Report (AFR) has been prepared, audited and approved by City Council on April 23, 2014. A summary of the report is as follows:

- The City received a clean and unqualified opinion from the Auditors
- There were no material weaknesses detected within the City's internal controls
- The City has improved its bond rating to AA which enables the City to receive better interest rates for bond re-financing
- The General Fund ended 2013 with 62% of 2014 budgeted expenditures fund balance or \$2,982,714. An adequate fund balance provides the following:
 - 1.) The cash flow required to fund City expenditures between the semi-annual receipts of property tax payments from Anoka County
 - 2.) A buffer against state aid adjustments
 - 3.) A means to finance unanticipated expenditures which are not covered within the budgeting process
 - 4.) Assists the City in securing better interest rates for future bond refinancing or sales.
- The City's debt per capita is lower than our peer group of cities in the 10,000 to 20,000 population range (3rd Class Cities)
- The City's taxes per capita are lower than our peer group of cities
- Current expenditures per capita are lower than our peer group of cities.

While there are no recommendations or actions requested, the City's overall financial status, in spite of the indebtedness for the Municipal Utilities Project, is healthy and sound due to management practices adopted and consistently implemented by City Council and Staff.

DeRoche, "Good job Mike. We did hear comments from the auditors. In fact, I ran into them up at the Mayor's Conference. And, they were real complimentary of Mike Jeziorski. The City had everything in order. It's probably one of the easier cities."

Koller, "Good. I want thank to you too Bob, and Tom, and Jack. You guys have done an outstanding job too."

Ronning, "I agree about me. I agree with the commendation but think Mike has had a lot to do with that. I'd make a motion to direct staff to prepare a Letter of Appreciation on a good job."

Davis, "Don't forget one other person, (former Finance Director) Rita Pierce has had a lot to do with this." Ronning, "Yes, absolutely. Do we need a motion to do that, make that?" Vierling, "You may make a motion."

Ronning motioned to submit a Letter of Commendation to Mike Jeziorski and Rita

Pierce for their work as Finance Directors as it relates to the 2013 Audit Report. DeRoche seconded. All in favor, motion carries unanimously.

8.0E
Public Works

None.

8.0F
Fire
Department

None.

8.0G
City
Administrator

Davis, "I have no reports at this time."

9.0 Other
9.0A
Staff Reports

None.

9.0B
Council
Report –
Member
Moegerle

Moegerle, "I heard two words today that I haven't heard probably, in a long time, and that was Doug Sell. I actually ran into him in Applebee's early in April. Hadn't seen him in quite a while so that was a surprise meeting.

The cleanup has gone well and the street sweepers were out today and doing a fine job so that was very good to see.

Yesterday in the mail, I got a notice of the Forest Lake School Board's intention to raise taxes. It's going to be a bond, it's going to be on the voting ballot coming up here in May. The way I read it, \$188,000,000 is what they're looking at. DeRoche, "You read that right."

Moegerle, "So, I think we need to read that. Now, that's just for the people who have kids that go to the Forest Lake district. Yeah, ISD 15, is yours so pay attention to that.

Recently, I've gotten comments from renters in the Beach area about the quality of the rentals. And, there was apparently a situation where he septic failed and was 'geyser-ing' up yesterday, which is not what you want to do any time. But, as a renter, it was very bad. We have discussed this issue about having a registration of rental properties so that we know which are rental properties. There are some public safety aspects of that from, you know, if there's a fire and we know it's a rental, maybe we'll look for more kids than if we know it's just owned by a single individual, and so forth. That's not the only rental that we are aware of at the Beach that has a bad septic system. But, I would like at least to have some more consideration about having the rental properties either listed, have a list of them, and do some enforcement issues on that. I know, Mark and I have had some exchange on that, on how to do that without creating a whole new enforcement problem. So, it's something that we have to do in a measured way. But, I would certainly think it's something that we need to revisit just because of the number of complaints and the quality of the complaints.

And, Ron, I have a couple meant for you. You were sorely missed yesterday at the Upper Rum River Water Management Organization meeting. It was the annual meeting. We got some good compliments on the audit that was done and there's going to be a further audit.

But, the preliminary information was very good and Jamie Schurbon from Anoka Conservation District got kudos as well. The take away from that was that in 2016 the fees are going to go up to the City by about \$10,000 a year, which, yeah, if only all of our other fees went up only \$10,000 a year. So, it's a substantial amount relative to what we pay but in the scheme of things, not so much.

Then there's the other interesting thing that's going through the Coon Creek Water Management Organization in which Ham Lake wants to pull out of Upper Rum River as well as the Sunrise River Organization, which would again be another increase for East Bethel. So, it's something that's coming down the pike that they're trying to get accomplished."

Ronning, "The cost increase you mean?" Moegerle, "Well, not, the cost is going to be the same but the proportion that East Bethel pays will be greater if Ham Lake goes out."

Moegerle, "And, I'm not sure whether you saw Sunday's paper? 'If you Build It?' This is Lake Elmo, 'the city learns that if you build sewers, growth will come.' So, someday maybe we'll have that headline. That's all I have."

Council Member Ronning

Ronning, "I don't really have very much either. I've had, during this year, several comments about compliments, thanking for what we're doing. The most recent one, was somebody over in Coon Lake Beach and they said they are a 15 year resident and they were really upset with the way things were going and they like things now. They are going to stay. And, when those things come along, it's not me, it's compliments for our attorney, for the Council, for Jack. But, people I've spoken with are somewhat pleased and if they're not, we really need to hear some of those things because, as I said the other day, it's too easy for a small group of people to make rules that effect everybody. And, we owe them more than that.

Another thing, it's just an idea, I've been talking to different groups and different things. There is so much history around here with the seniors and the people that really formed this whole area. I've spoken with some different groups and I don't get any 'bites,' I don't know that there are any 'bites' here either, but to get these people in an area with a round table discussion, some coffee or something, and get the conversation going about what it was like when you were a kid. And, then walk through it a little bit. There's so much, because a lot of stuff has happened here that no body's aware of. Unless I'm the only one that appreciates that stuff, I think, it would be nice to put together and make available for people. No 'bites' so far. That's it for me. Thank you."

Council Member Harrington

Harrington, "I've got a couple things. Road restrictions are going to be lifted Friday at 12 o'clock for the metro south. The northern part of the State restrictions stay on for a while yet.

And then, my big concern is tomorrow, they're talking about a big severe outbreak. I just think the people of East Bethel should be aware because they are talking severe thunderstorms. You know, everybody watch the sky or whatever, keep an eye on the radio. Be safe."

DeRoche, "Wear your hat. You all done?" Harrington, "All done."

Koller, "I went to Planning and Zoning and they were discussing pole barns on smaller lots. Hopefully that will be approved. They also discussed some rezoning that we tabled today at the Work meeting.

The Sunrise Water River Watershed, we met with a committee from Linwood Lake and they wanted to discuss some problems with Curly Leaf in their lake that is very problematic last year."

DeRoche, "It's spreading."

Koller, "So, we're in contact with Jamie Schurbon about that treatment-wise and trying to get that scheduled. From what I've heard, it's like 2016 if they get on it right now, they'll be able to actually do something.

And, the Fire Department, I went to that meeting and everything is looking good there. All the firemen are going through their physicals in the next few weeks. So, we'll see who hasn't been keeping up. They asked me if I wanted to get mine done and I declined. That's about it."

Mayor
DeRoche

DeRoche, "Well, we had recycling last weekend. That went well. The garage sale was at the Ice Arena. I did stop in there. They are looking for, what do you call it, applicants for the pageant for their scholarship program. I don't think they call it 'pageant,' do they? So, if anybody is interested, you can probably get a hold of somebody at City Hall. I think we have information here, don't we Jack?" Davis, "Yes."

DeRoche, "Went to the LGO meeting the other night. Sandhill Crane situation is moving forward. I spoke with John VondeLinde. So, anyway, the DNR is working on that.

Actually, next week, I'm on the Anoka Community Corrections Committee and we're going out to the Lino Juvenile Center to have the meeting. They have some type of an open house where the kids can go out and look at different options for schooling. Maybe some way to get out of where they're at.

Went to the Mayors meeting up in Fergus Falls. That was an interesting trip. I would recommend if anybody gets in to be Mayor, that you go up there. It's kind of a spot where you kind of 'let your hair down.' I mean, I don't drink but I still had a pretty good time. You get a really good idea of what is going on in other cities and then you kind of reflect back on ours. And, we're doing all right. There's a lot of cities out there that have a lot of worse problems. A lot fewer people to try and figure it out.

I went to the Fire Department retirement breakfast that Tammy Gimpl put on. That was, touching on what Tom said, a bunch of the old fire fighters retired. Boy, you talk about a good time. Them guys have a lot of history. They were talking about before East Bethel was even Bethel. And, how they grew up on the farms and pulled all their little shenanigans and stuff. And, started to eat breakfast, or lunch, and somebody said you know, 'Where'd Tammy go?' Well, she had to go on a dog call. Now, Tammy's the dog catcher. Ten minutes later you hear this old siren going off, she pulls up in the lot, all the old fire fighters go outside, she had bought an old 1951 fire truck and had "Retired East Bethel Fire Fighters" magnetic sign put on the side of it so that the old retired guys can ride in the parade. I thought that was pretty good of her to do that. The truck is in pretty nice shape. She does a lot of stuff in this City. Thanks Tammy. For those of you who don't know, she

wears more 'hats' than you can shake a stick at. Other than that, I'm pretty much done."

Ronning, "One little history piece that I learned from these seniors, Cooper's Corner was Bethel. So, a guy named Cooper started a post office there and that's where it gets its name 'Cooper's Corner.' When the railroad came through, they didn't go where Bethel thought it was going to go. They picked the whole town up and moved it to be on the railroad. But, you just don't hear that stuff. People don't know that. It's, sometime you have to figure out who we are and where we come from."

9.0C
Other

Sharon Johnson, "My point of order, if that is what this is. It wasn't clear. I had, at this meeting, that you'd be voting on, or voting to table, on the zoning. That's why I didn't speak during the Public Forum about it. It was just on the agenda. There was no notification to me, personally, or the farm, in a letter that this was going to be voted on. So, I just happened to come onto the City site and looked at the agenda, and saw that there was a report on it. So, I feel that I wasn't, I didn't take advantage of the Public Forum because I didn't really understand that it was going to be voted on. I understand, I honestly understand your wanting to discuss this at length because it is a very important issue. It is important for you but it is important for us too. I do have some objection to your discussing our property in Closed Session."

Vierling, "It's not going to be in a Closed Session." Johnson, "So, we can come to a working session?" Vierling, "It's a Workshop Session but understand that a Workshop Session is not for audience participation."

DeRoche, "We don't vote in a Work Session. There's never been a Closed, a Closed Session is usually for legal matters. Any of the Workshops are open for anybody to come."

Vierling, "After the Workshop Session is completed, that topic will come back into an Open Session and you may have an opportunity to speak then. But, formally, everybody's opportunity under law to speak was at the Planning Commission."

Johnson, "Right, and we did and they voted on it."

Davis, "And, there was no notification requirement for this agenda item tonight. The notification requirements for the Planning Commission, they are the ones that have to make a recommendation to City Council."

9.0D
Closed
Session

Vierling, "Okay, with that being said, for the members of the audience and for the record, we note that at the present time that the Council's about to go into Closed Session at the recommendation of our office relative to Code enforcement matters effecting two properties, 103 Sims Road NE and 181 Bryant Lane NE. The Council will recess into Closed Session and meet with legal staff with regard to those issues, after which the Council will reappear back here and announce any decisions that have been made before they would adjourn for the night. With that being said, Mayor and Council, I recommend that a motion be made to go into Closed Session for the purposes I have indicated."

Recess

DeRoche made a motion to recess the Regular Session at 9:44 p.m. and meet in Closed Session per Minnesota Statute 13D.05, Subd. 3(b), to address Code enforcement issues. Koller seconded. All in favor, motion carries unanimously.

Reconvene

The meeting was reconvened at 10:16 p.m.

DeRoche, "We are not back on the record."

Vierling, "Thank you Mr. Mayor. For the public and for the record, we would note that the Council is coming back into Open Session after having concluded the Closed Session meeting with the City Attorney with regard to Code compliance and enforcement issues on two properties. The Closed Session was attended by all members of the Council, Mr. Jack Davis the City Administrator, and myself as the City Attorney. The Council took no formal votes during the Closed Session and gave staff direction with regard to the two properties and thereafter concluded the Session. With that report, Mr. Mayor, the Council can now adjourn if you wish to do so."

**10.0 Koller made a motion to adjourn at 10:18 p.m. Harrington seconded. All in favor,
Adjourn motion carries unanimously.**

Submitted by:
Lynn Kneeland-Adams and Carla Wirth
TimeSaver Off Site Secretarial, Inc.