

# EAST BETHEL CITY COUNCIL WORK MEETING

JULY 9, 2014

The East Bethel City Council met on July 9, 2014 at 6:30 PM for the City Council Work meeting at City Hall.

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

ALSO PRESENT:              Jack Davis, City Administrator  
                                 Mike Jeziorski, Finance Director  
                                 Anoka County Sheriff, James Stuart  
                                 Mark DuCharme, Fire Chief  
                                 Nate Ayshford, Public Works Manager  
                                 Colleen Winter, Community Development Director

**1.0**                      The July 9, 2014 City Council Work meeting was called to order by Mayor DeRoche at  
**Call to Order**      6:30 p.m.

**2.0**                      **Moegerle made a motion to adopt the July 9, 2014 City Council Work Meeting**  
**Adopt**                      **agenda. Koller seconded; all in favor, motion carried.**  
**Agenda**

**3.0**                      Davis, “The proposed 2015 Budget will be presented for your consideration. Staff is in  
**2015 Budget**              attendance to answer department budget requests. Mike Jeziorski, Finance Director, will  
**Presentation**              present a budget overview prior to the presentation schedule. Mike, if you’d begin.”  
**/ Review /**

**Discussion**              Jeziorski, “Thanks Administrator Davis. Mr. Mayor, members of the Council, I just have a  
brief presentation for you this evening. Essentially the agenda is going to be, I’ll go over  
our levy and budget timeline, what we’re up against as far as reporting back to the County,  
the State, and our stakeholders. I will get into what we’re anticipating ending 2014 with as  
far as our fund balance is concerned. I will discuss, briefly, the 2015 proposed levy that is  
contained within your packet, the General Fund, the Debt Service Fund, and the EDA.  
Then I’ll give a high-level look at our proposed General Fund budget and then we will have  
time for questions and answers as far as each one of the departments are concerned.

Again, our budget and levy timeline, we started this process back in April with a Finance  
Committee to kind of set the tone for this 2015 budget cycle. That led us to where we are  
tonight where you have been provided a copy of the proposed budget and levy. Again,  
there’s no constraints with anything we discuss tonight. The first real passage resolution  
will come on September 3<sup>rd</sup> where you’ll pass the preliminary budget and the levy. At that  
point, the levy cannot be increased for the final budget in December. In November, the  
stakeholders receive their proposed property tax bills based upon what we passed in  
September for our preliminary levy. Finally, in December, we pass our final budget and  
levy resolution.

As far as our General Fund balance, we’re projecting to have about \$2.4 million at the end  
of 2014, which is about 50% of our 2015 budgeted expenditures. The way you can look at  
fund balance, from a simplified version, is that’s just the money we have in the bank. Now,  
again, it’s not that simple but for our purposes here tonight, that’s what we’re going to be  
looking at ending the year with, \$2.4 million. As you recall, we’ve had these presentations  
in the past where we had 62% of budgeted expenditures. We took some of that excess and

transferred it to some of our debt service in order to fund that without levying for it. We passed an updated resolution that, our policy is to have at least 40% of next year's expenditures.

The primary reason to have \$2.4 million in the bank to end the year is that we only get our tax settlement twice a year and we need to cash flow our operations for the first six months of the year. Instead of borrowing from an external source, we just fund it internally.

From the high-level look at our levy, for 2014 we had a \$4,050,450 levy. For 2015, we're proposing a levy of \$4,051,600, or just a very minimal change, 0% change as a percent. For 2014, we had a debt service levy of \$1,076,500. We're proposing an increase of 4% or \$1,124,000. Again, the question will come up, 'Do we really need that increase?' And, the answer to that is, 'No.' But, again it will leave you vulnerable in future years. Instead of hiking it up 15% like happened in 2014, we have proposed to incrementally increase it over time to minimize the impact. The EDA levy is proposed to remain the same.

You add up all the levies then and it is a 0.9% increase from 2014 to 2015. I think Jack actually did the math on that for a \$300,000 house. It comes out to 98 cents a month as far as an increase of property tax. Now, that's just for the City's portion.

One of the major parts of our budget, from an expenditure side, is our personnel. That really deals with our salaries. We have 19 full-time employees (FTEs). 12 FTEs are in the union. Their contract, actually, has been signed for 2014, 2015, and through 2016. In that contract, there is a 2% COLA increase for 2015. We have 4 FTEs that are eligible for step increases and there's a mandatory employer paid PERA increase from 7.25% to 7.5%. That's the employee's pension. We also have 7 FTEs that are non-union. We are proposing a 2% COLA increase for them as well. Four FTEs are eligible for step increases and, again, they fall in that same mandatory bracket for PERA increase from 7.25% to 7.5%.

Looking at it from a program standpoint, General Government covers Administration, Finance, City Clerk, Human Resources, Risk Management, things like that. We had, in 2014, \$1,090,400 in budgeted expenditures. In 2015, we're proposing \$1,086,500 or just a little slight increase of 0% as a percent.

Community Development covers our Building Inspections and Planning. In 2014, we had \$397,400 as a budget. In 2015, we have \$414,400 or a 4% increase. Again, Colleen Winters, our Community Development Director, will be here to answer any questions you have pertaining to that budget.

Public Safety captures our contract with Anoka County for police services and our Fire Department service. It also captures our Animal Control service. In 2014, we budgeted \$1,544,300. In 2015, we're proposing a budget of \$1,590,000 or a 3% increase.

Our Engineering expenses are any expenditures that cannot be billed back to their specific project funds. These are general in nature. In 2014, we budgeted \$40,000. In 2015, we're budgeting \$35,000, or a 13% decrease.

Public Works, again that captures our Park Maintenance and our Street Maintenance budgets. In 2014, we budgeted \$1,181,700. In 2015, we're budgeting \$1,207,800, or a 2% increase.

Transfers to other funds includes transfers to our Street Capital Fund and our Building Replacement Fund. In 2014, was budgeted at \$545,000 and in 2015, at \$525,000, or a decrease of 4%. The only change in that category is we're eliminating a transfer to the Debt Service Fund.

So, overall, I'll just touch on the 2015, and show that we have a balanced budget. In 2015, we are proposing \$4,861,200 in revenue, or a 1.7% change. In 2015, we're proposing the same amount in expenditures of \$4,861,200, or 1.2% change. Again, one of the things to note on the revenue side of things, one thing we did change is that we directed the cell tower lease revenue to the General Fund instead of the Arena Fund. That is one of the major changes in the revenue classification.

With that, I will open it up for questions. I think the first budget we wanted to look at is the Anoka County Sheriff's Department."

Davis, "In your budget workbook, you'll see the proposal from the Anoka County Sheriff's Department to continue our current coverage of 36 hours per day plus a Community Service Officer (CSO) 20 hours per week. The proposed budget for that is \$1,016,071 as compared to \$981,312 for last year, a 3% increase. In most of these, costs are due to medical increases, PERA increases, and the data service agreement that we entered into with Anoka County, and also some vehicle expenses. Sheriff Stuart is here tonight to go over and answer any questions.

There are four options that we can consider, though, for 2015. One is to continue this service as we currently have it, and that's with 36-hour coverage and 20 hours a week for the CSO. The second option is for the 36-hour coverage and 10 hours a week for the CSO. The third option is for 36-hour coverage and no CSO service. And, the fourth option is for 32-hour coverage per day plus 20 hours per week for the CSO. You can see those options can present savings of up to \$100,000, depending on which one is chosen.

Again, our calls for service are down but we don't have any evidence to show that the reason the calls for services are down is because of our current coverage. With that, I'll let Sheriff Stuart explain, in detail, these options and to answer any questions you may have."

Stuart, "Thank you very much. Mayor and Councilmembers, I guess I'm going to, right on the front end say, do you want the 'full meal deal' or the 'express version?' Because, I recognize not everyone has heard all of the perspectives. I like to often times share the benefits of contracting with the Sheriff's Office (versus Department) versus maybe some of the other options that are out there. If you'd like me to be concise, I know you've got a full agenda here, I'd be happy to do that. But, I certainly don't want you to feel slighted that I skipped over anything. So, I guess, I would defer to you."

DeRoche, "I would recommend, I would like to hear the whole deal seeing as you've got some new people on here."

Stuart, "Thank you. I appreciate that. For the record, my name is James Stuart and I'm privileged to be your Sheriff here in Anoka County and certainly to be your partner. I'm excited to say this is actually our fortieth year of providing a contract service for the City of East Bethel. And, we've been good partners over the course of that time. I hope that can continue for many, many, decades to come as well.

There's a lot of benefit to contracting with the Sheriff's Office and I appreciate the opportunity to share that with you. Some of it comes down to experience. As I said, we've been contracting and providing those types of services for over 40 years in a wide variety of areas. Staff-wise, we have a real varied professional group of staff that possesses a lot of different backgrounds and areas of expertise. We do a lot of cross training in specialty areas that make the minutia within your community every single day. Examples being, the current and former canine handlers, SWAT members, dive team members, rescue team members, there's a lot of different training and specialization as well as investigative processes that we make sure we have a cross section of training with staff. But, their full-time jobs are as Patrol Deputies. So, they are working within your community and supporting your community as backup Deputies. Again, which you are not going to find in other arenas.

Another benefit with our contracts is that we ensure that you have, as you see before you, a set budget at the start of the year so you are not having any surprises as the year unfolds. If a car crashes, you don't get a bill for that. If the gas prices go 'through the roof,' you don't see bills for that. We try to use realistic averages and our resource manager always tries to err on the low side to ensure that the cities are always getting the best 'bang for their buck' and that there are no hidden or surprise fees over the course of the year.

In addition to the dedicated City cars that you have in your community each day that you are contracting for, you also have the additional support services of the Sheriff's Office. Meaning, if your two cars are tied up on a personal injury accident and you get a medical, we are going to send another car. If you get another injury accident, we are going to send more cars. If you have a large-scale event, an incident which unfortunately does happen pretty regularly, we'll send whatever resources it takes to get the job done. That's one of the nice things of buying into our collaborative effort. I'll take a step back. Our infrastructure is supported by 21 communities and our patrol division is supported by 8 communities where we are the exclusive law enforcement providers of the 21 communities of Anoka County. So those eight entities are really a model, I'd like to say. As you look nationally, as a lot of police departments are folding and closing their doors and going with contracts because of the value in cooperative efforts and collaboration. You've been living that model for 40 years. You are able to reap those benefits by saying, 'We'll reallocate resources where they're needed.' And, ultimately, like I said, if you have something that erupts and we need 20 cars up here, you will have 20 cars up here. If we need to page up more or detectives or the crime scene unit, or whomever else, we'll make sure that business gets taken care of in the City of East Bethel.

Additionally, the ability to summon those resources. As an example, if a surrounding police department needs SWAT or dive team, they will have to contact the Duty Sergeant with the County. The County will then determine if it meets the criteria and page out the team. Whereas, our Deputies and our supervisors are immediately aware of the criteria and have the authorization to immediately page those things out. It might not sound like a big deal. But even if it's only 90 seconds, if you're the one in the water or you're the one on the other end needing that specialty team response, 90 seconds can be a real long time. Unfortunately, 90 seconds would be highly optimistic.

Another thing we include with the contract is investigative services. We have patrol investigators as well as our Criminal Investigative Division. Any crimes that are occurring in the City of East Bethel, we're going to do the necessary follow up and pursue it as

aggressively as we can in order to ensure, to be cliché, that 'justice prevails.' Also, our records, our supporting unit is included as part of our contract. I often describe them as the backbone of our organization. The Deputies are out here writing reports and transcribing things but they are the ones who put it into the system and often times marry-up the different reports and elements and tying photos into cases, and things like that. Pulling it all together.

We also offer the Crime Prevention Unit's services, our Victim Services Unit, certainly the Reserve Unit and Explore Unit, Chaplain Corps for specialty programs, and special events. There are things they are needed for as well as our background investigators for City employees or Fire Department personnel, things like that.

In the economy of scale, it is probably, in my opinion, one of the single biggest things is that there's the benefit of seamless transition. Should a Deputy blow out a knee or a squad gets damaged, and unfortunately that's also a fairly regular occurrence in the real world, you will have a new Deputy and a new squad before the end of the shift and you will never notice a 'hick-up' in the system because we will make sure that continues to flow without any specific issues. This past year, unfortunately, we had several occurrences where that became kind of our reality. We had a Deputy out on administrative leave for a long time. We had several Injured On Duties (IODs) in which the contract, if it was a three- to five-person department or even a 12-person department, they would have been incurring some major overtime costs as a result. We're happy to say that we, again, don't pass those on to the City but we consider it part of the service that we provide.

Some other areas that would have an impact. I mentioned the illness and the injury but even court testifying, taking squads off the street, if two squads are on the street and one is tied up in court for six hours, sadly not uncommon, we're going to make sure we backfill and you're not running short. Vacation, training, and all those other things, as examples. FMLA has really taken a bite out of us this past year, as well. Something you don't have to worry about.

I also have found in talking with the citizens, I have heard time and time again that the citizens acknowledge that the City leadership, they feel when they are buying into a collaborative model like this and recognizing the value in the economy of scale, then the citizens say, 'Well, if it makes us feel good we think our City leaders have a good grasp on what's good and a good financial decision as well as related to public safety.'

Some of these other things I already touched on so excuse me while I make sure I don't miss any of my bullet points. Some of the other things, another big advantage is the information sharing in addition to our eight cities that are sharing information back and across City lines. Because we know, the criminals don't care about 181<sup>st</sup> Avenue or any of the other boundaries, the university, etc. We're also sharing with our other divisions within the office, with the court security, with the jail, with our criminal investigative division, with our E-forensics teams, computer forensics, etc. And, just by having that open communication and that open dialog, there is a lot more crime analysis capabilities and a lot more processing of data that is going to be done. And, ultimately, everyone's going to benefit as a result.

Cost analysis benefit. You know, Washington County sent me some data at the beginning of June. I looked at that and thought, 'That's really interesting. I'm going to make it a point to mention it.' We've factored in some of our contract communities for comparison.

Ultimately, to cut to the chase, I have some data that you're certainly welcome to look at. The contract cities, we found on average, pay about one-half to one-third of what other similar demographic communities are paying who have their own police department. So that, again, just speaks to the value we are able to pay because of the economy of scale and the sharing of resources. We don't have to have eight different Chiefs. We don't have to have eight different pools of record text, eight different groups of Sergeants, Lieutenants, etc., because we are able to share those. Supervisory is a big part of it. The supervision. Then everybody takes a little 'bite of the pie' and shares with it.

Liability, that's another huge one. The Sheriff's Office retains all liability for any law enforcement actions taken within the City of East Bethel. The unfortunate thing is, even when we do everything right, law suits are a realistic part of our line of work. So we make sure we play 'clean up' on that from start to finish.

The contract also includes all of the Human Resources (HR) issues from union negotiations to hiring, firing, disciplines. Certainly, the medical and the injuries, things related to that. All the training mandates, payroll, licensing, all of those little things that you don't want to have to think about? You don't have to think about. We'll make sure it's all inclusive.

I touched before on our diversely trained staff and the multi-levels of supervision. I can't overstate those enough because they really do benefit our citizens to have those resources available. I can tell you a lot of our neighboring communities often times run without supervision. Sometimes they'll reach out if they are in a real 'pinch,' they'll reach out to the Sheriff's Office for some direction or guidance. But, for me as a resident who lives within our patrol area, within the Sheriff's Office patrol area, it gives me a lot of peace of mind knowing we always have supervision out there on the streets to kind of direct the Deputies and make sure they are doing the right things and making sure the citizens are being cared for. Quite honestly, if in a smaller agency there isn't a supervisor on, I cringe to think that human nature, at some point in time, takes place and things that shouldn't be happening are probably happening. Although we hire the best and train the best, I'm still relieved knowing we have supervision out there.

As you know, you have a dedicated liaison within your City. In this case, it is Commander Orlando. She regrets that she was not able to be here tonight. I also regret that she wasn't able to be here tonight. In case you hit me with any hard questions, she was kind of my 'go to' person. Our liaisons act as our dedicated chiefs for the City. They are your contacts if you should need anything. If you don't have my cell number, I will be happy to give that to you as well. When I say we are available 24/7, I mean it. I actually got a late night call when I was in Ft. Worth at the national conference, a week or so ago, from one of our other contract communities for something that was going on. 'Oh, I didn't realize you were out of town. I'm very sorry.' When I tell you I want to be available, I absolutely mean it and I know that's the same for all of our staff. So please, if you don't have my number, see me and I'll get that to you.

I'm not going to go into a whole lot of notes here on the lowered administrative costs and the command structure, but I'll touch real quickly on the local control. What that means to me, is your priorities are our priorities. Over the past few years, since I've been privileged to become Sheriff, we reached out and said, 'What can we do to help our communities better reach their goals?' We knew that these are difficult financial times and, hopefully, we're starting to come out of them.

But, having said that, our contracts are based on calls for service. Your last full year, so in this case 2013 because we won't know 2014 on time. So 2013 numbers were used to calculate your 2015 needs. Historically, we look at the number of calls. The number of calls that require, maybe, two Deputies. The number of minutes or hours, the amount of time it takes to process each call, write reports, average number of jail transports, all of that stuff is thrown into the 'blender.' We hit 'spin' and come up with the number of bodies it takes to perform the job for East Bethel.

Historically, we used to recommend a 60% proactive time, and I'll explain what that means in a second, and 50% minimum standards or minimum proactive time. The proactive time is basically free time, down time, non-committed time. Our reactive time is the Deputies get a call, somebody calls 911, they get a call, they're driving to the call, they're gathering information, they're writing a report, that's their reactive, or dedicated time. The proactive time, that's when we're responding to, we get citizen complaints about speeding vehicles, about suspicious vehicles, pulling doors in the middle of the night to make sure our businesses are secure, looking for suspicious activity. The great thing about the Deputies having that proactive time, as they are driving around, they know what looks out of place. 'That garage door is never open this time of day.' Those kind of things. So, it gives them the ability to go out and be proactive, to get those things done.

We have those minimum standards in place but in order to meet the financial needs of the cities, one of the things we did through negotiation was to lower the minimum standards by that 10%. So, rather than 60% being the suggested, 50% minimum, we went to 50% recommended and 40% minimum. We haven't seen any negative ramifications, as yet, as a result, but we were able to keep coming back to the cities and saying, 'You need more bodies, you need more bodies.' Now, through luck of the draw, calls for service are actually declining. So, I'm happy to report. I'd like to think that has something to do with the number of cars that East Bethel has chosen to have on hand. Was I clear on that aspect of it? Thank you.

As you recall, the independent auditor that came through and gave you your report not too long ago made comment that you were able to enjoy lower costs for your law enforcement when compared to similar demographic communities because of the contract with the Sheriff's Office being a better value. And, because it happened right here, I felt the need to share that. It made me pretty happy when Shelly came back and said, 'Hey, guess what they said up there.'

Similarly, I wanted to share with you. Andover just recently conducted a survey with an independent firm. As a result, as it related to police protection, it covered a wide variety of different areas, but as it related to police protection, 93% of the respondents rated the Sheriff's Office service as 'excellent' to 'good.' They conducted this same survey back in 2006 and at that time, it was 78% was 'excellent' to 'good.' So, I'm real proud to say that as an organization, when I tell people we are trying to raise the bar, we are trying to do better, we keep trying to improve our services, to me that's a tangible way to show that we're accomplishing it. Hopefully, that will continue to improve. I'd love to see, I know we're never going to please everybody, but I'd be real happy to see a 99% 'excellent' to 'good' ratio before I leave office. Less than 2% felt there was any need to explore their own police department. Again, we have found very similar feedback when we are out in the community as well.

The Administrator reviewed your coverage options so I am not going to dissect them in

great detail. You can kind of see them before you. The details of the contract are as he said. Anything that was within our control, we work diligently to make sure we absorb them. For example, there were some small increases in equipment costs, there were some small increases in fleet costs. I advised our Resource Manager not to put those in the contract, that we would find a way to get those covered. The increases that you are going to see are, in fact, the union contract settlements, the Deputy Union settled for 2%, the PERA increase that goes along with that was about a .9%, and the Public Safety Data System is a fairly significant change. That was, again, in process for, I want to say about a year and a half ago when we came around and made the rounds to all 21 communities of Anoka County. At that time, all of the City Councils said, 'Yes, we want to move forward with this and we know that there will be some implications.' So, we just tied that into the contract for ease. The insurance premiums, again things that are beyond our control, are the only costs that you are going to see increased within the contract.

I believe that brings me pretty close to the end here. In a nut shell, the numbers are what you see before you. I talked about our flexibility in trying to meet your needs. Generally speaking, in the past, we've come in and said, 'Here's the contract.' We know that these are unique times and in an effort to be transparent and, quite honestly, straight forward, if you were below the lines we'd be coming in and saying, 'We need more bodies, we need to do something differently.' Because the costs for service have gone down, I wanted to be able to come in here and say, 'If you choose, I don't recommend, but if you choose, we can look at reductions in service either through the Deputy coverage or through the CSO coverage.' Again, that's, in my mind's eye, having some options and being able to offer that just speaks to my appreciation for this partnership. Certainly, we want to be transparent.

Throughout our office, we have our mission statement posted and it is to protect and serve the community in a manner that preserves the public trust. I really tried to change the focus. I didn't change the mission statement when I took office, but I changed the focus because everybody was always focused on 'to protect and serve.' Well, that's pretty standard and been there for a long time. In my mind's eye, it is 'to maintain the public trust.' Because without the public trust, there is not reason for us to exist. I believe that with all my heart and I'm happy to say that in a pretty short period of time, we've seen, I've seen the mindset of our staff, some of our community outreach programs, the charitable things we are doing within our organization, and really that concept of being ambassadors 24 hours a day instead of call takers for 8 or 10 or 12. It's really been contagious. So, for me, it's been a real privilege to lead the organization and hopefully you're also seeing some of those benefits as a community. If you're not, I'd like to know that as well and we'll continue to try to get better. It's been a pleasure to serve you as a partner. You have my assurance we're going to try and raise the bar and if you have any questions, I'd be more than happy to try and answer them."

DeRoche, "One question that I have, and I get asked quite a bit, is why the Deputies don't stop at some of the small grocery stores, Mom and Pop shops, introduce themselves, 'Hi, I'm so and so, I'm patrolling this area.' Is there any reason for that? Or, are they just..."

Stuart, "I would say, yes and no. Certainly, I would encourage that and I'm going to write that down because it's something I do encourage. You know, there's an old school, they called it 'community policing.' They actually trained everybody in it an then, and I'll tell you from my own experience. I think some of it depends on the age of the Deputy and how long they've been around because good cops just do that. You know, you talk to people. That is how you find out what the community needs are and you find out what's going on.

But, additionally, I'm going to date myself a little bit here, but I want to say in the mid-90s they sent everybody through community policing training and that was one of the things, 'Get out of your cars, go in, and talk to businesses.' Good, bad, or indifferent, we did a lot of that. Well, it didn't take too long before we had Deputies being disciplined for, 'All you do is go from Tom Thumb to SuperAmerica, to...you know...you are just bouncing from business to business, having a cup of coffee.' Well, yes. There is a fine balance. Okay, at what point are you screwing off versus information gathering because there is a lot of information to be gained by talking to a business owner over a cup of coffee. So, there is an interesting balance. Some of those Deputies, I'm sure, shared their stores with the junior Deputies going, 'Don't spend too much time in there. You know, maybe stop at SA, or make it a one-stop night.' But, it is a priority and there is that balance. It's one thing to stop in for 15-20 minutes and another thing to spend 90 minutes at Tom Thumb. I will certainly pass that on. I do agree with you. I think there is a lot of value in communication that comes from that."

DeRoche, "Well, I think it builds more trust." Stuart, "Absolutely." DeRoche, "Because it's, if the first time somebody sees a Deputy is when he's being pulled over, it's kind of a bad experience. We had one of your Deputies showed up at a day care center and talked with the kids. I thought he did a great job. He explained what goes on and between them and the fire fighters. People need to understand that it's not always writing tickets. I think a lot of times it's an education stop." Stuart, "Absolutely." DeRoche, "And if that doesn't work, then there is always the alternative." Stuart, "Right."

DeRoche, "But, I think that's part of the trust thing. 'Well, why don't they ever stop in? What's the matter with them?'" Stuart, "I totally agree and think some of that is personality. I can also tell you that historically, cops were a lot more outgoing. We're seeing a lot more cops that are just kind of quiet by nature and they're happy to go out and do their job but at the same time, I'll take some of that responsibility. Maybe I haven't been real clear that that is an expectation. But, we'll fix that." DeRoche, "It's just something to think about." Stuart, "Absolutely."

Moegerle, "Can you tell us the drops in calls that you have? I know we're mid-year right now, but generally, how are the trends and how do our trends particulate?" Stuart, "Over the last few years, they have trended, nationally, downward, which is a great thing. I can't speak words of wisdom. Nobody's been able to seem to say, there are a lot of theories, a lot more police presence makes a difference. I think crime analysis has played a part in it. Let's be honest. Most criminals, they don't go out and commit one crime and then call it a year. They are going to move from house to house to house, from city to city to city. I will say, crime analysis has really been effective. We are part of, I was privileged to be a part with the Metro Sheriffs. We all partnered. It's called the MRIC, the Metro Regional Information Collaboration. Most of the metro sheriffs sent somebody down at least part-time. A lot of us are full time. It's housed out of Hennepin County. Basically accessing our data bases, bringing it all together, and some of the software technology they have down there with the facial recognition, this seems to match the physical description of a house invasion/home invasion we had in, you know, I'll pull out a city, maybe Fridley. But, it also sounds like the same person over here in Brooklyn Park, sounds like the person in Maple Grove. Well, we've got video from the SuperAmerica at Maple Grove, feed that into the system, suddenly we've got a license plate and we're able to start tying things back together. Fast forward, I think we are really able to catch key criminals a lot faster than we used to because of that information sharing. It's that information sharing that, I think, is making a big difference. And, I think it's those repeat offenders that are going on to

continue victimizing. That's what's making a huge difference. I think that is making a big impact. I don't have anything to back that up because they don't usually tell us, 'Boy, I was going to do another 15 burglaries this month.' But, that's some of my perspective on it. The trends are that seems to be continuing."

Moegerle, "Is it 5%, 3%, generally? And then, for East Bethel particularly? Do you have those kinds of statistics? Or, could you get those to us?" Stuart, "I can get them. I do not have them right now." Moegerle, "That would be great." Stuart, "Absolutely." Moegerle, "Thank you."

Ronning, "With the charges we see, considering the economy of scale, if less participation was out there with other communities, would that effect the cost very much? If you're able to answer that?" Stuart, "I'm sorry, I was partially distracted. I don't want to answer the wrong question. I think I heard you, but if you would repeat it please?"

Ronning, "With the amount of participation from the communities, does it help keep the costs down? Or, does it make any difference at all?" Stuart, "Are you talking about the economy of scale with the multiple communities?" Ronning, "Yes." Stuart, "Oh, absolutely, absolutely. As an example, and I'll look at your average, just for comparison's sake. I do have some of these. Like I said, if we have a population of 11,500, some of the closer ones are, Buffalo has 15,000. They are paying \$2,040,000 plus some change. St. Francis, nearby, half the population, they are paying \$1.4 million annually. Cambridge, again they have a little over 8,000 people and are paying \$1.6 million, and the list goes on and on. You get into Robbinsdale, 14,000, different dynamics but they are paying \$3.7 million. The list that Washington County put together, they ranked them from lowest, it was cost per capita is how they broke it down. And the lowest eight were all contracts with different Sheriff's Offices all over the metro. Then it jumped into the police departments who ranged greatly but some of them were exponentially higher. I think a big part of that is exactly that, the collaboration, the economy of scale. Because, going back, every department doesn't have to have Record Technicians, support staffs, Secretaries, Sergeants, Line Staff, buildings, cars. But, we're sharing all those resources and if everybody takes a little piece of that 'pie,' it's much cheaper. I shouldn't say 'cheaper.' I like to say we provide the 'Cadillac' for 'Chevy' prices. It's a much more economical and efficient way to get things done."

Ronning, "Allegedly, anyway hearsay, the Oak Grove Mayor was overheard saying, 'Well, we cut back on hours because if we need somebody, East Bethel would just send someone over.' True or not, I don't know. If that was happening, would that show up over time? Do you think?" Stuart, "They are not cutting back. I don't know. I won't say it wasn't accurate that it was said, but at least at this point, there's not 'wiggle room' for them to cut back so we're not. That's really not an option. And, he didn't express that to me the last time I spoke with him."

Ronning, "Hearsay has it." Stuart, "Hearsay is what it is. I understand that. But, having said that, I will say they are above our minimum standards and as long as communities are above minimum standards, we do continue to allow cars to float back and forth. If it's ongoing, that's again going back to our Sergeants, Lieutenants, would be catching that type of abuse and they would be addressing that. I have not been made aware of any of those types of issues other than we try to be fairly guarded in the communities. We have some communities that want to have a higher level of law enforcement presence. I'll use Andover as an example, they want heavy coverage, well beyond our minimums. That's fine

and well. We try to make sure we never take all of their cars away, that kind of thing. But that comes back to supervision and we do try to balance that very closely. No, I'm fairly confident in saying Oak Grove won't be taking advantage of East Bethel."

DeRoche, "Sheriff, actually those statements were made to the Minneapolis paper by Mark Korin. Probably a year, maybe a little more, that..." Stuart, "Hopefully he's come around since then." DeRoche, "Well, I haven't talked to him recently, but, I think I addressed that with Jack when I read that. I thought, well, whatever."

Moegerle, "Last night, they were repeating it by one of their council people. But, they are paying 50% of what we'll pay. And, they were quite pleased." Stuart, "Again, it's hard to say, and we have a couple different contracts where it's only eight hours a day. Well, their eight hours might have a little different impact. Or, I shouldn't say eight hours, but their calls for service cost different because one community could be very similar in size and structure but if you have twice as many calls for service, they're going to be paying a bigger piece of the pie. Because, again, it's all usage driven. So, I can assure you they are paying their fair share. I don't know if that's the right term to use or not, but they are paying their fair share and we try to ensure that everybody does. I had a different presentation last night in which they weren't real excited about paying their fair share. But, I assured them there were other options out there if they didn't like our services. Again, for us to provide a 24-hour 'Cadillac' for an 8-hour 'Chevy' cost, I just can't. Not everybody wants to hear logic. I guess I've learned that over the years."

Moegerle, "Well, and what they were saying last night was that they didn't have a new car and those kinds of things, and those had some cost benefits that they considered were important. It was interesting to hear their insight into how their contract came, which may not be the same insight you have." Stuart, "I would guess that's not the case. I would also guess, and I'm just making a prediction, but I would guess that's not all accurate because with the number of hours they have, they're getting a new car every year."

Ronning, "Without some, at least minimal data, there is no way to know if any of it, how much of it, and it's unlikely we're going to find that out. If I may, a question about equipment. That million dollars, does that include buying vehicles?" Stuart, "That is a total package. That is, we give you the car fully equipped, everything in it, the Deputy and everything that they go through. That covers their annual mandated training. That package gives you 7.6 and in this case we actually make it 8 because we can't hire 7.6. We cover that difference even to that 8<sup>th</sup> body. We make sure all of the equipment is included in that package. Quite honestly, from that side of the table, I think it really comes down to, that's your liability coverage, that's your vehicles, that's your law enforcement protection. All we got to do is, you know, say, 'Yes, we're interested,' and we take care of all the headaches and nuisances for you. All included."

Ronning, "Kind of a cheapskate question but when the equipment is retired, if it's sold or anything, what happens with the money?" Stuart, "Typically the equipment isn't salvageable, I guess would be the way to say it. For an example, like the tasers, we run them, I don't know what the rotation is, I'm going to say five years. I don't know for sure but I'm going to 'pull that number out of the air.' At the end of the five years, we try to trade them back to the manufacturer for discounted new equipment, whenever possible. For most of the equipment, that's the case. But, like in the case of, I'm trying to think of an example..."

Ronning, "I was thinking more of like vehicles." Stuart, "Vehicles go to auction. The revenue is tied back into our averages. Like you said, when our vehicle costs go up and the light bars go up and things like that, the reason we are able to not pass that on is because the revenue coffers offset our squad builds. Because, honestly, our squad builds the last couple of years have really gone 'through the roof' on us, for some reason. It's the new fleet."

Ronning, "It would be fair to say that the end result is all those considerations?" Stuart, "Yes, absolutely." Ronning, "Thank you."

Moegerle, "With regard to what I'm seeing in, it's Page 105 of the packet, which is, I'm not sure where that relates to this one. In red print it says, 'State Aid will be reduced in 2016 due to this reduction in full-time employees.' It seems to be only with regard to the 32-hour coverage, 20 hours per week CSO coverage total amount. Cost is \$906,504. So, that's the only place where I saw that. But, that applies across-the-board for whatever that we're going to have, that reduction? Or, what does that mean?" Stuart, "The Police State Aid is reimbursed to us annually based on the number of full-time bodies we had the year before." Moegerle, "Okay."

Stuart, "And, again, as part of being up front, we give that money back to the contracts. If you're paying for those bodies, we put it back. So, it's reduced from your following year contract. So, that's why it's saying in 2016, your Police State Aid would be reduced if you chose to go with the reduced coverage."

Moegerle, "I just wanted to be sure that it applied to just that one." Stuart, "Absolutely." Moegerle, "Okay, very good, thank you." Stuart, "Yeah, only the reduced coverage."

DeRoche, "Tim?" Harrington, "No, I'm good." DeRoche, "Anybody else?" Moegerle, "Thank you." Stuart, "Yes, my pleasure. If you think of a question later on, you now where to find me."

DeRoche, "Absolutely. Have a good night and thanks for coming in."

Stuart, "Also, before I leave, we have our 2013 Annual Reports. We got those completed and I wanted to hand deliver a copy. I've also asked Kelly, my secretary, to make sure you each got an e-copy so if you haven't received it, you should be receiving it soon. I wanted to leave a hard copy here for City Hall as well. If you have any questions on that, also, please call."

Fire  
Department

Davis, "At this time, Mark DuCharme is available to answer any questions on the Fire Department budget. The Fire Department budget and the proposal submitted to you is projected to increase from \$554,300 to \$566,000, an increase of 2%. This increase is due primarily to increased fuel cost, repairs of equipment, and some training issues. As far as the Fire Department budget goes, wages and benefits comprise 57% of this budget with the remainder being devoted to those supplies and materials necessary to run the Department. You have before you the line items of each of the requests for this budget. At this time, I'll make Mark available to answer any questions you may have."

Fire

DeRoche, "What do we have as a contingency? I know some of our fire fighters are getting up to the point in time where they are going to be able to retire. Whether it's 20 years, I think we have some up around 20-25 years, and one of my concerns, and I kind of talked to Jack and he said you'd be the guy to ask about it. We're at a certain level of fire fighters."

We have 35, is that correct?" DuCharme, "That's correct."

DeRoche, "Okay, so my concern is if we had four or five, ten guys that are qualified to retire, or even four, how can we make up that difference. Part of this came with the Oak Grove house fire and there were a lot of questions asked about the response and, 'Well, they're volunteers.' And, 'Well, you need more.' Stuff like that. If I understand it, we're at 35 and we can't, well I guess as a Council we can vote to put in more." DuCharme, "Yes."

DeRoche, "More people that we could train now and have on staff. Because, there are, I'm not quite sure of the exact number but I know there are some guys that could retire tomorrow, if they wished." DuCharme, "With your permission, Mr. Mayor, I can hand out a pie chart that I did that I keep for my own information. This deals with years of service on fire fighters."

Ronning, "To qualify for the retirement, is it an age? Years? Points for age and service?" DuCharme, "To qualify for the Relief Association pension, the fire fighters must have obtained ten years of good service time. So, ten years of service. You are looking at our pie chart. In reality, we have, what I did was look at years of service. So, right now fire fighters with years of service from zero to ten years. We're at 59% of our staff fits in that category. In fact, you can look at that, it's 21 of them. Fire fighters that are able to go and actually retire or leave the Department with a pension after ten years. Those are the other three categories, the 11- to 20-year people. There's nine of those that could retire. The 20 to 30 category, we've got two fire fighters there. Then we've got three fire fighters that are 30 years plus. So you are absolutely right. We try to work the numbers, so to speak, so that when we say we have 35 fire fighters, we try to keep the level at 35. All right? But, sometimes that number will seem to drift higher, to 38 because we know we might have some attrition coming up. I know that we have some attrition coming up this year." DeRoche, "Absolutely."

DuCharme, "So, it is a concern. Now, getting back to your question Mr. Mayor, what do we do. We continually try to recruit and interview and things like that. Right now, we have applications that have been turned in to us throughout the past six months. Right at this time, we are going through those to see if, you know, we might be able to recruit some of those people and look at getting them aboard this fall for Fire Fighter 1, Fire Fighter 2 classes." DeRoche, "Sure."

DuCharme, "So, that's what we look at. Now, recruitment in the Fire Department, I'll tell you right now is problematic on our Station 3 site, in Coon Lake Beach. You know, there's no question about that. We have two people over there. One's a newer person and another one is an experienced person who's on leave and won't be back until October 1<sup>st</sup>. All right? So, it is problematic and it has been a challenge recruiting over there."

Moegerle, "What's the solution to that?" DuCharme, "I think we keep recruiting. I think we're making progress where our fire fighters over there and fire fighters around are recommending and suggesting to residents, especially on that side of the City, that, you know, call us and maybe look into it. We have made that progress. We've probably handed out more applications to residents in that area than probably in the past couple of years." Moegerle, "Good."

DuCharme, "But, the Council is right to be concerned about that. We try to maintain a staff of 35. In the past years, that seems to give us an average turnout of fire fighters per incident of somewhere around nine fire fighters. Incidentally, East Bethel has half, just about half the population of Ramsey and we actually respond to more calls according to 2012 data, than Ramsey does. So, we're a pretty busy Fire Department. No doubt about it. One of the things, also, is we pay our fire fighters a little bit lower than the average of the County. Our average pay, when you take into the range of pays, is about \$10.50 an hour. That's a little bit on the low side compared to the average. That's not a reason for recruitment not being where we would like it on the Coon Lake Beach side, Station 3 side. But, that is one piece of information. Our average age, right now, is 37.5 years of age of our fire fighters. But you've also got to remember we've got a large amount of younger people there.

East Bethel ranks the best in the County as far as attrition. Our attrition is less than a half a fire fighter per year. That's well below the average of other Fire Departments in the County. So, people tend to stay here, especially the experienced people. Where we have more of our attrition is in that first category, that 59%, those 22 fire fighters from zero to ten years. Because, those are the ones who are trying to figure out if they really want to do this. There are a lot of demands that we put on them. So, naturally, that's what we do. So, we'll be looking at coming to the Council, probably within the next four to six weeks and we'll ask the Council to recommend that we bring on probably somewhere around five to six fire fighters. Okay? We know those five to six fire fighters, not all of them are going to be here in two years. So, we have to play a little bit of that number game plus we also know that we have attrition coming up from our regular staff, just normal attrition. Those are the numbers that we look at and it's constant. We're constantly doing that."

DeRoche, "Well, I talk to people from other Fire Departments and they seem to think our equipment is pretty nice." DuCharme, "We have very, very good equipment. We've got a very, very well-trained staff. We've got a very, very good staff. And, it's an honor to work with these men and women."

DeRoche, "When you look around at some of the other stations and talk to some of the other fire fighters, they think pretty highly of East Bethel guys." DuCharme, "Right." DeRoche, "That says a lot."

Moegerle, "Several years ago, there was discussion about combining Fire Departments and JPA-type of relationships or others. Has that sort of died away and not worked out? I know that Circle Pines, Lino Lakes, and I think Centerville, their partnership, I think those are the three parties that are breaking up. That was part of that conference that I went to, where there was a lot of discussion about that impact." DuCharme, "Well, there's certain things that happened when you look at a JPA, a Joint Powers Agreement, for a Fire District. Part of that is control of your Fire Department. A lot of municipalities don't want to lose that control of the Fire Department. I think what's happened with Centennial, and I'm 'speaking out of school,' because I'm not their consultant." Moegerle, "I'm sorry if I misspoke on identification of those parties."

DuCharme, "The Centennial Fire Department, there's the larger city of that organization, I think has the feeling that they are paying, the amount that they are paying is subsidizing maybe somebody else, you know, the other ones. So, you know, it's hard to sit down and say this is how much it cost per person for fire protection, or per household. You can't really take that number and compare it to other cities. Even other cities within the County because there are certain things that show up in a Fire Department budget that may not

show up in a neighboring Fire Department budget. Number one, Relief Association. Number two, equipment transfers. Some cities have those built into departments and some people don't. So, we have to be careful when we compare to see if the efficiencies are there. Now, Councilor, getting back to what your question is, what about this combination and this consortium-type of thought. Well, we do practice that even now. We practice that with our Mutual Aids and we practice that with knowing what other departments might buy for equipment that we might not go and duplicate that. We might buy another piece of equipment. So, we work together that way. Anoka County, both law enforcement and fire and emergency management, work extremely well together. We meet together, talk about these issues, and try to come out to the best solution that we can. I would say as far as combinations, what's going on here. Even Isanti Fire District, our neighbors just north of here, are having discussions with their members about cost allocation and things like that. I think that's really where it's going. I don't think the Fire District idea is going the way of the regionalization. I think a lot of entities are having soul searching going on to make sure that they are getting their benefit."

DeRoche, "If a person were to listen to a fire radio at some of the bigger fires, and how, from a law enforcement standpoint or a fire standpoint, how all of the departments show up from all over the place. And, there's kind of a mutual respect and they all seem to pretty much know what's going on, who needs what. Like you said, we don't need a ladder truck because I'm sure there's one available somewhere." DuCharme, "Yes, there is."

DeRoche, "There are some things, I guess, that people probably don't listen to it so to see the orchestration of something of a large fire or in law enforcement, maybe SWAT called out. It's different than it is on TV. The reality is there are some real serious things going on. I've said to people, 'Look, you're taking somebody, a fire fighter, who probably may not even know you and they are law enforcement and they are going to risk their life to save your stuff, maybe your family, and that's their job.' Now, you may not look at it that way. You may look at it, 'Yeah, well, that guy gave me a ticket.' Or, 'The Fire Department gave me a ticket for an illegal burn.' Well, why did he give you a ticket for an illegal burn? Maybe it was a bad time for you to be doing that and anybody that was in the Coon Lake Beach area ten or so years, when that Carlos Avery fire went through, had that wind shifted, Coon Lake Beach could have been a memory." DuCharme, "That's right." DeRoche, "So, you know, the training is there. Hopefully you don't need it but if you do, you got it."

Davis, "One of the things about the Fire Districts, the most recent attempt, and it still may be on-going was with Andover, Oak Grove, Bethel, and St. Francis. Oak Grove has dropped out of that request to be part of that. So, those things are much more difficult to negotiate and work out all the details than some of our other typical JPAs." DeRoche, "Oh, absolutely."

Moegerle, "Chief, I have a question. This is Page 42 of 106, and I'm not sure what it is in the packet we have here. You have 'type of call' and 'number of calls' and you have 'all station calls,' which, I would imagine would be all three: Station 2, Station 1, and then day calls. I wondered if day calls is a subset of the preceding all station, Station 2, and Station 1?" DuCharme, "We actually identify our calls this way. We have all calls, all station calls, which is different than the day calls. The reason why, is during the day, even though it is what we call an 'all call' it is a little different category, especially for looking at performance of fire fighters and in making sure that they're active. Basically, what we are saying, Monday through Friday on the average through a given year, the Fire Department will go from 5 o'clock in the morning to 5 o'clock at night, will answer 129-130 calls

during that period of time throughout the year.”

Moegerle, “Because that says that there’s 410 calls and then what percentage of those are fires versus medicals?” DuCharme, “I can tell you right now that our medicals average about 52-53% and then 47%. I just had a conversation before I came in here with the Isanti Fire Chief. Our numbers kind of mirror his numbers. When you really look at fire, we’re talking about car fires, we’re talking about structure fires, it’s probably about, nearly 10% of the calls.”

Moegerle, “Right. So what does that mean for you as a Department Chief? When you plan? When 52% of them are medicals and the population is getting older? When you’re looking 10-15 years down the road, are you seeing it will be more medical than fire at some point?” DuCharme, “Well, there will be.”

Moegerle, “Consider, not just 3%, I mean...” DuCharme, “Well, it’s interesting because in the past eight years, it doesn’t look like the numbers have skewed that much from that 52% to 53% to 47% range. So, I anticipate that we would keep it. The medical part of it is a service that I think is valuable for the community because, you know, we are highly trained. Most of us, or at least half of us, are EMTs now and very good with patient care. But, the reality is, that’s the way the fire service is moving. We’ve done our job as far as fire prevention, which includes teaching the kids, teaching the parents, teaching them how to get out of a house, smoke detectors, everything else. Now, that’s the benefit. On the other part of the fire service, the medical part, that’s something that’s going to be on-going. There’s no doubt about it.”

DeRoche, “That’s kind of been that way for years.” DuCharme, “Right.” DeRoche, “Because, the more the City develops and the more houses you get, the more potential for fires. I mean, to try and plan, well in ten years there’s going to be ‘x’ amount of medicals, ‘x’ amount of fires, I don’t think it’s a plausible thing.” DuCharme, “It would be easy to say, ‘Okay, 55% of our time we’ve got to train for medicals.’ But, it doesn’t quite work that way.”

Moegerle, “Well no, but, I mean, it’s just as far as materials, supplies, that kind of stuff. And, you know, the Baby Boomers are getting older by the day.” DuCharme, “What do you mean?” Moegerle, “Oh that’s right, we quit at a certain age, do we? And so, that’s a concern.” DuCharme, “It is. Also, with the generations getting older and aging, they tend to be more home care and that type of thing. And, we see a lot of that. Unfortunately, especially on end of life type cases that we see, that’s where we get into the multiple calls.”

DeRoche, “And, you mentioned that the fire fighters are pretty high on medical. I’ve been at a few where law enforcement is a lot better equipped, both mentally and from an equipment standpoint. Because, generally, they are the first ones there.” DuCharme, “They are, yes. They almost always are the first ones there. We were on a medical today and as we got there, the Deputies were carrying out the lady. So, it worked out very well.”

DeRoche, “There again, that’s things people don’t see.” DuCharme, “Mr. Mayor, also what makes everything work is that we’re able to work together. We have a high degree of trust in our Sheriff’s Department and they return that trust to us. We know each other when we get there and kind of know each other’s limitations and each other’s training. So, that helps.”

DeRoche, "You got anything Ron?" Koller, "No." DeRoche, "Tim?" Harrington, "No, I'm good." DeRoche, "Tom?" Ronning, "No, I'm set. Thank you." DeRoche, "Thanks Chief." DuCharme, "Thank you."

Public Works Davis, "The Public Works budget is presented for your review. It's composed of essentially two parts: the Parks Department; and, the Streets Department. In the Parks Department, there's a proposed increase of 1% over the previous year's budget from \$393,700 to \$399,600. The Parks Department has been reduced for the past three years. This is the first increase that they've received on the maintenance side since 2011. Comprising the Parks Department budget, 77% of that budget is for wages and benefits. The increases were due primarily, again, to the COLA increases and step increases that employees are eligible for and for increases in fuel costs. I might add that these increases in fuel costs are not monetary. We have historically under budgeted fuels in previous budgets and we're just bringing those up to try and reflect what our actual expenditures are. Nate is here to answer any questions you might have about any of the line item issues in the Parks Budget.

DeRoche, "All right. How are we doing on flooding, streets flooding?" Ayshford, "The water has gone down on most of our issues we've had so far. There are some culverts we'll have to replace this fall, hopefully, later this summer or this fall."

DeRoche, "How is Klondike doing?" Ayshford, "We have quotes out right now. We're trying to get some quotes for replacing two culverts on there. We've been filling it in. The bottom half of one of the pipes has eroded away." DeRoche, "Sure." Ayshford, "It's not going to collapse but it washes out when we get heavy rainfalls."

DeRoche, "So, salt and sand, how did we do?" Ayshford, "We actually came out okay this year. We had a little bit of an excess to start off next year. We came in under budget." DeRoche, "Do you think we need to order more?" Ayshford, "Well, we always put in an order late in the fall. Our salt contract is bid for the entire plow season. It starts on July 1<sup>st</sup> and we put in a purchase order for the same amount that we had last year, so 650 tons. Of that, we have to purchase up to 80% of that now. We can either go over by 20% or under by 20%."

DeRoche, "I didn't see anything in here about trying to add onto that building. I know it's been a discussion for a couple years." Davis, "We've talked about it and looked at several alternatives. If that's something we want to consider, we can definitely do that. But, I would recommend probably we're going to need an architect to do some things. The expansion of the building has been severely limited by the construction and location of the cold storage building. So, we'd probably have to incorporate either that as part of the expansion plans or refurbish it and build a new cold storage building. Or, just look at some minor expansion areas of that structure."

Public Works DeRoche, "We have a lot of money in equipment. You've got to maintain it or it's going to fall apart. And, that's not to say it's neglect. It's, you know you get salt and sand, you got to wash the stuff down. I've gone over to Ham Lake's and taken a little tour. That's pretty impressive and it's all angles and they got a nice room, they got a room to wash the equipment. With the chemicals that are on the road, whether we're dumping it or the County's dumping it, the chemicals are there." Davis, "We're able to get all of our equipment inside to store it but it's like working a Rubik's Cube sometimes to get it out."

Ayshford, "Right, to get one vehicle a lot of times you have to move three-four vehicles. We wash in there too and we've had problems with moisture building up on the block walls in there."

DeRoche, "Wasn't there a conversation a year, year and a half ago? I know there was, about taking that salt shed and moving that to the northeast corner. Then taking that building and making it maintenance or storage or something. That just kind of fizzled. I'm not saying it fizzled on your part." Ayshford, "We brought it up before the Road Commission. It was a little over a year ago, I think it was last fall actually."

DeRoche, "Well, I don't know if the Roads Commission, dealing with a Public Works building. I think I was at that meeting and heard some of the comments. But yet, when we have to go and buy a new piece of equipment, then you also hear, 'Well, gee whiz.' Well, I don't know, maybe from a safety standpoint, do we have to look at that? Because, you do have to jog things around. Tim, I think you've been down there. Ron, you ever been down there? Tom?" Ronning, "No."

DeRoche, "That's pretty tight." Ayshford, "This time of the year it's a little bit nicer. When we have all the plow equipment on it's pretty tough. A lot of dings and scratches on our vehicles happen trying to squeeze stuff in and out of there. It's a safety concern too, walking around the vehicles sometimes too."

Ronning, "What's the discussion about more facility? People are more talented than we realize, often times. Would there be a cost savings on just our self maintenance that you could...that's kind of a tough thing to answer." Ayshford, "As far as?" Ronning, "Well, some things you're going to maintain. You take it into a shop someplace because you don't have the space. People might know how to fix it, but they don't have the space. So, in the long run, would there be cost savings to try to do something like that?" Ayshford, "Most of the repairs, the space isn't an issue. We do have two employees that are really good at working on equipment and do whatever we can there. Mainly, the space issue comes to just storage, parking, and then the evenings. We keep them inside so they're not rusting out in the weather and things like that."

Moegerle, "Nate, I have a question about the overtime for the roads and street maintenance. Nobody could have anticipated how much we went over, it looks like about 30% or something like this. As far as budgeting for next year, previous years don't predict the following year's and I understand that. But, you know, as we're looking at weather and climate change and those kinds of things, I see that the increased budget is up to \$10,000 which is not quite what our overtime has been so far for this year. I guess my question really goes to, does the overtime really come during January through March or April? Is that how that really works out?" Ayshford, "Well, yeah, we don't have over time hardly at all for the rest of the year. We have an on-call employee who takes a lot of the small stuff. Once in a while, if we have a big summer storm, we'll get some over time. But, definitely all the over time comes, we do get some in December too of the following year and maybe November sometimes. Last year we had 13 major events we had to plow a full plow." Moegerle, "Right." Ayshford, "Typical for the Twin Cities area, they use an average of eight or nine per year. Then we had 30 times where we had to actually go out and either push back snow drifts or scrape mains, things like that. So, it was quite a bit more this year."

Public Works

Moegerle, "And I've heard a lot of compliments about the work that you did. And, that was

really appreciated. I just wondered, you know, are you confident that budget for overtime is going to be sufficient?" Ayshford, "Confident? If I could predict the weather." Moegerle, "You'd be a very rich man." Ayshford, "Yes. Usually we can, you know, try and absorb that someplace else in the budget, which we've done in the past."

Davis, "One thing to remember about overtime is that there's 168 hours in the week. There's only 40 of those that are regular time. So, the chances of having excessive overtime with a lot of snow are 72% as opposed to 28%. Overtime is a guess. We want to try to use as realistic a figure as possible. But, still, we don't want to put in another 50% on there and not use it because then it skews the budget the other way."

Ronning, "Some of the things affect, over time, as well as the weather, are absence, medical, vacation. You can plan for that, somewhat, but it's going to 'catch you' some times." Ayshford, "Yes. During the plow season, we try and limit how many employees are gone on vacations, things like that. You know sickness and things like that we can't control."

Ronning, "And, actually, overtime is a lot cheaper than having the extra bodies just for filling in." Ayshford, "When we get a snowfall event, we'll try and plow at midnight so it falls on that following day and limits the amount of overtime, when it's possible. It all depends on when the storms are ending on a lot of the snowfall events."

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Davis, "Let me just add, because apparently we've gone over into the Street budget. I want to give you a few facts on it. The proposal on the Streets budget is to increase it from \$788,000 to \$808,200. That's a 3% increase. Of this total budget, wages and benefits comprise 52% of it. This is due, again, to mainly the step and COLA increases, budgeting for actual fuel costs, and electrical utilities cost increases. We also, keep in mind that the electrical utilities in Public Works, we pay for all the electrical use for all the traffic signals in the City. That's where a majority of these costs comes from."

Koller, "I got a question on, like, Klondike. How often do they grade the dirt roads?" Ayshford, "We try and do that one-two times a week." Koller, "A week?" Ayshford, "Yeah." Koller, "How many miles of dirt road do we still have?" Ayshford, "We have 16 miles of gravel road. And Klondike is a mile and three-quarter."

Koller, "Okay, that's a lot of time." Ayshford, "Yes, it is. We typically try and do it on Tuesday and maybe, like a Friday. They get a lot of traffic over there at the gun club and the disc golf course over the weekends. And, they have shooting on Tuesday nights and Wednesday nights that are big nights over there. It depends, kind of, on the weather sometimes too. If it is real dry, grading the road doesn't do much. It turns back to washboard almost the following day."

Street  
Department

Moegerle, "How long will that continue to be cost effective relative to paving it a little bit at a time? I know that's an MSA road. It seems like it is a lot of labor. It's a lot of equipment that goes out there. I mean, I assume we'd be doing it, we'd be paving it, if it was cost effective to do so?" Ayshford, "Yes, it's been an issue the City's been dealing with for a long time. And, we've talked about it at the Road Commission meetings. It's always been that some other roads come up that need to get fixed. The number of houses on that road, too, are, it kind of limits. We've never really done an assessment on an MSA road, but it may be something to do on that road."

Moegerle, "Well, you know the thing of it is, while I understand there are limited houses, you know, that Blue Ribbon in there, we've got the Sportsman Club. If it were paved, I think it would get much more traffic. That's one of those roads that I avoid because it's, like the way it is."

Harrington, "But the price for paving it, too, weren't we discussing? It was between \$1.5 million and \$2 million." Ronning, "Yeah, probably over \$2 million." Harrington, "And, you've got to spread that out between the businesses there."

Davis, "And to give you an example, I don't know, it's been a couple years, but we spend anywhere in the neighborhood of \$30,000 to \$40,000 annually grading the roads. When you look at just the price of paving Klondike, it's still more cost effective to maintain as a dirt road unless we have more development on there."

Moegerle, "Right, but, isn't this the 'chicken and the egg' kind of thing? If it were paved, we'd get more development?" Davis, "Well, I don't know. You'd have to look and see. The landowners there, most of it is sod farms so they're not real ready to develop at this point. And, then there's a couple of other farms that are located even just a little bit east of Palisade. And, then there's the 40 acres that the DNR now has a permanent easement on. So, as far as development on Klondike, I don't foresee much happening along that road even if it were paved, in the short term." Moegerle, "In the short term, yes, I could agree with that."

DeRoche, "And, I would think that's one of those roads that if you're going to do it, you can't piecemeal it. It's got to be the whole thing done at once. Otherwise, you'd patch it in."

Ayshford, "And I think it would be an issue with traffic. We'd definitely increase in some high speed traffic on that road." Koller, "Very high speed traffic."

Harrington, "Say Nate, on those three projects for the parks this year. Are those all estimates for that outdoor rink, and Bonde Park, the irrigation, and the skateboard?" Ayshford, "Yeah, are you looking in the Park Capital Fund?" Harrington, "Yeah, right. Are those just estimates?" Ayshford, "Yeah. For 2015, yeah."

Moegerle, "Jack, you mentioned that the street lights account for the electrical bill, which is 381 Electrical Utilities. We also have Street Light Utility at 389 that is left blank. Does Electrical Utilities 381 incorporate what would be at 389, the Street Light Utility?" Davis, "389, Street Light Utilities is the program that the City had and discontinued funding because they had met their goal, I think three years ago and that was for installing street lights at certain key intersections, like at Palisade and 221<sup>st</sup> and one at the Public Works building. We committed \$5,000 to \$6,000 a year annually to that to get five to six street lights installed per year over a five year period. Once the goal was met on that, I believe in 2010 or 2011, the Roads Commission actually recommended that we do no more unless it was considered on a case-by-case basis. I think the Council agreed on that too."

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Moegerle, "So, that's not the traffic light. But, that reminds me. Something came up at the League of Minnesota Cities about the reflectivity of the signs. Is that going to be coming up in this budget year? Or, is that going to be next budget year where we have to comply with the reflectivity?" Ayshford, "I can't remember what the date is on that but we've kind of been working on that already. We've been replacing a lot of our signs, just on a blanket

replacement now. It's something that we're going to have to do."

Davis, "It was originally scheduled to begin, I believe, in 2014 and they extended it out to either 2016 or 2018. But, they gave quite a bit of leeway on complying with those rules and regulations. You know, like Nate said, all of the signs that we're installing now meet those standards.

Moegerle, "Yeah, it was kind of a convoluted requirement on that, how to figure that." Ayshford, "We have a program set up. I think it was January 1 of 2012 and the Council actually reviewed it and then they postponed the time on it. So, we do have a program that's pretty much in place. Once the time comes, we can 'dust it off' and pull it back out." Moegerle, "Great, thank you."

DeRoche, "Anybody else have any questions? Thanks Nate."

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Davis, "The Community Development budget consists of two parts: Planning and Zoning; and, Building Inspection. The Planning and Zoning component of the Community Development budget is projected to increase from \$166,400 to \$172,200. The Building Inspection budget is projected to increase from \$231,000 to \$242,200. The Planning and Zoning budget represents a 3% increase. The Building Inspection budget represents a 5% increase. In both of these, increases are based primarily and almost exclusively on step increases, wages and benefits. As far as the breakdown goes, in the Building Department budget, 94.1% of that budget is salaries and benefits. In Planning and Zoning, 91.6% of that is salaries and benefits. The other portion of the Planning and Zoning budget consists, of a substantial nature, are professional services, which we pay for GIS and things like that. That's 6.4%. When you take those things away from those two budgets, there's \$100 for office supplies here and there. There's very little left. Wages and benefits comprise, essentially, both of those budgets. Colleen is here to answer any questions you may have about any particular line item issue in any of those budgets."

Moegerle, "Colleen, I have a question. And, I didn't see it this year, that Laserfiche was not proposed, that we begin doing that. I noticed that Coon Rapids had a really functional system that was really speedy to get information from. When do you think that will become a part of our Planning Department's customary way of doing business? And, when do we need to implement that?" Winter, "I actually think that's something we would talk about Citywide. So, I don't know as it necessarily would come out of the Planning budget. It may be more of a Central Services type of line item. It is not something that we have talked about internally as a staff to determine when the timeline would be on that. I do know it is a very nice system.

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Winter, "I can tell you with the abilities that we have now, with just being able to scan and do the things we can with our copy machine, we're able to meet the needs of folks that are out there right now for, if they want plans and that type of thing. I do think that we are meeting the demand. It's sort of like the credit card thing, you know, how much do you want to spend in order for people to be able to have their stuff processed to be on a credit card. At this point, it doesn't seem like the cost really supports the demand at this time."

Davis, "One of the things on that too, the biggest component or expense of that is the scanning of the information. We had talked previously about doing this and hiring some interns. In doing some research on it, I've found out that some people who have done this using interns have been less than satisfied with the results because unless you have

somebody there to totally supervise them almost constantly, you may not get exactly what you need, and everything scanned and coded right. There are some companies that offer this service; however, they are a little bit more expensive. We really haven't included that in this part of the budget in trying to keep all of our costs down as much as possible." Moegerle, "Well, and I know that early adoption is very expensive and that if you wait a little while, that it goes down. But, just wanted an update on that. Thank you."

Ronning, "Which subjects are fair questions?" Winter, "It's wide open." Ronning, "All right. I was looking at the Building Inspection. Revenues are \$110,000 forecast for 2015. Winter, "Yes." Ronning, "And, the expenses are \$242,200. It's about a 200%..." Davis, "That revenue projection is for Oak Grove and that's a low-side estimate. We anticipate receiving more than that. You also have to add in the East Bethel portion of it too. Last year, revenues exceeded expenditures in this department. A lot of that's going to be totally driven by the economy and how much we derive from bid issuance."

DeRoche, "Haven't the permits in Oak Grove gone down? If I remember reading right in the last packet?" Davis, "They are down a little bit. Oak Grove and East Bethel both. We took in very little permit revenue in January and February, mainly due to a brutal winter and no construction going on. The Oak Grove revenues are now on target to meet, or hopefully exceed, the budget projections for 2014. Our permit revenues for East Bethel have also picked up too on the revenue side."

Winter, "Just based on what we've seen in the last two weeks, now that it's actually stopped raining, based on what is coming in, I believe we are going to be on target for what our revenue stream should be for this area."

Ronning, "I looked at this by year, as well. 2013, we had a revenue of \$194,840 versus an expense of \$174,941. So, we came out \$20,000 ahead. 2014, actual revenue through the end of May, the actual was \$39,647.32. The actual expenses were \$88,615.86." Winter, "But, again, that's just one line item so that's not all our revenue Tom. That's just what we're collecting from Oak Grove. That doesn't take into account the building permits that are coming in for the City of East Bethel, which is a line item above that. So, it's in addition to the \$39,000. You also have \$41,000 coming in from the City of East Bethel as well as other licenses and fees."

Ronning, "I was looking at the General Fund summaries. I didn't see any other, myself." Davis, "If you look at that General Fund summary, you'll see the line above that Building Inspection and Permits from the City of East Bethel, we've received \$41,888.61." Ronning, "What page are you on?" Davis, "This is Page 3 of your book. And, the line below that represents the amount we receive from Oak Grove which is \$39,647.32. So, we've generated approximately \$80,000 in income from permits, at this point. That was through the end of May. We'll have the June numbers here, probably next week and they'll be out in your update. We anticipate that half the year's gone we'll be over 50% income versus what we projected for costs for Oak Grove, which was \$100,000. Our ones for East Bethel, we project that we'll be probably even with those in terms of income versus revenues as a percentage basis, probably in August. So, we got a slow start this year, as everybody did because January and February were zero, almost zero, revenue months for any type of building permits for anything."

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DeRoche, "I'm looking, oh, go ahead Tom."

Ronning, "I want to catch up with the Building Inspection thing and how the..." Winter, "One of the things, while you're looking for that Tom, I also want to point out that the City of Bethel, we provide Building Inspection Services for. It's not a lot, we maybe do five a year. But, for the last couple of years that we've done it, their contract wasn't consistent with what we were doing in Oak Grove. So, we just had them sign a new contract. So, they're at the same level as Oak Grove. We're now capturing 80% of that where before it was just a flat rate."

DeRoche, "So Jack, I'm looking on Page 31. There's about \$11,200 increase in employee wages?" Davis, "That's due, both employees in the Building Department are eligible for step increases and both got a 2% COLA raise, and that represents a 9, I think Steve Lutmer, actually, because of six month and the one year, got the 2. So, that's what reflects that cost."

DeRoche, "So, they get the step increase and close to 2% COLA?" Davis, "That's correct." DeRoche, "And, the step increase, what, I mean it's the same title, correct? Or, is it just, how far up are we going to go here?" Davis, "A step increase is based on what payroll grade you are and I can furnish you that. I don't have that in front of me. But, in this case it probably, and correct me if I'm wrong Mike, it's probably going to represent somewhere around \$1,800, \$1,500 to \$1,800. Would that be correct for those categories? Also, half of Carrie's. All three employees there are still owed those step increases."

DeRoche, "That's something that I don't quite get. Probably because I don't understand where the time is. It's not really kept track of. Is one-half of an employee, I mean, if you are saying now Carrie does building inspection, planning, she does community development. But there is no system, in my mind, of how much time she spends in each department. So, how can we say that a certain amount of money is allocated to this department for this person?" Davis, "We arbitrarily broke her time up 50% to each department. It could be 70%/30%. We can keep that record. In the end, it's all going to be the same in both of those when you add them together, Planning and Zoning and Community Development. Her salary is going to be the same. It's going to be the same whether it's 70%/30%, 60%/40%, in one or the other. If it's something important that you think we need to do, we can definitely keep track of her time and break it out on a more accurate percentage basis."

DeRoche, "One of the questions I'm asked is why isn't it detailed out, the budget. I mean, we go down so far but then, or maybe some of that information just isn't open." Davis, "This is generally the way budgets are detailed. If you want more detail, just let us know and we can provide you with whatever you want."

DeRoche, "Well, I don't need to give out, necessarily, names. I just need to be able to explain to people how the money breaks out." Davis, "I'm not sure that I follow. We assign Carrie's cost 50% to Planning and Zoning, 50% to Building. Does she actually spend exactly 50% of that time in each department? Probably not. But, it's just a way to track it and more equalize the cost. Previously, she was assigned to the Planning Department and did a lot of stuff in the Building Department but no cost were assigned to that. This is just a way to more accurately reflect what is going on in each one. We could have her monitor her time and say, if it comes up she's doing 37% in Planning and 63% in Building, which would change these number around in each of these categories. But, the whole thing, her salary, would still remain the same."

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DeRoche, "Wasn't there, at one point, that she allocates 'x' amount of time for the EDA? Isn't that part of what the EDA discussion was?" Davis, "Part of that funds a lot of salaries. It funds part of Colleen's, it funds part of mine, it funds part of Mike's, it funds part of Carrie's. She does the EDA packets. So, you know, it's put in there for that. If you want those breakdowns to that level, we can certainly start tracking those. But, again, the whole thing adds up that it doesn't exceed her base salary."

Moegerle, "A question I have is that in 2013, we went from five full-time employees between Planning and Zoning and Building Inspection. Now, for the past two years, 2013 and 2014, we've been down to four full-time employees. Can you tell us what you foresee as far as the need to increase back to five? I know that there's been some talk about having a Planning Technician." Winter, "Actually, Jack and I just had that conversation this morning. I don't know as a Planning Technician is really the route that you want to go. Nor do I think you need to bring that back up to the level of another full-time person. I do believe that there is an opportunity, if Code enforcement is a priority for the Council, that we look at doing a seasonal Code enforcement position. I think that would be something that would be very helpful. It would free up the time of both the Building Inspector and the Building Official to be doing other things. It would also free up some of Carrie's time. Because, in addition to what Carrie has been doing in the Community Development Department, there's some other duties that she's taken on as well. So, I do believe that is something that would make some sense. We have talked about it. I believe it is something that once you're done with the Website Intern this year, I'm not necessarily thinking that you need a person after that, after this year, because I think we're going to pretty much have everything on track relative to the website. It could be something that you look at for next year. And I definitely think, if the Council feels that Code enforcement is something that is a priority. Again, I will remind you that Code enforcement isn't something where the Building Official or anybody is going out looking for this. It is complaint generated. Right now I can tell you it is a lot of complaints and it takes a lot of time."

DeRoche, "Well, I understand that. So, all of a sudden now, we're having all this big increase in complaints and we're just having to devote all this time? I mean, for how many years, I'm sure there were some complaints, but it wasn't that...I don't want us to focus strictly on Code enforcement." Winter, "No. And, I guess I'm not saying that Mr. Mayor."

DeRoche, "If it's petty stuff, that's one thing. If it's major things, that's something else. But, I don't want to get into a position where we have to hire somebody just so we can enforce things and 'drop the hammer down.' I can't put in my mind why the big increase now in complaints or the need that we have to go out. If people have been violating these Codes that bad for so long, and we just let it go? Or, is it something that we're now just jumping on?" Winter, "You know, I think it's a combination of a couple things, actually. I think that there was a period of time where the Code stuff wasn't really necessarily taken care of. I do also think there's been an increase in calls. I do think that people are also utilizing the website to register complaints that way. We have actually seen a physical increase in the number of calls of complaints from people, especially in the last year. I can't attribute to why that is. I just can tell you that we have gotten a lot more complaints than we had a year ago."

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Davis, "And it could be, who knows, it could be just a trend. Again, though, these aren't things that we generated. These are call-ins that we had. If we get a complaint we are obligated to at least investigate it. Some of them turn out to be nothing that we can do anything about. They are more of a neighbor versus neighbor issue. In the Council packet

for the next meeting, we'll have a Code enforcement report so you can see what all has happened. Again, it may be just a trend. I don't see a reason for it either. We just have to wait and see if it continues and then we'll have to address it from there."

DeRoche, "If neighbors are bickering with each other and they get into this thing of, 'Well, I'm going to call the City on you, I'm going to call the City on this and that and this.' Not that people's issues aren't important because they are, but there are a lot 'bigger fish to fry.'" Davis, "Absolutely. If we go out and we see that's the case, then we certainly don't try to adjudicate their issues. We just tell them, you know, that's something they're going to have to work on themselves."

Winter, "We certainly, as staff, it's not something that we see as a win-win for us at all. Obviously, it generates no revenue for the City. It's one of those things where we certainly, it's not one of the favorite jobs that we have. It's just that we have an obligation because we have the ordinances, to respond. I certainly agree with you, Mr. Mayor, that there's much better ways for staff to be spending their time."

DeRoche, "To me, the Building Official should have some discretionary powers. I mean, if it's just strictly 'black and white,' well maybe if there's enough of the same thing keeps coming up, maybe that's something that we need to address and say, well kind of like some of the building stuff. Enough people say, 'Jez, this is constantly coming up and this is an issue.' I didn't write the original ordinances and one of my first statements when I saw the ordinance book was, 'There's way too many.' And, at some point, you've got to put a little bit of common sense in there. You know, to me, the Building Official should be able to use his discretion and not just so 'black and white.' Because if it were me and he showed up, I'd say, 'Okay, you show me in the book where it says that. I think you're pulling my leg here.' But, a lot of people are intimidated."

Winter, "And, I do believe that when, whether it's our Building Official or Inspector, whomever, or myself who answers those calls, or a CSO at times will have to go out and answer those calls as well, that we do definitely say, you know common sense has to enter into the equation here. It's obvious if it's a neighbor dispute. I had a situation two weeks ago where that's exactly what it was. I simply said, 'I'm not getting involved in this. This is between you and your neighbor. There's not an ordinance here and you're not going to take our time to deal with this.' So, I do think that we try and exercise common sense to the best of our ability with some of this. It's just that, again, because the ordinances are there and people call in, we do have an obligation. We do have to go out there and at least initially take a look at it."

DeRoche, "Well, you know, and Staff needs to understand here, you guys see it or hear it. We don't. Okay? So, when we hear it, or I'll say 'me' because I can't speak for everybody else. It's 'Why is it this way?' Well, I'm not really sure why it happened that way. And, I learned that maybe the complaint didn't quite happen the way the person is describing it. So, you know, you need to kind of do a little investigative work. Now I've looked at Ham Lake and they do a report, I think, every month, of the people being complained on and what the complaints are. I guess, that I wouldn't really need to know names but to have an idea of how many dog complaints that we have, how many neighbors, I don't know, putting up a fence when they shouldn't complaints. For me, personally, I don't have any idea what the complaints are about other than, well, there's a lot of complaints. Okay, well, what's the complaints?" Winter, "And, we are actually tracking, we do track that."

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Davis, "You'll have that information next Wednesday." Winter, "Yes, we track that. It's in our Permit Tracking System."

Ronning, "Does that include the disposition, if there is one?" Davis, "Yes, it does."

Winter, "Now, as far as the dog complaints go, I can tell you that's not something we, as staff, really deal with. We send those directly to the Sheriff's Department to deal with. Very seldom do we deal with the dog stuff. It's junk vehicles, primarily, that seems to be a lot of the complaints. A lot of tires in yards, tall grass, just people not taking care of their yards, debris blowing into neighbor's yards. Those are the main complaints that we get."

Ronning, "Is this the last budget meeting?" DeRoche, "No."

2015 Budget  
Discussion

DeRoche, "What do you think Ron? You guys have been pretty quiet tonight." Davis, "He's saving his for the end."

Koller, "No, I read through all this over the last couple of days. I think we run a pretty 'tight ship.' I don't see a whole lot of cutting anywhere that needs to be done."

Davis, "Well, again, I've mentioned this to probably all of you individually, we're at the point now where if there are substantial reductions to be made, it has to be done in either reductions of wages and salaries or layoffs because that's essentially all that there is left to look at."

DeRoche, "That's kind of what we looked at in the last two years." Davis, "Or transfers." DeRoche, "Right." Davis, "That's the only thing left. We appreciate the fact that you recognize this and we do try to run a very 'tight ship.' We try to be very efficient. Again, currently now we are down four employees from where we were three years ago and are doing the same amount, or more, work."

DeRoche, "Tim?"

Harrington, "I'm the same way as Ron. We've got outstanding staff and, like you said, Fire Department, Police Department, Street Maintenance, everybody's cut right to the end. I don't want to see anything else cut. Like Jack said, I don't want to see people get cut in salaries or people getting laid off."

DeRoche, "Again, that, we've talked about that for the last two, three years, as things were dwindling." Harrington, "Right. It's lean."

2015 Budget  
Discussion

DeRoche, "Tom?" Ronning, "What?" DeRoche, "What do you think?" Ronning, "That's a pretty broad question. There are things that don't meet the 'eye.' This might not be the first time this things been looked at that Jack goes back and forth with the departments and has them trim things. I don't know if that's the case with this one. You look at one or two of them, can you trim a little, trim a little. And, we're pretty much in line with, what are we a percent, half a percent, or something below last year for general operating? That was Mike's." Davis, "Somewhere along there."

Davis, "The big thing, this year, is the expenditure. The general levy stuff, we're about the same. The difference is we're budgeting about an extra \$50,000 or \$60,000 for debt service. That's where the 9/10<sup>ths</sup> of a percent comes in. Again, the process is Mike and I met with

the Finance Committee which is Bob and yourself (Ronning), the first of May and set some parameters and goals for the budget. We developed the general budget and requested staff to submit their department request and gave them some guidelines on what they should do. They all did a commendable job.' I've seen some places where you have people with unrealistic attitudes and they think they are entitled to 10% budget increases a year. Our staff recognizes the problems we have and are working within those constraints. Mike and I took it and reviewed that and made some additional cuts from that point. We had some further discussions with staff and then we went back and made a few more cuts. There's three areas that have other obligations besides wages and benefits. There's the Public Works budget, there's the Public Safety budget, and there's transfers. Those are the only things that involve extra increases in non wage and benefits. Mark's got a budget that's got about \$200,000 worth of non-salaried issues in there. But, those are pretty critical things as far as keeping and maintaining equipment, fuel costs, training, everything that goes along with running the Fire Department. With Nate's budget, Public Works, there are several hundred thousand dollars in those for supplies for roads maintenance projects. We think those are critical too. With the transfers, if we start getting behind on our roads projects, it's going to be very difficult to catch up. Once you cut those transfers to a certain point, unless there's a huge improvement in the local economy in which the tax base is going to increase, it's very hard to catch up on those things too. So, it comes to a point where you have to say we can cut further but then there's going to be more consequences if we do."

DeRoche, "But, I think we kind of discussed that last year. We could cut some of these funds but it's a one and done and then the next time we're scrapping, trying to come up with money to buy equipment or do parks or do roads or do whatever. There's a lot of cities that don't have those funds set up."

Ronning, "I was just going to mention that. There's kind of a, it's not hidden, but it's not really visible. All the Capital Funds we have. Not everybody maintains Capital Funds. We're able to maintain our Capital Funds without 'going nuts' on the levies. When it comes time to replace something, we don't have to go back and ask for more. We have it pretty well covered." Davis, "That's correct and that's what those are there for, so that you are covered when you need to do that and you don't have to come and either borrow money from some source or bond for it to cover basic equipment replacement cost."

Ronning, "One question I think I would have but I don't expect an answer here, maybe later or whatever you can bring it back. How many employees are eligible for overtime and how many are not?" Davis, "There are 12 that are eligible for overtime. Those are the union employees and there are 7 non-union employees who are not eligible for overtime. Again, the overtime costs are basically with the Public Works Department. They comprise, probably 99% of all overtime cost. Of that overtime cost, approximately 90% % is due to snow plowing."

Ronning, "Yeah. Most of the other things you can pretty much schedule or work around." Davis, "Yes. As Nate described too, he's careful on shift schedule so you don't have days that overlap. For certain event planning things, we change the work week up, maybe from Monday to Friday to Tuesday to Saturday, in an effort to do our best to control those overtime costs."

DeRoche, "One question I know I had was the \$43,362 contingency in the EDA. Why is there a Contingency Fund?" Davis, "The Contingency Fund is there to have monies to fund things that may come up during the year that we don't anticipate. It may be that there's

somebody that wants to locate here that we may need to do some extra TIF work on or there may be a few little things that we need to do to make that project happen. That's money that's there to cover those kinds of costs. It's also money that's not spent. It just rolls over into the next year."

DeRoche, "I'm going from 2014 was \$17,908. That's quite a bump. On Page 70." Davis, "One of the things, the EDA budget is somewhat different than the other budgets in that if you'll look, there is also \$34,000 in 2014 budgeted in professional services. We felt that was categorized wrong so we switched it down to contingency for 2015 and reduced that budget, that line item, down to \$5,000. The EDA budget, \$123,000, does not include the maximum levy. Last year, we reduced this budget by \$10,000, which reduced that levy, probably, by 5% or 6%."

Moegerle, "Well, I have a question. It would be very interesting for me to track our salaries and how that's increasing because that is something that's going to continue to increase. It would be valuable for me to see trends from, say, 2011 through here on the number of full-time employees, part-time employees, and how that's gone up and how that will continue to go up. Not only the salaries, but all the associated costs with benefits and those kinds of things. It's sort of here on Page 2. But I would really like to see the hard numbers on how that's trending up. Because, inflation is always going to effect what we purchase but salaries are also going to continue to go up. So, I think that would be valuable trending information to know. The other thing is that it would be valuable for me to know, and this may be something for the update, on what our balances are in our Capital Funds. Obviously that's not something that we're going to 'raid' but what it does say is 'planning.' I know that we get those projections on what we are going to do with our funds but to see that we are covered out to, I think some of them are for 30 years planning, or however long Ronning, "Were you a Boy Scout?" Moegerle, "He's a numbers guy through and through."

Davis, "we can provide that information on salaries. That's no problem but, our total salary base now is less than what it was in 2010." Moegerle, "Well, it was reduced, we've reduced staff too, sure."

Ronning, "I think you said we are operating with four less people?" Davis, "Right now. That's counting the Deputy City Clerk's absence." Ronning, "That's a minus?" Davis, "That's correct." Ronning, "So otherwise it would be three. Take a long time to catch up to three compensations with today's..." Davis, "But, if you look at it by position, with the exception of one person, everyone is making less than people that had those positions in 2010." Moegerle, "That would be good to know." Ronning, "Can you cut the City Council off?"

Moegerle, "So, that is our current balance, or through May 31<sup>st</sup>?" Jeziorski, "This is actually to today."

## 2015 Budget Discussion

Moegerle, "And, if we continue as we are, I know that we have capital projects planned out, three to five years. But, obviously, we don't spend down to zero and continue. I mean, how's our cash flow looking for ten years or fifteen years at his point?" Jeziorski, "Each one of these would have to be analyzed individually. But, when we talk about our fund balances, we'll end the year with about 50% of the next year's expenditures. The rest of these have those CIPs that actually track that all the way through for five years. Those should mirror what we anticipate happening as far as those cash balances are concerned."

DeRoche, "Now that Street capital, is that with or without the Lincoln?" Ayshford, "That's covered in the MSA fund."

Jeziorski, "The only funds that I show here are the ones that are not restricted by an outside agency. These funds are just restricted by this governing body. When we have a rating call, this is what they really try to 'drill down' into, how much actual cash do you have to use in case you need to use some of these funds to pay down debt or to make bond payment. Any of these funds you could, theoretically, transfer to the Debt Service Fund in order to pay debt."

Davis, "Right. There's one of the funds, the Parks Development, that is funded by developer fees and it has to be used for park purposes only. The Trail capital projects will be funded now by developer fees. But, the others are funded by transfers so as far as the cash flow goes, it's dependent on what Council's policy is to transfer funds to those accounts."

DeRoche, "Well, for the last couple of years we kind of held off. But, I think that at a couple meetings ago we okayed the capital improvement for some of the park stuff, or loosened some of the money up. But, you know, at the time we had to get control of stuff." Davis, "And, you know, there's still been transfers in the Parks and we agreed for 2014 because of the situation we're in, to not do any Parks capital projects. You did approve for three of the projects to be done for 2015, which are much needed. I think that as long as we have a group like this to work with, there's a lot of things that go on here that, people realize the situation we are in and everybody's cooperative from both sides, the Council side and the staff. We all realize what the predicament is and we're all working towards the same goal."

Moegerle, "Another question I have comes from Page 82, which is the Ice Arena. This is strictly a budget question although it says that our budget is based on 1,148 prime hours sold at \$192 per hour. But, have we had any contact with Gibson to find out how they are proceeding in selling these hours? Or, is it too soon?" Davis, "We have a meeting scheduled for next week with Gibson and St. Francis Youth Hockey Association to sit down and start working these things out. Again, on the Arena, that's strictly an Enterprise Fund so it's not part of the General Fund levy." Moegerle, "Right."

DeRoche, "Well, it looks like they cleaned it up and are utilizing the sign so people know what's going on."

Ronning, "You asked our individual opinion. I'm done. Heidi?"

Moegerle, "Well, I think I'd like some more information but there's not much room. The one thing I'd asked Jack was, because the plan was that in 2015 we would refinance the A or B Fund. Many times, what I get from residents is, 'Well, why didn't you just pay off all the bonds?' And, it's like, 'Well, we couldn't have paid it off without you paying another \$2,100 in 2011 or some such number.' So, it's in the minutes from February 19 of 2011 to that effect. You know, there's something to be said for addressing their concerns by saying, 'Okay, we can prepay on that debt when we refinance.' So, I think that there may be some interest from the people who say, 'Why don't we just prepay?' Let's see what it would cost us if we prepaid some of that debt and the savings over the long term. I think it's more informative and it's probably more of a paper thing to look at as opposed to something we might want to do but we might find something that we'd like to do. So, what do you have

there?"

Jeziorski, "This is just an illustration that shows all the bond issues that we currently have and when they're actually able to be called. As you can see, most of these are not callable in the near future so it wouldn't even be an option to pay down the debt. The only real option we have to refinance are our 2010A, which we kind of discussed in the past and, Ehlers, run those models all the time. They ran one in May and they just recently ran a model for us on Monday. At this point, it is not advantageous for us to actually refinance because we'd actually lose money."

Moegerle, "Well, we can't refinance because it would be more than \$10,000 in 2014. Wouldn't it? Isn't that part of the issue? That we can't refinance until 2015 because, I'm sorry, it's \$10 million." Jeziorski, "You put yourself in a different 'stratosphere' as far as, the amount we'd be refinancing. It wouldn't be bank qualified at this time because it's more than \$10 million. That kind of plays into it also." Moegerle, "Right."

Davis, "And what we'd have to do is find enough money to pay down that debt to get it below the limit. We don't have a source to do that unless we completely raided all of our funds."

Moegerle, "No, I'm not saying prepay, not pay it off, but you can prepay a portion of the debt. Say we're going to pay down \$100,000 now and over the term we'll save this much in interest, therefore, it is cost advantage to do that." Jeziorski, "And those are options we have looked at for 2005A. As you'll recall, we actually took some money right off the top. We said, 'Okay, we've got this excess money, let's pay some of this principle down right off the top and then save on the interest costs.' We did the same thing with 2010B, which is now 2014A. We paid \$670,000 right off the top and saved money. For this issue, for whatever reason, where the interest rates are right now, it doesn't work unless you bring a lot of money to the table."

Moegerle, "Right. And that's why, at that time, we talked about waiting until 2015 because of the \$10 million threshold. So, the question is, if we could see, assuming, you know because this is the budget for next year, if we paid that down and of course there are a lot of variables, but all things being the same, what that would be if we paid down \$50,000. And, where would it come from, and that kind of thing." Jeziorski, "\$50,000 would not be enough to actually make it cost." Moegerle, "I understand that and finding out what that number is would be valuable to me." Jeziorski, "Okay."

DeRoche, "Well, I think we have to be careful of, when we're talking about paying things down. We're going to have to be paying, we've somewhat got the bonds figured out through 2015. But the next year, we're still going to have to make payments and payments after that. To keep as much as we do in these funds makes sense to me because that's a contingency. If we don't get the development, if we don't raise enough other monies, we're going to have to use some of that to make payments. If that money's gone, what are you going to pay with?"

2015 Budget  
Discussion

Davis, "Again, one other important factor to remember in all of these situations that we've developed for these bond payments is that they assume that there are no connections. So, if there was never any connections to the sewer system or the water system in East Bethel from now to infinity, with the plan we have in effect, which is minimal increases a year, which would be in that \$50,000 to \$60,000 range for debt service, we can pay the bonds off."

Now, if we have development, that's going to factor that we can, hopefully, decrease some of that. But, we did this with this scenario that there would be no development."

DeRoche, "Right, but I remember the feasibility reports, I remember Bolton & Menk's figures, I remember Metropolitan Council's numbers. You know, as referenced, February 19, 2011, you would have had to pay \$2,100. Actually, the statement from Bob Schunicht was that he had talked to some acquaintances of his for the numbers, the \$7 million to \$9 million payback. That data has never been brought forth of anything. I could say all kinds of things but unless there's documented numbers to say this is how I figured it would cost \$7 million to \$9 million not to do this project, and then the \$2,100 per resident to pay out immediately, that wasn't true either. In fact, he never said that because that would have been spread out over how many years? So, you have to be careful up here when we're throwing that stuff out there."

Moegerle, "Well, and let's do the math. There are 5,000 taxable parcels in East Bethel and \$9 million dollars. You do the math and it's about \$2,100 depending. He did say the \$7 million to \$9 million. If you're not satisfied that you've got the documentation, that's a different issue. But, it was said and based upon what was said, what I said was factual and accurate. So, you may disagree that you didn't get sufficient documentation, but in fact, that is what was said on February 19, 2011."

Ronning, "Whenever these conversations come up, I listen to the words and it's always been, 'We were told.' Told by nobody in particular, but just that we were told." Moegerle, "We were told by Landform, Mr. Schunicht." Ronning, "Well, they should have had some numbers to show you as well if they're going to tell you \$8 million, \$9 million, something to back it up besides 'bottle caps.'"

DeRoche, "Well, let's save this for another night."

**Moegerle made a motion to adjourn at 8:40 p.m. Motion failed for lack of a second.**

Ronning, "One other question I had. If we were to go into some of these bonds, if I recall the auditor's comments, typical cities like to be 35%. And, we were at 60-some percent? So, 35% versus we're at 60-some percent? So, we're running a 'good tight ship' to be able to say that. If we were to try to, well, we were 60-some percent, we went on record as 50% maintaining. If we were to get into some of these funds to make a difference some place, and this is an awfully wide question, the only place we could get it, is the Capital Funds, I think."

Jeziorski, "You could liquidate the Capital Funds. You could liquidate your General Fund. But, again, if you liquidate your General Fund..." Moegerle, "Or we could levy for it." Jeziorski, "Or, you could levy for it and then, there are some options, I guess. There's also consequences, obviously." Ronning, "It would take extreme caution to look very hard at something like that."

2015 Budget  
Discussion

Moegerle, "And, one of the things I think is critical for residents to understand is that the principle and interest total for 2014 is \$535,000. 2015 is \$1,366,000 and change and in 2016 we're going to be paying \$2 million unless we refinance that bond and find some cost savings, and whether we 'kick it down the road a little bit.' But, that's a significant challenge coming up." Jeziorski, "The one thing our Debt Management Plan does take into effect, I'll just illustrate that with our budget, is these first four bond issues are kind of on

'auto pilot.' Their levies just stay the same, we just have them out there until the bonds are paid out in full. This 2010C one is the one we are taking funds from other sources, our General Fund, perhaps our capital projects, and making sure that one has cash flow in order to meet its needs. These are the two, the 2010A and now the 2014A, are the ones where, this 2010A we are levying at \$487,000 just to prime it. That's the one that will grow 3.5% a year in order to meet the obligations every year. That's a manageable thing instead of going from zero, which we had in 2013, all the way up to \$470,000 in 2014. Now we are raising it 3.5%, you'll raise it 3.5% next year, 3.5% the year following, all the way until the bonds are paid off." DeRoche, "Right."

Jeziorski, "The 2014A, we just put it up from \$300,000 to \$330,000 and that's where you're going to keep it so there will be no increases every year. That's just where it's going to be until the bond is paid off. The thing that Jack mentioned earlier, I think, is key. This is all based upon no connections to your sewer/water system. As those come in, then these numbers will obviously start with probably 2010A and have to be raised up to 3.5% every year. You just reduce that down gradually. Now, are there opportunities to refinance 2010A? Not in the current market unless you are going to bring a significant amount of money to pay the debt down."

Ronning, "So, we're prepared for the worst case. We're prepared for the worst and hope for the best." Jeziorski, "Now, there is even a worst case scenario and that involves this 2010A where there's a Federal credit. We are reliant on \$320,000 coming back from the Federal government and, as you know, they've reduced that down and if they reduce it any more from where it was. This is where it is now but there's always the potential where they could lower that even more. But, at this point, this is what they've told us. So, for every dollar of interest we pay, we get this much back. So we're paying \$767,000, we're going to get credits of \$320,000 back. I think the plan, before 2013, was, or before 2014, was there's no levy in here and then we're going to hope that the connections happen." DeRoche, "Which wasn't a real viable solution."

Jeziorski, "And then, obviously, to get this thing recalibrated, we had to jump the levy out from zero to \$470,000 and now for 2015, we're jumping it up only 3.5%. When we look at the whole schedule, that's what will allow us to actually cash flow this thing through the life of the bond with no connections."

Davis, "And, the 3.5% is not 3.5% of the levy, it's just 3.5% of \$470,000." Jeziorski, "As you saw in this, the overall impact to the overall levy was 0.9%." DeRoche, "Well, the thing was voted on and passed, so we have no choice but to pay it." Jeziorski, "Yes."

## 2015 Budget Discussion

Finance  
Department  
Mayor and  
Council  
City Adminis-

Davis, "Before we move on, there's several other budget items that still remain to be discussed. DeRoche, "Sure."

Davis, "They're all, essentially, about like the last ones we've discussed. They're basically departments. There's the Finance Department, Mayor and Council, the City Administrator,

Clerk's. Generally, they all consist of primarily wages, salaries, and benefits. The only increases were in those categories. There was one, the Clerk's budget I think, has been reduced slightly. There's an increase, 3%, in the City Administrator's budget. 4% in the Finance Department budget. Other categories, especially for Risk Management, we need to go over briefly and touch on a few things on that."

DeRoche, "How much time, do you think, to do this?" Davis, "Ten minutes." DeRoche, "Oh, we've got that."

Risk  
Management

Davis, "If you'll turn to Page 56 to 58 in your booklet. Risk Management is essentially what we pay for insurance. There is a projected increase of 4.6% in those budget categories. That covers all the insurance and liability, property, automotive, and bond fees for agents. Those are things that we are at the mercy of the market. The only thing we could do, you could say to shop around for other sources but we probably don't really have that option. I don't think we're going to find it any cheaper than what we've got it through here."

Transfers

Davis, "The other category, if you don't want to spend any more time on this are the transfers, which is a fairly significant part of the budget. We are proposing to do a \$50,000 transfer to the Building Capital Fund; \$425,000 to the Roads Capital Fund; and, \$50,000 to the Parks Capital Fund. This actually is going to represent a 3.1% decrease from what we allocated last year. We think that those should be maintained because, again, once we fall behind in those, it's very, very difficult to catch up. And, we're always going to have roads demands. The \$425,000 is essentially just enough to keep us somewhere where we ought to be. The Parks, again, has been cut from a \$100,000 transfer to a \$50,000 transfer over the last two years. And, we're going to start seeing some more needs for building capital needs. Especially, we talked about having to do some things with handicapped accessible issues. So, I would recommend that we keep those funds the same. Those are the two primary things that I just wanted to bring up to see if anyone had any questions on, the transfers and the Risk Management.

DeRoche, "Well, like you said, I'm looking here, it's \$545,000 last year and \$525,000 this year." Jeziorski, "The only difference on that is we actually needed \$20,000 from our General Fund transferred into our Debt Service Fund to make the payment. So, that actually goes away in 2015. We just levied for what we needed instead of doing a transfer from the General Fund."

2015 Budget  
Discussion

DeRoche, "Anybody got any questions?" Koller, "No."

Davis, "If there are no further questions from anything in the budget, we're just seeking direction as to where we want to go from here with the budget. What kind of timelines we want to set for further meetings, and get you that information back and meet with you at your convenience."

2015 Budget  
Discussion

Moegerle, "I don't see that much change needs to be done. I don't see that there is anything that can't be done during a regular scheduled meeting on this."

Ronning, "I was looking at one of the categories, Professional Services Fees." Davis, "Under what budget was that Tom?" Ronning, "All of them. For 2014 budget, there's \$1,276,879. Of that \$1,030,000 is Police and Engineering. But, it still leaves \$286,000 professional fees." Davis, "The other part would be \$150,000 of that would be legal."

Ronning, "No, none of it's legal."

Davis, "What page are you on?" Ronning, "It's my own, I did this. I just took the numbers from the packet." Jeziorski, "Did you include Assessing too?"

Davis, "Yeah, there's \$53,000 for Assessment Services. In the Mayor and Council's budget there's fees for what we pay for our..." DeRoche, "Mayor's Association?" Davis, "Well, the Mayor's Association, there's also the Boards, the Commissions, the Watershed, the WMOs. Under Planning there's professional service fees we pay for our GIS services."

Moegerle, "This doesn't seem to include the legal fees." Ronning, "No. That's..." Moegerle, "Is that different some how?" Ronning, "It doesn't have a category 'professional fees.'"

Davis, "Let me just go through these real quick. Under Council's budget, we have \$10,000 for professional services and that includes, that's what we pay Municode for quarterly updates and their ordinances. In the City Administrator's budget, we have nothing for professional services. In the City Clerk's budget, we have professional services fees, we budgeted \$200 for that."

Ronning, "I'm just pointing out as an area to look at. I'm not complaining or whining a bit. I didn't bring any cheese." Davis, "Under Finance, too, it also includes audit fees which are about \$20,000. So, when you start adding it all up, you've got \$20,000 for audit fees, \$10,000 for Municode, \$50,000 for assessment. It's going to add up fairly quickly. We also have, in the HRA budget, \$5,000 for legal fees and I believe there's the same amount in the EDA budget for legal fees."

DeRoche, "There's no legal fees for the HRA. There was in 2014 but not this year." Davis, "Okay, we cut that back then."

Ronning, "I think this is, I hope I'm not off too much, close to 5% of the overall budget. No, that seems too high." Ayshford, "The Ice Arena management is in there."

Davis, "Again, you've got \$11,000 under Planning but most of that is GIS functions."

Moegerle, "Is the solution to break out professional service fees into more smaller groupings? Is that what you're interested in?"

Ronning, "I'm not sure how, in Planning and Zoning, for instance, 2013 actual is \$9,236, 2014 is \$12,000, and 2015 is \$11,000." Winter, "2014 went up because we have a one-time fee that we had to pay. We had to contract with Anoka County to get our area photography that we needed as part of GIS."

## 2015 Budget Discussion

Ronning, "GIS, yes, I read that. But, that's one year. Let's see, Engineering ends up more than what the budget is but that's because it's part of a project. Right?" Davis, "Well, we have two engineering costs. We have the engineering costs that are associated with projects that aren't part of the budget and then we have the basic engineering service fees if we call up Craig and say we need 'x' number of maps made or we need you to do this little quick study, some cost projections. That's where those costs come from."

DeRoche, "Are we done paying Bolton and Menk?" Davis, "Yes." Moegerle, "What,

February?" Davis, "Yes, we paid them their last payment in February."

Ronning, "That HRA is \$5,000 in professional services fees." DeRoche, "For 2014. This year there's not anything in the budget." Ronning, "There's none this year." Davis, "In the professional services fees for that, that was a category for a housing study and we just transferred all of that stuff to the transfers to accommodate the extra costs we'll be having for the administration of the Community Development Block Grant."

Ronning, "Economic Development went from \$35,265, to a 2014 budget of \$34,454, 2015 is only \$5,000. For the last two years, it's an 85.49% reduction. Davis, "Again, it's just a matter of, you know, which item did you put that in. We just took that professional services fees, we're not going to hire any consultants out of there. We felt that money would be more appropriately dedicated to the Contingency in case we needed, something comes up, to fund an economic development project."

Ronning, "The Arena has actually come down."

DeRoche, "Now, that money from the new cell tower, that's not..." Davis, "We haven't entered into that contract yet so, when we do, that'll be assigned to the General Fund. And then, at the end of the year, we can see what the balances are and assign that to wherever it is most needed." DeRoche, "Sure."

Davis, "As far as the professional services fee for, and that's what probably makes up a lot of that difference, the Ice Arena stuff is not part of the general levy though. It's an Enterprise Fund."

Ronning, "Right, but it's part of the overall budget." Davis, "Correct. So, there's what, \$78,000 for that." Moegerle, "\$79,000." Ronning, "For 2015. \$84,000 this year, \$79,000 next year, a 5.9% reduction."

Ronning, "Sewer Utility Operations, it's a 142.86% increase. Goes from \$7,000 this year to \$17,000 next year? Some of this stuff, I don't expect anybody to have an answer for. I'm just suggesting there are some simple categories." Jeziorski, "That one is totally predicated on the Metropolitan Council's fee that we're actually going to start accruing in 2015. Actually, I haven't gotten the final notice. It could be \$15,000 or it could be \$16,000 at this point. Their flow charges are for treating our waste water. We haven't had any since."

Ronning, "You mean we've got to give them more money?" Davis, "Yes." DeRoche, "We're working on it." Ronning, "They should wear 'masks' when they come by the cities. We get problems with them."

2015 Budget  
Discussion

DeRoche, "Any questions there Ron?" Koller, "No, the only thing I came up with was on Page 83. Just a change under Capital Outlay, it says, 'The replacement schedule is part of this budget item. With approval of this budget, the replacement program is also approved.' It sounds like we're already approving all of the vehicles listed there if we approve the budget." Davis, "You're approving, essentially, a dollar amount. Again, as we discussed prior to the meeting, there is never going to be an equipment purchase that we make without Council approval."

Koller, "That's all I wanted to make sure of." Davis, "We will never purchase a piece of equipment and submit you the bill."

Jeziorski, "I think your Capital Improvement Plan gets approved three times. It's essentially, the first time is through the Capital Improvement Plan, and then through the budget process, and then actually when we go out to purchase it we bring the quote to the Council. So, it's covered three different times."

Davis, "And, that final approval is the critical one. That's that you approve and authorize and direct us to make the purchase."

Ronning, "What's your motion?" DeRoche, "You all done?" Ronning, "What's Heidi's motion?" Moegerle, "It failed for lack of a second."

Ronning, "Are you done with what you were interested in?" Davis, "Unless you have any more questions, I just wanted to bring those two categories up just because of their higher cost and significance."

**4.0                      Ronning made a motion to adjourn at 9:01 p.m. Harrington seconded; all in favor,  
Adjourn                      motion carried unanimously.**

Submitted by:

Carla Wirth

*TimeSaver Off Site Secretarial, Inc.*