

## EAST BETHEL CITY COUNCIL MEETING

MARCH 25, 2015

The East Bethel City Council met on March 25, 2015, at 7:00 p.m. for the City Council Work Meeting at City Hall.

MEMBERS PRESENT:      Ron Koller                      Tim Harrington  
                                 Brian Mundle                      Tom Ronning

MEMBER ABSENT:              Steve Voss

ALSO PRESENT:              Jack Davis, City Administrator  
                                 Colleen Winter, Community Development Director  
                                 Nick Schmitz, Building Official/Code Enforcement

**1.0**                      The March 25, 2015, City Council Work Meeting was called to order by Acting Mayor  
**Call to Order**      Ronning at 7:00 p.m.

**2.0**                      **Harrington stated I'll make a motion to adopt the agenda. Koller stated I'll second.**  
**Adopt**                      Ronning stated any discussion? All those in favor?" **All in favor. Motion passes**  
**Agenda**                      **unanimously.**

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

City professional service agreements are evaluated, generally, every five years and additional requests for services are solicited to ensure that the City is receiving the best value for both the cost and benefit that is being offered. This Request for Proposal (RFP) was advertised in the *Anoka Union*, the City website and with the League of Minnesota Cities. There were three inquiries regarding the RFP from the following:

- 1.) National Sports Center-Blaine, Minnesota;
- 2.) Victory Management - Isanti, Minnesota; and,
- 3.) Gibson Management, LLC-Rochester, Minnesota.

The National Sports Center manages eight sheets of ice at their Blaine location and, as stated above, operated our rink from 2006 to 2008. Even though there was communication with the NSC, they did not submit a proposal for this management contract.

Victory Management Services is a Minnesota Limited Liability Corporation. Victory Management provides businesses in the North Metro with a resource for the tools required to increase operations and efficiencies in the conduct of their business. Victory Management has also teamed with the St. Francis Youth Hockey Association on this project to benefit the City of East Bethel, the East Bethel Ice Arena, and the general hockey experience.

**3.0**                      Gibson Management, LLC is the current management contractor of the City Arena. They

have managed our facility since 2008.

The City Ice Arena was able to post a positive fund balance for the first time in 2013 and continued this trend for 2014. The financial goal of the City is to operate this facility with no taxpayer subsidies.

Davis stated at this time we will receive the proposals from two vendors, Gibson Management and Victory Management, for consideration for the Ice Arena Management contract. Mr. Gibson, would you step forward and give your proposal?

Koller announced due to a personal conflict, I will abstain from all of this, this entire meeting until we go on to the next issue. Mundle stated so the agenda item, not the entire meeting? Koller answered yes, the agenda item. *At this point, Koller left the Council dais.*

Todd Gibson stated good evening, I am Todd Gibson, owner of the Gibson Management Company. Thank you for having us tonight. We have been the management company for the East Bethel Ice Arena for the seven years and had a very successful track record. We have submitted our proposal and I just want to take a few minutes to highlight some of the plans for the future and achievements to our service to better our partnership with the Arena groups and the City of East Bethel. Now I'd like to introduce Bob Montrose to our management team. He has over 25 years in the rink business. Here you go Bob.

Bob Montrose stated thanks for having us. I joined up with Todd Gibson and Gibson Management. I've been with them for a few years and we've worked in the industry together now for quite some time, well over 20 years. I'm becoming a little more active with what he does and with the Gibson Management label. So, I'd like to just go over a few things.

Montrose stated obviously you've received the proposal and we're just going to try and highlight a few things that we've done in the past and a couple of things for the future. I'd first like to start with Jon Barry. He's the Arena Manager right now, hired by our group. A young, energetic guy, tremendous Arena management skills and he's got a 'service with a smile' approach. I think he's a great person. Without great people, it's hard to succeed and John certainly is an outstanding Arena Manager. We're proud to have him working for us.

Montrose stated last season we came up with a very nice, very informative, and user-friendly website, which was something that was discussed from the user groups and the management team. It's socially connected, again very interactive user friendly and it's been a great improvement to the services that we provide.

Montrose stated I'd like to share with you some of the terrific plans that we will have running with us and things that you'll see when we open up this Fall. The first is a product called Live Barn. What Live Barn is, it's a web-based program that allows you to view what's going on, on the ice. What you would see in the lobby, we'd provide a 48-inch TV and it basically streams the activity on the ice. So, it's a neat option for user groups if they want to use that to view. When they're not able to be at the Arena, we have the capability to turn it on, turn it off, on our demand. So if, for instance, you're out of town, your son or daughter has an activity at the Arena, Live Barn provides that service on any type of web-based form. It could be a phone, it could be a laptop, or just desktop PC as well. That's something that we have in the plans right now with Live Barn. We're planning to implement that for the Fall.

Montrose stated the next is a video schedule monitor, something that's been discussed and talked about. We plan to have that up and going so that when you walk into the Arena, you'll see the scrolling schedule for all of the activities that are taking place.

Montrose asked when you walk into the Arena, what's the first thing you do? You usually go to the bathroom, especially out of town guests. It's kind of tradition. You walk in and that's where they're off to. We've got some big plans for the restrooms at the Arena. Kind of a complete 'facelift' with new fixtures, sinks, toilets, partitions, things that we've already sought out and plan to put in there to really give the restrooms a favorable impression. I think those first impressions are big. You walk in, you kind of get a sense for where you're at, and again, when you go into the bathroom, if it's clean, if it's presentable, if it smells nice, your impression of the Arena greatly goes up. That's something that we have in the plans for over the Summer and something that you'll see in the Fall once we reopen.

Montrose stated we have a Max Ice Upgrade that we're implementing and with that, our user groups, the Youth Hockey Association and others, will be able to view schedules and open ice opportunities right on our website. So, that will be much easier access to see what's going on and what open ice is available as well.

Montrose stated we plan to meet and explore the demand for both cable TV and for Wi-Fi in the lobby. If the demand is there and there's an impression that would be something our user groups would really like, we plan to pursue that as well. We could partner that in with our relationship with Live Barn so cable TV and Wi-Fi available in that Arena complex.

Montrose stated along with that we plan to work with both the Youth Hockey group and the High School hockey group to enhance our concessions. What we would like to do is to meet with them to kind of get a better grip on hours of operation. Obviously, there's some high demand times and there's some other times, which don't have that same demand. But to try to iron that out so we have an agreeable hours of operation. And, also a menu selection. I think now days, too, you go into the rinks and everyone's thinking you're going to have a hot dog and a pop and the menu selection, I think in today's world, it really has to change. There's such a higher emphasis on nutrition and things that are provided. So, we'd like to meet with them and work with them on what items they would like to have and, again, hours of operation.

Montrose stated and then finally, just to try to get the overall working relationship with Youth Hockey and the community a little more firm, to maximize more of the advertising opportunities in the Arena, and maybe clearly communicate ice scheduling. There's been some questions and concerns as far as ice scheduling and the access or ability to see what's going on. We want to make sure that those are worked out with the user groups, the High School, Youth Hockey, and others in that facility.

Montrose stated the same thing to build our relationship with the Summer events programming and a lot of those are community connections and things like that. But I think we just are committed to doing our part to make sure that as we move forward with the relationship we've had over the past seven years, that we kind of 'hammer out' some of these areas that we've maintained but perhaps could even improve on that. So, working better with those user groups and some community members to try and maximize more of those opportunities.

Montrose stated we've had a great track record of operating the facility and have met or exceeded the goals and expectations. We're proud of that and this is what we do. I've been in the arena management business for 25 years and Todd's not quite as old as I am but he's been in it for as long as he probably can remember. This is what we do. We're in the arena management business and we do a good job with it. We have a plan and we work our plan well. So, we hope to continue to serve the City of East Bethel and hopefully that will continue on for many years to come. Thank you.

Gibson asked do you guys have any questions for us? Ronning asked, did you say Live Barn? Montrose responded yup. Ronning asked L-I-V-E B-A-R-N? Gibson stated yeah, we have a flyer here you can look at. Ronning stated I wanted to make sure. Jon Barry's your Arena Manager? Montrose answered yes. Ronning asked how long has he been doing that? Gibson stated he was hired in September. Ronning asked this past September? Montrose answered yup. He worked for me as well before that in the Arena, not as a manager but he was in personnel.

Ronning asked do you have any idea what he did before that? Gibson stated he was in school for sports management. Ronning asked what age is he? Gibson responded I believe he's 24. Ronning stated that's what you have now and asked do you have a backup? If something was to happen to him, how would you replace him? Montrose responded I think if you go to, Minnesota Ice Arena Manager's Association (MIAMA), you'd see the postings for all kinds of jobs. And, just having been to the Star Programs, which are arena management programs, there are a lot of up-and-coming guys that want to get in the business. They're young, they're energetic, and now days it's even, when I came in, I came in say and wanted to drive a Zamboni but my only experience was probably driving my 1972 Toyota Corolla, now days you are so well trained coming into the business that I think with an appealing job, it's probably pretty easy to find good people.

Ronning stated in other words, you're saying that if something happened as far as availability, you don't see any problem replacing him? Gibson stated no, I still have friends that work for the National Sports Center and over close by. Ronning stated I wouldn't expect there would be a lot of people looking for work. Gibson stated right, and that would be guys with experience as well too so it's not 'newbies off the street.'

Ronning stated the Live Barn video, schedule monitor, restrooms facelift, meet with the cable provider, plan to work with Youth Hockey group, concessions, relationship with summer events, that's all new, I think. Is it? Montrose stated a lot of that is based on some of the feedback that's out there too. I've been with Todd. I think he does a good job of making sure that facility runs. I think one of the things that, the reasons he's kind of asking me to have a little more input, is I'm a little more I guess 'polish on the product.' I think these are things that we talked about, what are some key areas that we need to do. We don't have to do these. These are just things that we want to make sure when you walk into the building you're saying, 'Wow, this is nice. This is different. This is an improvement.'

Montrose stated I think if you ever get stale or stagnate yourself, that's when your competition starts to take you in. We want to be 'ahead of the curve' so some of this is all based on just what we hear from John, what Todd's experienced in the past. Even walking in the building, there are things that we say, 'Hey, let's attack this.' You know, like I had mentioned about the bathrooms. Quite honestly, every out of town guest that comes into a facility, probably the first thing they are heading for is a bathroom. If you've got something that's not presentable, that's a first impression. So that is one of things that we talked

about. What are some of these first impressions, things that we can do? Not only for out of town guests but just for your everyday users. That was one of the first things that we prioritized. So, we have a big plan for that and it's going to be a nice improvement.

Ronning stated when you started, you said you 'plan to' with these items. That's why I got the impression that these are future plans. Montrose stated the things that we had talked about, are things that we will take care of over the Summer, opening for Fall. Gibson stated yes. Montrose stated these are not expenses to others. These are expenses to Gibson Management.

Ronning asked the bathroom? Montrose responded yup. It's a big area. I think that bathrooms alone will really 'turn some heads' and sometimes when you start with something that's old and maybe a little bit worn down, it's not too hard to make those changes. You know? Just that one piece alone, I know in the arena that I manage currently, I stress that above and beyond anything else. You have to be stocked, it has to be cleaned, there has to be a certain scent to it. That's a priority for my staff and I think, again, sometimes when they're maybe not dealt with, the fixtures or the partitions or whatever it is, you do the best you can. I think that's kind of been the case. But, there's some easy upgrade there that I think will really 'turn some heads.' Ronning stated I'm kind of hogging the questions. Brian?

Mundle stated one of the things that really needs to be improved is the dry floor time. I think there's something, don't quote me on it, but we're only getting \$1,500 for a dry floor season. How can that be improved? How can we make money on that? Gibson responded stating right now we've got Andover Lacrosse in there, renting it. I think they're at \$2,800 this year so far. So, we really hit up Andover for their Youth Lacrosse to come over to utilize it.

Mundle stated okay, and for the rest of the season? Montrose stated the hard part is, you know, the 'meat and potatoes' of that facility is an ice arena. I think we all realize that. It's kind of a unique situation. I mean, are you going to get a craft show? Or, a gun show? Or, this or that in there? It's very possible. There's a lot of competition and perhaps some competition that might be closer to your mass population. So, I think one of the things that Todd and I had talked about is, at a starting point, at least putting together a simple brochure that at least sells it. So, if someone were to call, we can either e-mail or send them a hard copy. That's a simple starting point. But, in order to fill a venue like that, you either have to get out to other events and hand out your stuff, which is not a favorable thing to go to someone else's show and say, 'Hey, but wait, we have another facility.' I think community connection, and that's one of the things we had talked about, is trying to find those people that are connected in the community. It only benefits them to have the facility full and to try and partner up and work together with, if someone has a connection to, let's just call it a crafter who wants to put on a show. But, I think it all starts with the marketing. We have a facility, it's open, and it's available. We had talked about putting together a nice flyer, a simple flyer, but at least it outlines that we're available. Then as far as getting that out there, it really comes down to a marketing budget and how much is available, how much are we interested in putting into marketing. Without that, you could have something that's sitting and just kind of 'hiding in the bushes.'

Gibson stated there is a gun show this summer that has been there for quite some time. I think seven, eight years now. Then the beauty pageant uses it for their practice and for the East Bethel Days. They usually get it about mid-June and they use it every night for

practice and what not. They put a big stage up there for it.

Harrington stated I'd personally like to see two gun shows. You know, a lot of places like Anoka and Brooklyn Park and places like that have two gun shows a year. There's a lot of people that attend that. Gibson stated they had that. They had two gun shows, I think, that started competing with somebody else the same weekends they had it. I think a lot of it comes down to competition too for that.

Harrington stated I guess one of my questions are this last year, they had trouble with the website. People went on the website and there was nothing on there. Like you guys said, hopefully that will be cleared up this year and the website will be up and running good, showing what's going on. Gibson stated there has been stuff on the website. The schedule for Youth Hockey was put on, I think, in December for them. But it's been on there ever since then.

Harrington stated we've had some people say that they've gone onto your website and there's nothing on there. Gibson asked did they go to EastBethel.com? Harrington stated I don't know where they went. They just said they went on the website and there wasn't a thing on the website. Montrose stated it's been active, I mean you could go on now and view it. It's a very nice website. And, again, I get that too in the City of Rochester where I'm from. Sometimes they'll get onto an offshoot of where you're trying to get to. Just making sure that if they're trying to get to the actual website, that they're hitting the right spot because you could go to the Youth Hockey Association's site, for instance, and think, 'Hey, is this the site?' As long as they're getting the right information. I think right now if you were to pop on it, you'd be, it's very appealing.

Harrington stated your proposal for \$8,300, that's negotiable right? Gibson answered yes.

Ronning stated in the past, we've heard some grumbles about phone calls returned, ability to contact somebody. Are you aware of any of that lately Jack? Davis responded no, that had been an issue in the past. We haven't had any complaints that I'm aware of, at least this year. Their performance in returning calls improved immensely.

Ronning stated a couple years ago, it was. Gibson stated there's actually no phone line at the Arena. The Arena phone is now a cell phone so the Manager carries that when he's not there or when somebody else is there working, they have the phone on them at the Arena at all times. Ronning asked and you leave messages, what have you, with that phone service? Gibson answered yes. The City actually pays for that phone. Ronning stated okay.

Ronning stated another question I had. What are the marketing, what are the strategy plans? How would you market? Montrose asked for ice, or for dry floor, or just in general? Ronning stated for both, whatever you can market for. Montrose stated the big opportunity for the dry floor is just coming up with some print material. I think it all depends on, again, you would know more than I would about available dates and periods. Sometimes if you look at revenue, like if you have a pageant that's set up and runs, there's a lot of practice or run time and it's not just even time. But as far as marketing, it's highly competitive. We're not necessarily dealt with the best 'hand' here just being a little bit on the outskirts and having the Super Rink and things like that, that are close by. I think the best we can do is to present yourself to make sure that it's available. Then it comes down to, are we willing to invest to get the venue out there. There are publications, craft publications, gun publications, that you can run advertising in. But, it's all a dollars and cents thing. You

know, do you want to do that or not.

Ronning stated one reason I mentioned that, I'm a resident in my eleventh year and before getting involved with the City Council stuff, I didn't have very much of any idea how that functions, how to utilize it, if it's even used. That's why I've kind of asked about it. Tim, did you have any more knowledge about the Ice Arena really? Other than the last couple? Harrington responded no.

Ronning stated we aren't unique. There's going to be a lot of people that aren't aware the place is even there. When it comes to marketing, you can't put \$500 into a \$5 return. Just curious. Montrose stated I ran hockey camps, still do, but I ran boarding camps 22 years, Peak Performance Hockey Camps. We'd run an ad in *American Hockey* magazine and it would be \$10,000 per month for just that one-page ad. We understood the value of that because without that, our word doesn't get out. That's what kept kids coming from throughout the country, is seeing the marketing. Obviously, you have to have a good product once you get them there, but that marketing is critical.

Montrose stated I think that's something too, and I had discussed that, is trying to get together and see what the emphasis really is on that. If there is a big push or a direction, that's kind of, I think, why he had asked me to come a little bit closer to the management group. Because those are the types of things that I'm a little bit more into. I kind of thrive on those challenges too. It's never easy but it's certainly an opportunity.

Harrington asked when's typically ice in? September or October and then through February? Gibson answered we put the ice in the first week of October and took it out the end of February this year. Harrington asked would there ever be a chance of maybe coming in early? We had Youth Hockey in here maybe a month ago and they were looking, maybe, for some earlier ice in the year. Gibson stated we typically put it in the middle of September but with the lack of hours rented, it wasn't feasible for us to put the ice in. Harrington stated okay, because they said they were looking for earlier ice time.

Davis stated the ice will go in dependent on how many hours we have rented. This year, through mutual agreement with the Youth Hockey Association, we will put the ice in the first week in October. In the past though, ice has gone in as early as the week after Labor Day.

Mundle asked how can you incorporate open skating for the community's use? Gibson stated we actually held a couple open skatings this winter during the daytime hours. Sometimes it's a little tough on the weekends with the user groups using the ice time. Mundle stated that's typically when a user group would. Gibson stated I guess it would come down to if the City is willing to leave an open hour of ice that you'd normally get \$195 for. I think the highest we've had with the open skating is 13 people. So, that's kind of the big difference between guaranteed money. We have the open skating on New Year's Eve. We used to have open skating the last day of the year and that kind of went down as the years went on.

Davis stated that would really be a Council decision depending on what we want to open up and we'd have to base that on demand and economics. We did have four open skate times during the week this year. For those four events, and granted it's not the prime time, we had 22 skaters for those four dates. We had open skating on New Year's Eve and the last day the ice was in and the attendance for those two events was around 60 people, combined,

around 30 each time.

Gibson stated this year the last day was for the Mite Jamboree so there was no open skating the last day this year.

Ronning asked is that kind of spur of the moment, any of that? Davis stated no, that's been tradition. New Year's Eve and the last day of ice. Ronning stated so we pretty much know right now how much open skating there would be and we could start advising people what would be available? Davis stated yeah, and again, we just have to decide do we want to block off some time for open skating and essentially generate no income or have it reserved for the Hockey Association or the High School practices and get \$200 an hour.

Mundle stated well, if we could get dry floor events to actually be profitable, then that can retroactively allow for open community skating. And, I think that it should be because both of you just said you guys (*meaning Ronning and Harrington*) had no idea or interest in the ice arena because you never knew what was going on or there's never no invitation there. Ronning stated I didn't bypass you I just figured you've been here since... Mundle agreed and stated I've been around, I've been around.

Davis stated one thing to keep in mind in dry floor events and utilization of the facility, during the non-ice times is very important and things we need to really aggressively market, if we booked every weekend for a dry floor event from April through the end of August, we'd generate about \$24,000. We generate about \$200,000 October through February through ice rentals. So first and foremost, the building is an Ice Arena and we're going to generate probably 90% of our funds from that. That doesn't mean we don't need to pursue dry floor events but keep in mind they're going to comprise a small portion of our income from the Arena.

Montrose stated and just to elaborate on your open skating, we do not have any rental skates at the Arena so that's a huge, that's going to count too.

Ronning asked Tim, anything else? Harrington responded no. Mundle also responded no. Ronning stated thanks. Do you have any questions of us? Gibson responded no, just make sure you guys can hand out the Live Barn to Brian as well. Ronning asked has this been around a long time? Montrose answered no, it's something at the Hockey Expo, a couple of the vendors up there steered us to the guy that's running that. It's one of those things that when you look at it on the surface, you're like, 'It's running, it's crazy.' I think he's going to capture the State of Minnesota and I think within the next three years, Live Barn is going to be a common term when you walk into an arena. It's cutting edge right now but it's a really neat and great opportunity. Ronning stated he made his own market. Montrose agreed stating he certainly has, yeah.

Davis stated Brian, let me clarify one thing about the income from dry floor events, that's assuming that it's based on the current rates we have. There may be instances, though, where certain dry floor events can be charged higher rates. Generally, we have a set policy. It's \$600 a day for a larger event and anything else is negotiable. So, depending on what the activity is and the marketing expertise, and I don't pretend to have that to secure dry floor events, the income potential could be greater. It's not limited to \$24,000, that's just a rough average of \$1,200 a weekend for 20 weeks.

3.0 Mundle asked so not including any possible weekdays? Davis responded correct. Mundle

stated the evenings? Davis stated for camps or things like that, it doesn't include anything that could be done in that direction.

Ronning stated that leaves an open question kind of. You may not have been really thinking about this sort of thing, how would you man the dry floor events? Would the same guy be doing that? Montrose explained he's under a contract with Gibson Management and he would have the strongest hand as far as the facility operations. With a dry floor event, you might have supplemental staff in there but he would be the guy in charge.

The Council stated their thanks. Davis stated Nicole Koller with Victory Management will present the next proposal.

Nicole Koller stated hi, I'm Nicole Koller. I run Victory Management Services. It's in Isanti, Minnesota. We currently have about 20 different businesses, anywhere from small businesses to probably I think the maximum is about \$5 million corporations. I'm looking to do the bid for the Ice Arena, to help manage it and to help grow it and turn it more into a community center rather than just an Ice Arena.

N. Koller stated I do a lot with the marketing lately. We do Facebook, Twitter, we've done a couple web designs lately. Although we did find a site that works well with the St. Francis Hockey Associations using Sports Engine you can do all your scheduling, you can do your league management. I've also talked with them about doing banquet management and weekend event planning so people can pay and schedule their events on line. It's a little bit more user friendly. They also have it so it's cell phone capable so people can be on their cell phones and set up an appointment. Facebook is really nice for marketing, especially if you want your weddings. You can target market certain groups such as you can target girls in-between the age of 18 and 26 and the Isanti location, St. Francis, East Bethel, and you can target if they're single, if they're married. You can target all that information. You can use it for hunting shows, expos, sportsmen shows.

N. Koller stated I went around to St. Francis, North Branch, Isanti, East Bethel, and I talked with a lot of the business owners around here. I got letters of intents signed, interest for the sportsman show, an ATV show, also for some snowmobile shows and get-togethers, and their meetings because there's a lot of, like the Snow Ghosts, and a lot of programs around here dedicated to snowmobiles but they don't really have a central location where they can just meet up because they are kind of scattered on the northern half and they don't have the building facilities.

N. Koller stated I also work with Banquets of Minnesota. They're one of my clients and they do weddings. They own BeBops, the Elegant Room. They own two or three other rooms that do weddings for sizes from 100 to 400 people and they were interested in doing the summer hours. Friday nights and Saturdays will be the primary dates they'd be interested in. They were willing to help with the marketing to get that. They were voted in 2015 The Knot's Best Banquet Facilities. They also do catering for benefits so Caring Bridge would be another place to possible use, some, a little bit more marketing.

Ronning asked could you repeat that please? N. Koller asked which part? Ronning asked Caring Bridge, did you say? N. Koller stated yup, Caring Bridge for benefits. You've got like a lot of the cancer issues and a lot of the health issues that have been going around. It would be a good spot for a benefit to raise funds and help out the community.

N. Koller stated I also work with a company called LJ Creative. They do marketing for multiple businesses all over. They are based out of St. Cloud but I talked with him about getting some signs and posters made that would cover up the actual existing sign, out on the roadside, because you can't entirely see it. You can inlay it in there and it can be neon sign, it can have different colors, it can have the event labeled. So, it would be a little bit easier for people to see.

N. Koller stated I think it would be a great spot for an ice fishing expo or sportsman expo, especially right before hunting season or right before opening fishing because 65 is the 'Highway to the North Land.' I think it would get a lot of opportunity there, especially if you planned it on the weekend right before, when people start to go up and check out their deer stands and check on a lot of that information.

N. Koller stated I've also talked with a couple group fitness instructors who would be willing to use it during the week, after 5 or 6, they'd be willing to show a couple classes. I've also talked to a wrestling instructor who would like to do it during the week, during the days. So, he'd like to rent out the time during the summers to do wrestling camps with youth.

N. Koller stated I've talked with the YMCA. They're interested in having a sub-camp during the daytime for the kids. They have quite a bit going on in the Andover location and they said there's a lot of potential in East Bethel and north but the parents don't want to drive all the way to Andover to go there. So, they wouldn't mind being interested in having a hub depending on the information.

N. Koller stated I've talked with the Hockey Association and we've actually kind of partnered up with them because we want to make sure that they're happy. They've been investing their own personal time, effort, and money into the rink and this upcoming year, they're planning on investing further money to make a dry land area and space for them to kind of get more work going on and more practice time. They want to be able to invest in their own futures.

N. Koller stated I think if we helped to team up and if we can make the Ice Arena profitable, then some of that money can be reinvested into their activities to help them grow and get more players in, spend a little bit more time and money investing in the players, getting a better program going.

N. Koller stated I also talked to someone at the Lutheran Church who's interested in getting a farmer's market outside during the summers. Maybe one or two days a week. They said that they would be interested and they liked the location because where the Lutheran Church is at is kind of off the main drag but the Ice Arena parking lot would be a good idea. It's nice and open and right on people's way home.

N. Koller stated we also talked about putting a pro shop in because there's nothing around here where players can get their skates sharpened or tape or sticks. You have to go pretty much 20 miles in every direction. Also, if you go north, there really isn't too many places that will do that. So, you can bring a little bit more traffic in there.

Mundle asked if that would include skate rental. N. Koller answered possibly, actually, I was looking on Craigslist and you can find quite a bit of used skates that were, kids outgrow skates like (*N. Koller snapped her fingers*). I mean, you don't get a season out of them. So

there's like perfectly good skates that are just on Craigslist and they're asking \$5 or \$10 a pair. Ronning asked how much? N. Koller responded \$5 or \$10 a pair, compared to \$80 for a cheap pair brand new. That's a pretty good cost reduction so that could always be a possibility too.

N. Koller stated I'm planning on being there, at the Ice Arena, during the day time and at night, a little of both. My business runs remotely so I can run my business off my computer. So, wherever I am, it kind of follows. So, I can be at a place during the days, during the winters. If there's ice out, I'd be willing to let people, to open it and skate, if they have little kids, stay at homes moms, schools maybe if they want to rent it like a Cheap Skate but on the ice. I know the Schwan's Ice Arena used to do it because we went down there at high school at one point and did an open skate there.

N. Koller stated I have signed letters of intent from about 25 different businesses who are interested in renting the dry floor space. Then I also talked with the Minnesota Wild Adult League and they're interested in renting some of the nighttime hours, the nonprime hours during the winter months for ice for a men's league or an adult league for hockey. That takes up some of the hours that don't usually get used. Usually they're kind of vacant space.

N. Koller stated I also talked to Lacrosse and a couple churches who would be interested in renting out the floor space as well. I used to play hockey for St. Francis and soccer for St. Francis so I have quite a few contacts that are still in the industries. I've kind of networked with them, trying to get some marketing going already. There's quite a few that are interested in renting the space and didn't know it was available.

N. Koller stated I have worked eight years in the management and bookkeeping and accounting so I do quite a bit of that on a daily basis, almost 70 hours a week. I also have a girl who works with me named Betsy and then we use subcontractors for a lot of our other work. Basically, it saves us money in the long run by using the subs because they are specialized in the industry and you use them for exactly your purpose and then just that purpose.

N. Koller stated for the Ice Arena, definite renovations that need to be done right away, within the first year I want to be in there, is I want the bathrooms renovated. Most girls in there don't even go to the bathroom. They'll go to Hunter's Inn across the road, back when it was open, or further down to one of the bars. There wasn't toilet paper, there were just a couple issues. Then also, it's a little on the cold side and not as nice as girls like it.

N. Koller stated the entryway is another one that needs to get renovated. If you're going to have banquets and weddings in there, you need to make it a little bit more user friendly and not as outdated. Currently, the flooring and stuff, it was built in its time and it's a little outdated for weddings. Weddings are a huge market right now. Just for rental, in some locations, is \$4,000 for the rental of the building. In talking with Banquets of Minnesota, they get quite a bit and they would be willing to rent the space and use their own equipment for the weddings so they can find a way to make the money off their equipment through their equipment rental.

N. Koller stated we also want to make a dry floor space for the hockey players. A spot where they can practice while not on the ice. There's limited ice time for the youth. At some points, I've talked to Jen and she said that there's three teams on the same ice just

because they don't want the kids out past 8 or 9 o'clock. So, you try to make what you can do. We want to make a dry floor space on one side. We've already been working on it but that way there's a spot where the kids can still practice if they're not on the ice so it can be traded off and you can build a lot more skills off the ice where it's not as expensive. You can make your ice time more valuable.

N. Koller stated another thing that would need to be renovated right away would be the paint. Inside it's chipped and aged so it would be another step that needs to get renovated.

N. Koller stated I'd like to see retractable bleachers and removable boards and have looked up, again on Craigslist you can find, I found a couple retractable bleachers that were used for around \$2,300. If you could get rid of the bleachers and boards, you can make more event space and you could have more events going on, like a business expo. A lot of the cities around here are doing business expos to increase their local business revenues and to let people know what's in the area.

N. Koller stated I guess for the most part that should be pretty much all I have right now. The rest I have in my proposal. If you guys have any questions, feel free to let me know.

Ronning stated in the proposal, the economic things, are those up for discussion? Or, is that pretty firm? N. Koller responded a lot of that is based on my research on how much it's going to cost in order to get...you can look up statistics on how much, like a Facebook, how much your return on investment would be if you target this amount of people. And, you can actually, physically, see, like suppose you spend \$20 on this ad on Facebook, it hits 10,000 people, your return on investment is most likely five people. But if it's a wedding, five people could be \$800 per each session for the revenue.

Ronning stated one of the things was, at a certain profit level, that some splits and obligating some of the funds. I don't know that we have the ability to dispense or dispose of. We can't abrogate our responsibility as far as the management of the funds. N. Koller responded okay and stated if we can't do it that way, there's another way we could probably do it where if I took the income and disbursed it to the Hockey Association, because I'd like to get the Hockey Association going.

N. Koller stated there's no reason why, we're a community, you want to build up your community, you want the kids off the drugs, you want the kids out of trouble, what do you do? Provide them activities, provide they're affordable for the parents, and built up the community. If you can get the Ice Arena going with summer dry land and weddings, and you've got Hidden Haven with weddings, and you've got the Refuge Golf Course with weddings, that could bring in a hotel. Then if you have a hotel, what comes with a hotel? You can get restaurants. Ronning stated no water park, I hope. N. Koller stated okay, no water park. But, you can get other things in if you kind of generate some of that. I think if we reinvestment in the Hockey Association, you can get a better program going, give a little bit more ease on the local parents in the area, and you can generate a little bit more income back into the Ice Arena because they'll spend the money back in the Ice Arena. That's kind of what their whole business is dedicated to.

Ronning stated you mentioned banquets and weddings. My first thought is, 'Who's going to go to the Ice Arena for that?' But, I know a lot of people go to run down old dumpy American Legions and VFWs. N. Koller stated I've actually priced out the price if you were to actually, I talked to a person now who does commercial sewing. We talked about

maybe making a cable around, following the rink currently, and having a cloth, like a drop cloth that goes all the way around. They you can draw it from the ceiling and put them into pieces. You can make it fairly easy for under \$1,000. You can make it so it's at least invisible, like you don't see it the rest of the background.

Ronning stated one questions I asked Gibson was, who your person is and if they become unavailable, how would you replace them? N. Koller stated I'm the person and if I become un-replaceable, which I really hope I don't, Betsy is kind of my second in command. She knows all my operations that go on. We're going to be working together. She's going to be doing a lot more of the event coordination and I'm going to help with the rink management. We're going to hire Zamboni drivers to drive the Zamboni and then maintenance and stuff, I can do a lot of the maintenance myself but, yeah, I'm going to plan on being there. I'm going to be the communication person for everyone to talk to. I'll be there to help set up stuff, make it a little bit more flowing. I also, my office number, has an answering service that forwards it to my cell phone after hours so anytime after 6 o'clock you'll get forwarded to my cell phone if there's any problems. I always answer that for the most part. If not, I answer back as soon as I can.

Ronning stated that's a lot of interesting ideas, the fitness instructor and wrestling camp. You don't have a Ouija board along. What kind of things could you predict about, give us an idea of what's the potential anyhow. N. Koller asked as in? Ronning stated some of those, let's see there's fitness, wrestling, and farmer's market, some others as well. N. Koller stated kind of unforeseen at this point but I know, I just talked with Karen prior and she said Bill, the guy who does the wrestling, said that if the second we get the bid, he wants to know so he can set up his times for next summer for the wrestling, I mean for this coming summer.

Davis stated one thing to keep in mind, and it may require some re-examination of City policy, for every user of the facility, we require them to provide a certificate of insurance naming the City as an additional insured in the amount of \$1.5 million. This is a recommendation from the League. Unfortunately, it's discouraged many smaller-type users based upon the fact that they haven't been able to afford it or the cost of the insurance would eat up whatever profit they would generate from that. So, that's another consideration and somewhat of an obstacle for dry floor events.

N. Koller stated yup, and I went and talked to my insurance agent about this, to see if what we could do about it. In talking with him, he said if we set up an insurance program in a separate LLC solely for the purpose of event rental, that business, say it's Victory Entertainment LLC, if I set it up at \$600 for event insurance and with that insurance they could purchase through me and I could purchase through the rink. That would be one option I could think of. That was the one we thought was more feasible if the City wasn't willing to back down on the insurance, which I know they're kind of liable at some point.

Davis explained we really don't have much option on that. Unfortunately, our 'hands' are kind of tied and I just wanted to bring that up. I'm glad that you looked that up and considered that.

Harrington asked have you managed any other ice arenas? N. Koller stated no, I have not managed an ice arena at all. I played with them and hoped that with teaming up with the Hockey Association between, a lot of them have experience with ice. They've grown up with it, they do it, it's their life. Literally, it's their life.

Harrington stated okay, when the ice goes in you know how to get ice in? N. Koller stated well, if the bid's accepted, I'm going to the Star Certifications. They're held in Ohio and get all the basic refrigeration, certified Ice Tech. It's not needed but it's education that can't hurt to have. Also, I've been 'YouTubeing' and learning everything from YouTube. Ronning asked a what? N. Koller stated YouTube. Do you know how many things you can learn on YouTube?

Harrington asked is your proposal negotiable? N. Koller stated to a point. Some of those numbers are, if you want the return on investment, you have to stick the money in. You can't make money without spending some money sometimes. Like the marketing, I want to stress the marketing because if we don't stress the marketing, at least the first couple years, you're not going to get anyone in there. Once you first get it in the first couple years, it's a lot easier to retain customers, to come back. So, after a few years, you can ease back on the marketing.

N. Koller stated another big part of my proposal was, there's \$6,000 in there for a website. The website's completely integrated with what the Hockey Association has. It integrates with the banquet halls, they can do a little bit of everything plus you can see the schedules on your phone and everything. So, it's worth it. What I put in there is, I think it's kind of not the brightest idea to have the management company pay for the website because if the management company leaves in three years, you've lost your website. I put in my proposal that if you want to back out the amount of money for the website and have the City pay for the website, it would be a different story because then the City owns the website and you're paying the management company to manage the website and you don't lose it every time the management company changes. So, it was just a thought. Either way, but I just figured it would be more feasible for the City to not invest so much money every single time.

Harrington stated I'm a big advertiser. I like to know what's going on up there. I've had people call, 'Who's St. Francis hockey guys, and the boys, who are they playing?' Sometimes you see it up on the board, sometimes you don't. The gun shows. And, we had this Pet Clinic. The advertising, I think, is going to bring the people in here. N. Koller stated definitely. I feel a lot needs to be invested in the advertising 'right off the bat.' And, you will get your repeats after a certain point. An example would be like BeBop's, Banquets of Minnesota, they hit so hard in marketing for the first couple of years that they got labeled as The Knot's Best of Weddings for 2015. They were able to cut back because they had that label. The people just knew they were the best so they kept going back. I do agree. I think marketing is kind of key to getting the dry floor events and even to get other ice events going on.

N. Koller stated if you don't advertise that there's open skating, no one's going to know about it. If you put it on a venue that no one looks at like, no offense, it was put on the East Bethel Ice Arena website, my age doesn't look at the East Bethel City website. It just doesn't happen. Like, I'm not going to Google the City of East Bethel. But, I will go on Facebook and the Facebook ads, if you're going down you see, 'Oh, there's open skating on this date.' Okay, that happens every day. So, I think if we target a little bit more towards the correct crowds, it would be a little bit easier to generate the revenue.

Ronning stated qualified people to be there, run things, do you have access to that? Or, have you planned for that? N. Koller stated I talked to a few people for running the Zamboni, which I think the Zamboni is probably the key part that I won't be able to handle

myself even though I probably could. But I've talked to them. I've talked to a couple of the, I talked to Star and found out that they have a website that you can find classified ads for certified people, or for people who can run the Zamboni, or they offer kind of like a classifieds for people who are in that field. So, that's attainable. I also require background checks and drug testing just because I was a hockey player and I kind of know some of the Zamboni drivers. You just want reliable people with kids and you want them to be secure and you want to know who they are.

Mundle stated you've pretty much asked any that I've had. Ronning stated sorry. Mundle stated that's okay. Ronning asked do you have any questions of us? Or, do you have any other?

Harrington stated I just have two on the concessions. The concession we have now is not, you know there's not a lot of things. Would there be anything you'd change or put in different? Because, people have talked about coffee machines but I know there's a problem with hooking up water and you might not get the best water there. N. Koller stated me and Jen actually sat down one day and we talked about, the entire lobby in general. It's kind of just inefficient because concessions is right where people walk in at. So, the line gets split if you're in concessions. We were talking about maybe, if we got the chance, to restructure the entryway where you can have an info desk, a concessions, and a pro shop on one side and turn where the current concessions is into another possible locker room. Because, I know there is kind of a shortage of locker rooms at some times.

N. Koller stated but, concessions, we also talked about maybe putting in a machine. I found this cool machine that does healthy snacks on the bottom and then you can do hot chocolate, hot coffee, frappuccinos on the top. There would have to be water hookups. It's something that would be nice, especially for concessions because you're not going to keep your concessions open until 11 o'clock at night if there's no need. But there are still in a spot where someone could get a hot chocolate, if it's a parent watching or if it's a girlfriend watching an adult hockey league. I think you'll see where at least there's something there for the people. It's a cold rink, it's a very, very, cold rink and it's well known to be that. It's nice to have something hot.

Ronning asked Jack, I'm sorry I forgot to ask with the first group, if you have some questions. Davis answered no, I've read the proposals and think they're two very interesting groups and everyone has some good ideas so all my questions have been answered. The Council thanked N. Koller.

Davis asked is there any need for more discussion of the Ice Arena proposals here for the Work Meeting? Ronning asked Tim, Brian, do you have anything? Anything further we should talk about? Harrington stated no, all my questions were answered. Mundle stated nothing really right now.

Davis stated a lot of things that were discussed, City Council would really have to get involved in some of this stuff. It's policy decisions, especially about open skating during prime ice hours. I think that's something we would have to develop and let the vendor, whoever it is, know that we're going to block off 'X' number of hours per week, if that was their decision, that this would be open skating time. There will be a few other things that we'd probably have to decide. Is it a policy decision or direction to whomever is selected for the contract? So, there may be some further discussion that we need to pursue on our part on this too.

Ronning stated priorities and variances to priorities. Davis stated that's correct and both groups pointed out the need for some renovation at the facility. We've discussed this before. We recognize and acknowledge those things need to be done. Some of those things would probably have to be set up as a priority for our part because it would probably require the investment of some City funds to do that. So, perhaps one of the first things we need to do is sit down with the groups and develop a Capital Improvements Program based on priorities and come up with a plan to get some of these things accomplished over the years. We've had the discussion many times. Every time the Arena is brought up, you know, the bathrooms need to be addressed, the lobby needs to be addressed. There's activities or other functions within that building that need some consideration too. It's probably appropriate for us at the Council level to consider some type of planned priority to address those issues and be able to give direction, then, to the vendors.

Harrington asked is there a possibility of getting the Parks Commission involved in this? Let them, go through them and then come to us? Davis stated yeah, that's what we discussed. I'd want to integrate the Parks Commission, is the group to whom is reported to. And then the Parks Commission can consider the information and make recommendations to City Council along with staff. Since this is a recreational facility, I think the Parks Commission should become more involved in at least looking at some of these issues in looking at them in terms of making recommendations to Council.

Harrington stated a three-year contract, that's what you want to go with? I mean, I don't want to go one year again. Davis stated it would be my recommendation to look at a three-year contract. Like you said, we don't want to be coming back here every year. I think then it gives some stability and a little more assurance to the vendor too that they have time to implement some things that they're interested in doing. It gives them time to actually put those into practice. I would recommend the consideration of this that we do have a three-year term on the contract.

Ronning stated there's one member missing so it's further discussion on all of that. Davis asked is this an item that we want to bring to the April 1<sup>st</sup> Council meeting for further discussion and decision? Or, do you want some more time to take a look at it?

Mundle stated I think probably a little more time. I'd say the second meeting in April. Davis asked is it something we want to have on the agenda for further discussion? Or, have we discussed this to your satisfaction? Mundle stated I think the Mayor should have some input on this so give him time to catch up on the information and if there's any others. Quite a bit of paper here that we can still sit down and study and decide further. I think it would be good to at least have it on the second meeting.

Ronning stated it makes sense to me. Tim? Harrington stated yeah, that's fine.

Ronning asked when do we start running into trouble for timing with them, for them? Davis stated for the installation of the ice, you know, we need for the transition to occur or for everyone to gear up for this. They need some assurance of who's going to be the vendor by no later than the end of June. I would prefer even to have something earlier because they both presented some things they'd like to do that haven't been done in the past. This will give them time to get some planning done on that and maybe even start on some of this stuff prior to the season. Because, once the season starts, there's very little or no opportunities to develop some of these proposals.

Ronning stated it will give us some time as well to, I haven't been over there other than once or twice and I don't think I've been in the bathrooms. I've heard a lot about them. Have you been through there? Mundle answered not in quite some time.

Ronning asked Nate has the keys? Davis answered I can let you in the building. We have keys here and Nate has access. Ronning stated I'll go over there some time. Davis stated if you'd like to arrange a tour, let me know and we'll get it set up. Mundle stated I think that would be good.

Davis stated thank both of you, we appreciate your interest. Ronning stated good job everybody. A lot of preparation and input. Mundle and Ronning added their thanks.

*At this point, Koller returned to the Council dais.*

#### **4.0 Rental Ordinance**

Davis presented the staff report, indicating Council has previously discussed the need for Rental Ordinance. As more rental properties have become available, instances have arisen that may require an ordinance that would cover issues of the concerns and protections of renters and lessees.

In addition to a Rental Ordinance, Council may wish to include in the discussion an Ordinance amendment that would enable the City to secure services to perform property maintenance activities on abandoned, cited, or unkempt vacant properties to prevent neighborhood blight and eliminate situations that create public nuisances or unsanitary conditions.

The adoption of a Rental Ordinance would serve as a protection to renters and could establish minimum dwelling standards related to health and safety. Additional staff time would be required for inspections and tracking of rental properties.

Davis stated at this time, staff has attached three different types of rental ordinances. One, the draft ordinance, is a hybrid ordinance that staff prepared in looking at different ordinances that different cities have. We have also included the St. Francis ordinance, which we looked at before, and the Cambridge ordinance. These run the gamut from the extreme minimum to one that covers quite a variety of situations.

Davis stated staff feels that the draft ordinance that's presented for discussion tonight addresses the issues of East Bethel. It's a minimal ordinance to begin with. We feel that things can be added as situations arise. This would be more or less a way to license renters and make them subject to inspection standards that comply with the City Codes and State Codes. With that, I think we need to begin the discussion: 1. To determine do we need a rental ordinance; and, 2. If we determine that's what we do, what direction you want to go to consider the content of one.

Mundle stated I believe that as rental is getting more and more popular, call it, I believe that there have been a lot of complaints in the past, hasn't there? About rental properties in certain areas? Our ordinance is usually complaint driven and so this should be something that we should have. As far as how extreme, possibly take something like we have right now and once it's in place see how it goes. If it's determined that we need a more strict system, then we can make it stricter.

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Davis stated I think that's important. I think it's probably advantageous to start out with something that just addresses the needs that we're aware of at this time. Then as we uncover more situations, there may be the necessity to amend the ordinance to include other enforcement activities. One of the things that we've encountered is we've had more and more complaints about rental properties. Generally, these complaints stem from a few people, not a large number spread over the entire rental population or the people that do rent property. But, one of the things that has come to our attention and we're concerned about is at least minimum safety standards be met for these homes that are rental properties. That they have smoke detectors, egress windows, that they're safe from mold conditions. We're not looking to get in there and try to regulate the renter's business. It's just to ensure that the properties that are rented met minimum safety and health standards.

Ronning stated it kind of seems, I've been thinking about this before and during here, I'm not sure we have a clear understanding what each of us thought we were looking for. I'll start by, I thought we were looking at abuse of renters with unsafe/unhealthy. My thought was that we were looking at the safety and health conditions of the buildings as a priority.

Davis stated that, to me, are the priorities, the health and safety issues of rental dwellings. Granted, rental properties are just like everything else. Generally most people are pretty good and rent properties that are up to standards and it's the few that really have to be regulated or cause the need for regulations. One of the things, I think, you run into, you get into a situation here where homes that used to be single-family residences have now become maybe rental properties. As a result, they may be older properties that may not have had some of the current Code requirements that exist now, especially in terms of smoke detectors and egress windows for basement rentals.

Davis explained what we have proposed here in this proposed ordinance for consideration, is just that renters have to be licensed and the properties will then be subject to an inspection to make sure that they meet those minimum standards. Now the question becomes, 'How do we determine who is a landlord and who is a renter?' We know of several people that rent property that we've had on-going issues with. We would notify those people and also encourage those other people who have rental properties to come forward and participate in the program. Then as we receive complaints from renters, those other properties could be identified.

Davis stated this isn't something that I envision we're going to go out and try to find who every renter in the City is. That's really not our business. If there's no complaints, we may not recognize that somebody is even in the rental business. But, these would be ways that we would initially try to seek to incorporate people to comply with the ordinance.

Ronning stated going through this, we're pretty strongly suggesting that the owner has pretty heavy responsibility in enforcement when actually that's the Sheriff's Department? You don't go over and police your property. You can tell them, 'We don't like what you're doing. We're going to call the Sheriff,' or something. But, you don't have any authority to do anything.

Davis asked is there a specific instance in there that you're looking at? Ronning stated there's about a half a dozen or more. Conduct on Licensed Premises, and I recognize there's a lot of work went into this, I'm sure. Licensee responsible for insuring the persons occupying or present at the rental property conduct themselves in such a manner. Once they sign the rental thing, that becomes their house and you don't, no 'peeping Toms.'

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Enforcement authority; notice of violation; first, second, third instances; additional instances; as I read this it was kind of very strongly implying that the owner is responsible for the renter's conduct.

Davis explained they are if they want to keep their rental license. In reality, everyone is responsible for their own personal conduct but if a rental property owner rents to disorderly-type people and causes problems within a neighborhood, then this was looked at as a way to address that.

Ronning stated the ability to pick your renters or who you sell a house to is gone. Mundle stated no, no, it's your property before you rent to them and so it's your property, your investment, and so you want to take the proper care. Do a background check on who you are renting to. Selling too is a different matter but renting, you can do a background check on them. I'm not familiar with all the laws, so don't quote me, but I believe that you can choose your renters. And, the landowner also is the one making the contract that says if you rent my place, you have to follow these rules here. If these rules are not into effect, say mowing your lawn and keeping everything looking nice, then these repercussions may happen. So, the landowner themselves can put conditions on the property as far as I know.

Davis stated it's much easier to control who you rent to and impossible to control who you sell to. There are contractual agreements that make this work and this also references everything back to Minnesota Statutes so regardless of whether it's in the ordinance or not, it would still be in violation of the law. This is just a way to, hopefully, encourage people that do have rental property to do the proper background checks and try to ensure that their renters are orderly and aren't going to cause issues with other neighbors.

Ronning stated I wonder what a background check costs. Any idea? Davis stated it depends on how deep you go into it. Probably for a minimum background check it's going to run you about \$30-\$50. But, you get what you pay for. Generally that may be like a driver's license check or things that are just available from a lot of public-type records.

Mundle stated I think some of that can be charged to the person applying to rent. I think. I'm not positive. Davis stated that expense can be passed on to the renter. Mundle stated yes.

Koller stated one problem is once the renter's in the house, you can have a hard time getting rid of them, even if he's violating all the rules. Davis stated there is a process for eviction and sometimes that can be lengthy.

Mundle stated it depends on how you're renting it. Looking at the definition. What is a rental property? It's kind of vague and I was wondering how contract for deeds and leases to purchase, if those are excluded. Or, what exactly is considered a rental property? Davis stated what we've provided here is a draft that we need to identify some of these questions. Those can definitely be looked into. I don't have an answer for it now. If it's a concern, a consideration, it's something we can definitely look into and further define that. Mundle stated yeah, it should be because I believe that those two items are not 'rental' but under this definition if you're not the owner living on that property, and you let somebody else live on that property, then it's now a rental property.

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parent. It's not always universal that it would be a renter. Mundle stated in St. Francis' definition, your lineal family was excluded. So, your brother it's okay but your cousin has to pay.

Harrington stated the ordinance book is going to get awful thick with all these ordinances going in there. I mean, we need it, don't get me wrong. Ronning stated that's part of what my thought is as well, 'What do we need?' and 'How much do we need?' Davis stated that's what we're here to try to define and discuss. Ronning stated after looking at this stuff, Cambridge or else what we have right now suits me

Harrington stated the seven, call it requirements you've got here, I think these are good and then with the septic in the front yard. I mean you don't have to go crazy, you know, in the front yard, how the front yard should look.

Davis stated that's why we wanted to keep to, originally simple and to a minimum. We will find that other occasions arise in the future and those can be addressed with an amendment and a modification to the ordinance, as we see fit. My recommendation, if we choose to pursue this, is to keep something that's manageable, that's simple, and fits our current situation now. We can pull a 30-page ordinance off the shelf and change the names but there may be way too much in there for us to address.

Harrington stated like Brian said, if we have to add stuff or take stuff away, we can do that. Mundle stated we really just need some framework to start with. Harrington agreed. Ronning stated it's easier to do it the first time than it is to undo it. And, it isn't redo it, it's undo.

Davis stated Colleen and Nick are both here tonight to answer any questions you may have too. If I come up with an answer that says, 'I don't know,' don't hesitate to ask them.

Mundle asked right now do you have anything to add on your viewpoint of having a rental ordinance? Ronning stated I don't know that we've readily identified the needs and then how do you fill the needs. Mundle asked fill the needs of? Ronning stated what needs do we have? What's our condition right now? What, 50 years this, 56? Davis asked for? Ronning stated it's been a recognized. Davis answered since 1959, so it would be 56 years.

Ronning asked in 56 years, we should be pretty cognizant of what we're doing to change a 56-year pattern and identify what it is and why. Davis stated we currently have several people that own rental property that we've had issues with that have rented property that doesn't have any kind of safety conditions. I actually viewed one a little over a month ago that had no handrails for a second story balcony, it was open. It had live electrical wires hanging down from the ceiling even with no wire nuts on them. It had a porch that was removed and a load-bearing wall that was taken out with no support under it. It had a set of stairs going down to the basement that was held up with just one jack pole. It had can lights hanging from the ceiling by their wires. It had a failing septic system, it had a fireplace that you took a piece of cardboard off of it, it was almost open to the outside. The pump on the outside had no electrical boxes, it was just wired up with wire nuts and electrical tape and exposed to the elements. This is a condition that's been familiar with several other of this person's properties. We've had four or five like this and they are an issue. We've had complaints from renters and it's something that ordinances like this address. Again, like I said, it's like everything else. Most people's properties are great and there's no problem with them but ordinances and laws are meant to address the inactions of a few and not the

actions of the many.

Ronning stated that speaks exactly to needs. When you do this sort of thing, you don't want to, myself I don't see in, brings some good renter when you've got slumlords that really it should be addressed to. What was it that you didn't like about that place?

Mundle stated to answer your question on that Tom, of why in 56 years of East Bethel as a City's existence that we haven't needed this, essentially in the 56 years the City has existed, it has never seen economic conditions it has seen in the past say seven years with, I'll call it the 'Great Recession' where a lot of houses went up to foreclosure so now you have people with bad credit, their houses go through foreclosure, allows them to get picked up cheaply by investors. Now those people who have bad credit cannot buy a new house but they can rent a house. So, that's why you now have a large amount, or a greater amount of rental properties right now.

Ronning stated per capita it probably hasn't changed a whole lot but the fact of the matter is, there's problems out there and we're kind of, it's a 'giant umbrella' over the entire thing, is what we're considering right here. Is that what's required? Or, is it something that makes some, this one that Jack's talking about, they should be run out of business. If they don't fix it then is there something we can do to really go after those guys? Because, that's the one that's endangering people.

Davis stated in this instance, we have red-tagged the home and it can't be occupied until those corrections are rectified. That's one way to do it. You know, you speak of needs. There's been another instance that I saw, a smaller house that was for rent that had some severe mold issues that the owner just tried to paint over and then rent the property out. A lot of instances exist like that. Again, we're dealing with trying to correct the errors of a few but that's why we want an ordinance that's simple and uncomplicated so it doesn't encumber those that are doing the right thing.

Davis stated again, like I said before, if we passed an ordinance like this it's not my intent to go out and try to find every renter in the City of East Bethel. We know those we have problems with and we would notify those people. And, again, we would encourage people to self-register and then we would base the rest of it off renter complaints as to who would be required to get a license. It's a lot like the home-based businesses we have in the City. We've issued about 100 Interim Use Permits for home-based businesses but we suspect that's probably just a small portion of the businesses that are actually operating.

Mundle agreed and asked Nick, what do you have to say? Schmitz stated I get calls from renters. I don't know how many or how often, probably every couple months I'll get a phone call and probably since 2015 I've probably had three phone calls from renters that wanted me to come out because they've had issues. Usually mold is the big issue. But, it could be other things too, like the one Jack talked about where there was work done without permits, there were unsafe conditions, a couple little kids living in the house, no electrical outlets. Actually, one of the owners fell off the stairs and got hurt. I'm surprised somebody didn't get hurt even worse. Electrical panels with no covers on them. This is 100-amp panel. Some kid could be walking with a metal stick or something and, not knowing, touch that and it would be the end of them.

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wants, you know they're complaining about the house that they're living in and I do get these calls. I will go out there but right now all I tell them is I'll go out there and write up whatever. If it's a valid complaint, I'll write it up but we can't as a City do anything about it unless they're breaking some City Code or State law. Mold in a house is not a Code violation. Usually the renters want to take somebody to court because they're moving out because they can't take it any more. So, they use whatever I write up, the issue, and they use that in court to try to do whatever they need to get done.

Schmitz stated how big of an issue this is in the City of East Bethel with renters, I really don't know. I think a lot of people end up moving out or living with the issues. So, I really don't know how big of an issue there is out there with the renters.

Ronning stated one of the things that Nick mentions that I'm hoping to come out of this is a vehicle for people to make contact and expect something. Davis agreed it is and stated we've had reports that certain renters are afraid to come forward for retaliation or a possible eviction. We know of a couple of instance where we've had complaints, unofficial or information, but they won't actually press it because they're afraid of retaliation from the landlord or, again, possible eviction from the premises.

Schmitz stated most complaints I get are from renters that are leaving. I think that's it. They stay as long as they can and again, going back to the house that Jack was talking about, I was told by the renters that several times they talked to the landlord about fixing things and every time they brought it to their attention, they were told that, 'Well, if you don't like it, you can leave.' So, they lived there actually a year before they couldn't take it any more because nothing was being done to correct all of the issues they had. In that case, I don't know if anyone of you have seen the pictures, but there was a lot of issues. Again, that's on the extreme side but we don't know how many are out there that are like that either.

Mundle stated so as the person that deals with this all the time and will be in the future, do you think there's need for an ordinance for rental? Would it help you do your job? Schmitz stated well, what it will help is, I think it's going to help the renter that is renting these homes. They have a tool to, if there's an issue, to make a complaint and I think we're going to find a lot of renters that way and get licensing, if we go forward with this program. I think it's going to make, you know, it's going to make people repair stuff and keep their homes in a, they're going to fix things that need fixing. They're going to make things safe where right now, some of them aren't putting any money into anything. I think the attitude I've heard from some of these renters and these are ones that are moving out, is that they won't fix it because they don't have to and if you don't like it, you can leave. So they either have to live with the issue, and again a lot of it's mold, a lot of mold, and they have to either live with that or find another place to live because the person renting it is just not taking care of it. You know, fixing rotted doors, windows, and these are just ones that I know of that I've gone out and looked at.

Mundle stated so it would help improve the City in some circumstances. Schmitz stated I think so. There's housing stock and I think, I just picture myself if one of my neighbors was renting a house out, I'd like to know that the house is not going to just kind of slowly fall apart and look kind of, 'go downhill' if you will. I'd like to know that is going to be maintained if he's going to rent it out. You know, that affects my property value too. I'm a strong believer in personal property rights but I think when somebody's property is affecting the neighbors, it's affecting their rights also.

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Mundle asked is there any other questions for Nick? Harrington stated not for Nick but I've got one for Jack. Would these pertain to like a mobile home too? I mean, would we do anything different with a mobile home? Davis stated if it was a rental unit, it would apply to the mobile home. If it were owned, it would not. Harrington stated okay because I was wondering for like tie downs, or something like that, because them things in a windstorm, you know. Davis stated they would have to meet those regardless but if mobile homes would be included, they would be a dwelling so they would be subject to the Rental Ordinance if they were to rent it out. But, the other basic stuff with a mobile home, when it is sited, it would have to meet all the tie down requirements.

Ronning stated my first comment, I think, was about enforcement and we don't have a whole lot of anything said about if somebody has an 'armpit' of a house like you just described. What we have is disorderly premises. Three issues of disorderly premises and the person is supposed to correct that. That's kind of in the 'eyes of the beholder' for one thing. That's a neighbor call and have this guy go over and threaten people to get back in the house and talk quiet. I don't know that we're going to require people to do those things.

Davis stated here again, that would be referenced as to State Statutes as to what's legal and illegal as far as disorderly conduct goes. As far as referencing what has to be done with the buildings or the rental properties, all that's referenced back to the State and the City Building Codes.

Winter stated if I could, I would like to expand a little bit, Tom, on your question. The ordinance is really designed for two purposes. One, it's to protect the renters that are there from being assured they can live in a healthy and safe environment, if you will. That is done through the application process itself and through the inspections that the Building Inspector and our Building Official will be going on. There's actually certain things that they are going to be looking for. We did not spell those out in the ordinance because we didn't want the ordinance to get inordinately long. But it's basically the health and safety thing.

Winter stated so we've talked about when they go out, before somebody is actually issued that license, they would have to make sure that all of those things are in place. The part that doesn't cover is the part that we did include in the ordinance and that's actually the protection more for the landlord, if you will. It's written in other Statutes as far as disorderly conduct but, again, it's somewhat is in the 'eye of the beholder.' I understand what you're saying Tom. But it's the idea that the landlord now has a mechanism that they can use based on if they found out and the neighbors are complaining that their renters have had a party and the cops have been there and then they got another complaint about the renters, this gives them the ability as a landlord to be able to deal with their renter. Perhaps the argument could be made that maybe as a landlord they could do that through the lease process itself and maybe their own lease agreement addresses it. But, this is just another way for the landlord to be able to deal with that. So, it's kind of two different things.

Ronning stated as it's written, it talks about disorderly and there really is, if somebody has something about the safety of the building, I'd like to see it. Because what I'm seeing is: Rental Property Deemed to be a Disorderly Premises; Notice of Violation; Directive to take steps to prevent further violation, which are disorderly premises. The second one is if a disorderly premise occurs within an annual license. The third is, if a third instance of disorderly premises. There's nothing about the renter, the landowner.

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Davis stated if you look under Section 3, the condition for the issuance of the license is based on the property being acceptable under the Property Maintenance Code set forth in the East Bethel City Ordinance. So, you have to have an inspection done. If it meets the inspection requirements, then it's eligible for rental property. That's the issue. And, here again, we can spell it out in greater detail but we reference it back to the Building Code so that's what addresses the property issues.

Ronning asked do you guys have enough spare time to just incorporate this into your regular day? Schmitz stated the inspections and the license is good for two years. I'm not sure how many renters we're going to have when the program's going to be new. I think in the course of two years, say we had a dozen or two dozen. I don't think that's going to be a problem.

Ronning stated there's probably going to be a couple people that have a dozen homes by themselves, if they come forward. Schmitz stated that could very well be. Ronning stated that's another thing. There's a cost associated with this. What's the current condition? What's the need? What's the resolution? Do we have the ability to fill it without more manpower?

Mundle stated that's what the fees would be, when collected. That would be set to help cover the cost. Schmitz stated the permit would cover the inspections and the re-inspection, if necessary. That's in the permit fee. That's a part of it.

Davis stated at this time, since this is discussion of the ordinance, we have not established or are even recommending a fee for the service yet. That's something that's yet to be determined. As far as additional manpower, at this time it would not require any additional City staff. Could it require some in the future? Well, we would hope at some point in the future we would grow enough to require an additional person and these would be covered by generation of fees. So, this would hopefully be something, it wouldn't be budget based, it would be fee based to cover those person's times.

Ronning stated the fee thing is another thing. This turns into revenue and how it's, I don't see us making money from some landowners renting. Davis explained it wouldn't be designed to make a profit. It would just be designed to cover our cost. When I say at some point we may hire another person, the reason we would hire another person is because we're having growth that generates more time than our two inspectors. Mundle stated if it's justified. Davis stated absolutely and still, yet, maybe the fees may not cover it all. We actually went through a period here from 2008 through 2012 where the generation of fees for the Building Department didn't cover probably, maybe, one-third of the expenses of that. But, there were still functions that needed to be carried on. The Code Enforcement, inspections that fees don't even pay for. So, we don't ever utilize fees as a method of generating revenue for revenue's sake. It's used to cover cost.

Mundle asked is there any other discussion on this then? Do we need to, what are you looking for on this Jack? Some direction? Davis stated we'd like your opinions on it and if there's anything that you see that you'd like to add, delete, and further directions on how to proceed with this draft. If this one's no good, do you want another one? We're just looking for your input in how to proceed on this matter.

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comes up next. Mundle stated I'd say take, this review it again. If there's any changes you'd like or Nick, have you reviewed the ordinance? Ronning stated they helped write it. Mundle stated okay, so I'd say review it again and pretty much we talked tonight about Tom, whether we should have it or not and the existential questions. If we're in agreement that we should have this, then at the next Work Meeting bring back something more solid that we can discuss the particulars of. How does that sound?

Ronning stated right, I'm just suggesting that if they had a few more hints about what we might be looking for it's easier than just to read everybody's mind and what fits.

Davis stated so particularly what needs to be addressed, you want to see more references as to exactly how we're going to address property issues, if I'm reading this correctly. I think, Tom, you had some concerns over that conduct section that we may want to take a look at. It may be just a little heavy on that. We can certainly take a look at that and suggest modifications, suggest some other references, or more specifics. As you know, here's how we're going to handle the particulars for the standards that we are going to use for this. Just make that a little more clear. Is there anything else that you'd like to see as far as changes, additions, or deletions? Mundle stated I brought up the definition of 'rental property.'

Davis asked Tim, have you got any? Harrington stated myself, I like what you've got here. I think this is short and you don't need a 'book,' you don't need to write a book. I mean, the less you've got, the better off. You cover everything in here in the septic. Mundle stated if this works then it works. Harrington stated yeah.

Schmitz stated the intent when we did this was exactly that. We looked at many cities and some were very, very lengthy. There was so much to it that by the time you get half way through it, you didn't want to read any more because there was so much to it. But, by doing it, we also wanted to be thorough enough where if we were going to do this, that it made sense and there was a reason and it was for safety. Again, if you look through our checklist, smoke detectors, carbon monoxide detectors, maybe one fire extinguisher in the house. To me anyway, it was a lot of common sense. It was a common sense approach to this if we were going to adopt something. That's my mindset going into this.

Ronning asked what if we look at a criteria required of lessee, lease owner? What would we require of them? And then if that fits, if that's perfect, then how do we build around it? Davis stated they did actually develop a checklist for this as far as inspections. Maybe that's part of the answer. I think the other things may be addressed, the particulars of how it actually applies to them. In this particular instance, we can certainly add a few things there. We'll try to do it in the least complicated manner. I want to try to maintain a goal of making this thing as simple as possible yet address the issues. There's a way to do that. Some people get carried away with words and too many specifics when you can actually utilize references in existing Codes and other particular things that apply to this. So, we'll keep those in mind. Is there anything else that you'd like to see in this Tom?

Ronning stated once again, looking at reality, I would bet that between the three of you, you know at least half of the slumlord problems we have. And, it's not some top secret nobody can find out about it. So, with that in mind, what would we want them to do? There's a checklist and how do we want them to do it? That's the direction.

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are doing this work without permits that are constantly violators. And, pursuing it from a Code enforcement standpoint. That's one thing that will be brought up here if not this Council meeting, the next one with some direction on certain individuals.

Davis asked Ron, is there anything you'd like particularly to have us look at? Koller stated not really. We just got to keep it as simple as possible. Ronning stated yeah, amen.

Harrington stated we've got better things to do in this City. We've got to get development, we've got to get businesses in here. I mean, keep these ordinances short and right to the point. Like I said, this is important but we've got other things we've got to get done.

Davis stated I'll give kind of an example. When I moved here in 2006, I looked for a place to rent in East Bethel. Couldn't find anything. Was there something available? There was probably some stuff out there. I didn't have a lot of time. I couldn't find anything so I didn't move here. In 2008 we went through the recession trough 2010 and like was previously discussed, I think that changed the whole landscape of rental properties in the City. Now it is somewhat of an issue and, again, I think it's applicable to only a small number. But, again, unfortunately that's why we have to have laws and ordinances that addresses the few. Most everyone else is probably responsible. But in order to make sure that the actions of the few don't get out of hand, then we have to look at ways to make it across the board.

Ronning stated a smaller version of 2007, 2008, 2009, happened in 1973. There was a big one in 1958, but that goes before the City. There was one as bad, if not worse, in mid-1970's, 1978, and 1978 going into 1980. As far as people losing jobs and stuff, we lost close to 100,000 members in three years. That isn't everybody but that's reflective of what was happening in the country.

Davis stated I think what separates the recessionary times we had in 2008-2010, was there was housing market bubble, housing market values escalated so quickly and got really so far ahead of themselves in relation to everything else. Credit was easy. There was a lot of people that actually were loaned money to buy homes that actually couldn't even afford it. So, I think it made that, from a housing standpoint, a little more impacting on that than some of the previous stuff was. So, I just think we do have some situations in the City that we need to be taking a look at. We are getting more and more complaints regarding this and this is why we're proposing this for your consideration.

Mundle stated well, one reason that I can see why the landowner of rental properties would want to be licensed is that the City would now have a list of licensed renters in the City that people can come to City Hall and get this list and they can see what complaints have been against them. For somebody to be a landlord and have no complaints against you, that would be some good advertising. Ronning stated no record is easier to explain than a good record.

Mundle asked is there anything else on this item then? Do you have enough from us Jack? Davis stated we've got direction. We'll look at this and make some changes that reflect our discussion tonight and bring it back at the next Work Meeting for further discussion.

Ronning stated there aren't a whole lot of secrets out there. You guys know pretty much where the problems are and how bad they are anyhow. Thank you.

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Davis stated some of them, surprisingly, we just found out recently. There were a couple of instances that were brought to our attention, at least to mine, back last Fall that I wasn't aware of.

**5.0 Rural  
Residential  
Zoning  
Densities**

Davis stated the purpose of this item is to discuss recommendations of the Planning Commission as they relate to changes to residential density regulations as required in Sections 41-14 and 56, 57 in the City's Zoning Ordinance. Those sections relate to zoning classifications for rural residential, R-1 and R-2 zones. The City Zoning Ordinance was amended on September 5, 2007, to restrict densities in unsewered residential areas to one unit per 10 acres or four units per 40 acres with no lot exceeding 2.0 acres. Since the adoption of this amendment there have been no subdivision plats filed in the City of East Bethel that do not have access to sewer service. The 2009-2010 recession was the major factor for the absence of subdivision plat filings in the City. However, as we emerge from this recession, the '1 in 10' density minimums have been a detriment for the lack of rural subdivision plats and development in the City.

We have had five legitimate inquiries regarding Rural Residential subdivisions in the past 10 months. None of those were able to proceed with developments unless they could be done at the 2- to 2.5-acre lot densities.

Given that the previous regulations for lot densities and the amount of acreage in the City classified as wetlands provided protection against urban type densities in these areas, and that the '1 in 10' requirement was as much of a tool to discourage low-density development in the Highway 65 Corridor, as it was to protect the rural nature of the City of East Bethel, we feel it's appropriate to reexamine this standard.

The Planning Commission discussed this matter at their July 22, 2014, meeting and recommend the density requirements be changed. The matter was referred to Met Council for their review and approval, but as of this date we have not received a decision on our request for the proposed change. As a result, this issue was not presented to City Council in July. However, with the increase in interest in rural subdivisions, staff is requesting an immediate response from Met Council regarding this matter.

Davis stated I think it's important to note that the Planning Commission has no recollection of this '1 in 10' change. Mundle asked when it changed to '1 in 10?' Davis stated yeah, when it changed to '1 in 10.' I have no recollection of when it was done because this was done some time in 2008. I'm not sure why the change was made. It does show up on Met Council's records that we are a '1 in 10' density area, for the City for those areas that aren't sewerred.

Davis stated we've had a request and you have a little map that I passed out that has some color on it. The yellow area is the 65 Corridor that can be served by water and/or sewer. Ronning stated the color fell off mine. Davis stated the orange areas are larger tracts of land that are 20 acres or bigger that could potentially be developed into Rural subdivisions.

Davis stated during the time that we indicated, we had an area up here in the northwest portion of the City that somebody inquired about. We've had an area down on Coon Lake Beach in two areas, one off Lakeview Point, the other one off Thielen Boulevard. We've had an inquiry from a gentleman that's off 237<sup>th</sup> and there was one other one that I'm trying to recall where it was. These people are interested in doing subdivisions in the 2- to 2.5-acre lot size, which is what has always been the standard for East Bethel. Even though

there's a '1 in 10' requirement on the books now, there's never been a plat filed since that's been in effect. But, that's not the reason the plats weren't filed. The reason the plats weren't filed is because of the recession and because there was somewhat of an inventory of lots available.

Davis stated for those that would argue the '1 in 10' requirement protects the rural character of the City, I would somewhat disagree with that because the 2.5-acre requirement, I think, showed what kind of development we had previous to that. But, the biggest factor that protects the rural character of East Bethel is we have a little over 30,000 acres in the City but 16,000 of it is wetlands and undevelopable. In order to provide landowners the opportunity to develop their property, we'd like to bring up and have Council reconsider going back to this 2.5-acre minimum standard versus the 10-acre standard. There can be instances on some of these properties that are identified in orange that some of these people may have thought, 'Well, I don't have a 401K but I've got some land and when I retire I'll either sell or develop it and that's going to be my retirement plan.' The '1 in 10' requirement effectively takes that ability away from them.

Davis stated as Mr. Koller pointed out to me earlier tonight, land is expensive. If you have to have ten acres for a building site, you're investing probably a lot of money that can actually go into the home. We feel like the 2.5-acre minimum is not going to encourage high density. I guess it's all in the 'eye of the beholder.' I have 2.8 acres and I think I live on a ranch. But, it's something that I think we need to consider, especially with the number of property owners that have inquired in the past ten months about the possibility of doing these types of subdivisions. Granted, these don't do anything as far as meeting any of our SAC or ERU requirements. But they do grow our population and the attraction of businesses is based on how many people you have. The bigger market area we have, the more we're going to be able to attract business within the sewer district that will, hopefully fuel our growth to partially meet some of the ERU and SAC goals that we have facing us for the next 25 years.

Davis stated so I think that this is part of the component to meeting that but I think it's also the right thing to do. In the area outside the sewer corridor, only a section of property on the south side of Viking Boulevard between Naples and the Linwood Township boundary and on Lakeview Point and in Coon Lake Beach is zoned R-1 or R-2. The rest of this is zoned Rural Residential. I have no problems or don't really advocate for changing that requirement in the sewer district now. But in the Rural Residential District, I think that's, the '1 in 10' is just a little excessive. So, we're presenting that to you for direction and see how you wish to proceed on that.

Koller stated I know people who are looking for ten acres to have their own little place out in the woods but it's cost prohibitive. Like I said, 2.5 acres is a very nice sized lot. You're not buying a farm or a ranch but you're buying enough room where you don't have neighbors 'climbing on top of you.' Like you said, most of this is swampland in-between so they've got wide-open spaces all around them. I would agree with 2.5 acres.

Ronning stated if you know the answer, what do our neighbors have? Ham Lake isn't ten. Davis responded Ham Lake is one acre. Ronning stated Oak Grove isn't 10. Davis stated Oak Grove has one area that's '1 in 10' and then they have a couple areas that's 2.5 and one that's a 5-acre minimum. Linwood is 5 and 2.5. They have two different areas. We're the only City in Anoka County that has a '1 in 10' minimum requirement. Nowthen is 2.5 and 5. The only thing we compare to is Athens Township. Athens Township, theirs is not '1 in

10' but '4 in 40,' which is the same thing. It means you can cluster four homes together but then they've got to be on 40 acres. So, all of our surrounding neighbors have a lot less density requirements than we do.

Koller stated well I see all of these, basically most of these, if they did go 2.5 you would have a little group of houses surrounded by wetlands. So, it's going to feel real rural no matter what you do. Davis stated I agree. Anything that's done outside the area where it's sewerred where you can have higher densities, is going to retain that rural feel just because of the wetlands and they're going to break up any kind of, even 2.5-acre density developments. Again, remember we have 48 square miles. The sewer area is 12 so that's only 25% of the City. The remaining 75% is going to be 2.5 acres at a minimum and it's going to be punctuated by thousands of acres of wetlands that's going to break those developments up.

Koller stated and it's not saying every one of these will become 2.5 acres. Davis agreed that's correct and stated that means those could eventually develop over the next 100 years, but they're not all going to develop over night. Koller stated people can still buy the entire parcel. Davis stated that's correct.

Ronning stated with the amount of wetland and how it's spread out, a lot of people have property they can't sell, they can't develop; they can't do anything with it. This would probably open it up for more development. What are lots going for in East Bethel? Do you know? Oak Grove still had some \$25,000-\$30,000 lots but I heard we were like \$10,000 over that.

Mundle stated he knows for quoting the lots in Whispering Aspen, they're at \$30,000 right now and they are selling. In the 'heyday' they were \$55,000 to \$65,000 and I would expect them to, within a year or couple years depending on how development goes, that they will move back to that. I know St. Francis has some that's in the \$20,000s but they're looking at \$30,000s right now too. Some in The Ponds, I believe, they are in the \$40,000s-\$45,000 to 49,000. Isanti has some cheaper stuff but they always did and Cambridge had some cheaper stuff but they always did as well.

Koller asked, in Whispering Aspens, what's the average lot size there? Mundle answered a quarter to three-quarter. Koller stated okay, so they're small and they're still going for. Mundle stated they're standard. Some of them are bigger than your standard City lot and some of them are just your average size. Koller stated I've driven through there a few times. I like the way they're laid out, curved roads, so it's a very nice neighborhood. Mundle stated thank you.

Harrington stated we can make a lot of recommendations but is this going to be up to Met Council? I mean, they can tell us, 'No.' Davis explained it just depends and what we've argued is it is not a Comp Plan Amendment. If it's a Comp Plan Amendment, they have to approve it. But, our argument would be that it is not really a Comp Plan Amendment, it's just a change back to what was originally in the ordinance. Nobody understands the way it got in. If you read the Planning Commission minutes that were attached as part of this, a lot of those people have been on that Planning Commission for a long time and several of them were surprised that this was a new standard in East Bethel.

of Jeff Stalberger that came in here and we discussed some of this. He wasn't aware of it and he's on property here for a long time. So, I don't know how it happened. I do know that in 2006 or 2007, the City enacted a moratorium within that sewer corridor to prevent any new septic systems, which means no development. That moratorium was lifted, probably, in 2009. Perhaps there was some confusion when they adopted the Comp Plan in 2008 and that was mistakenly written into it. I don't know. I don't have an answer to that but it is very perplexing to people that have had some history with it in how it came about because they certainly don't remember approving or even discussing it.

Ronning stated and that 12 square miles of corridor is really 2.25 with 30% maybe in the ground. Davis stated yeah, and then you know by the time you take away the roads. Ronning stated the definition of the corridor is. Davis stated yeah.

Koller stated I think 2.5 acres too would interest a lot more contractors and developers than '1 in 10.' Ronning stated it would make us a lot more saleable. If you've got to buy ten acres, that's probably a couple hundred thousand dollars, a quarter of a million or something? Depending on where it is? Mundle stated with ten acres I've seen anywhere from northern Minnesota \$20,000 for a 20-acre piece. Normally, for a ten-acre piece, you might see that at \$70,000 to \$100,000 depending on. Maybe \$120,000. Ronning stated you've got to put a million dollar house on that, for a builder to put the deal together.

Davis stated one thing about the '1 in 10,' we've been talking primarily about the Rural Residential zone. As far as the corridor goes where sewer service is available, I'm not sure that we want to encourage 2- or 2.5-acre lots there because we don't have enough land as it is, probably, to meet our density requirements. But for areas outside the proposed and existing sewer area, it would certainly be my recommendation and staff's recommendation that we consider going back to the 2.5-acre minimum.

Winter stated there's also a portion that is zoned R-1 along Viking and down by Coon Lake that should also be the Rural Density standard of the 2- to 2.5-acre. That's actually where most of our inquiries have come from, that southern area. So, anything outside of the corridor I guess I'd recommend that you look at the '1 per 2.5-acre.'

Ronning stated I'm not real familiar with R-1, R-2. Could you explain the definition? Do you know Tim? Winter stated RR is Rural Residential and if you look at a map of the City, there's actually one right behind you or there's one there, everything that's in kind of that light yellow is actually Rural Residential. That's the '1 per 10' that is open spaces, limited residential development. It's characterized by significant wetlands. It's also got some areas that have the Natural Environmental Overlay Districts on top of it. The other areas, the corridor itself is three-quarters of a mile so it's kind of, if you look at that big map, it's almost as if it's outlined by the R-1, which is the Single Family Residential. That's a higher density if you have it in a sewer area. It's just allowing single-family homes in that designation. Then as you go along Viking and go on the Lake, there's also that R-1 that is single family. So, Rural Residential and Single Family just have different setback requirements as far as what you can do in there. But from a density standpoint, there's still both '1 per 10' acres. Or, I believe the language for the Single Family might read something like, or maybe it's Rural Residential that reads: '1 per 10.' That's basically what it is.

change all that to probably a Rural Residential designation or we could leave it the same way. It isn't just change the density standard and not change the zoning and all because then we don't mess with the setbacks.

Davis stated in our Zoning Ordinance, R-1 is proposed to be of higher density than Rural Residential. The standards for that district without water and sewer is '1 per 10.' If you have water and sewer, you can go to a quarter of an acre. The R-2 is another zone for even higher densities that permits townhouses. With the exception of a small stretch along Viking Boulevard, Lakeview Point, and Coon Lake Beach, all of the R-1 and R-2 zones are restricted within that water and sewer corridor. There aren't any more outside of that. The rest of it's Rural Residential.

Ronning stated I hear Colleen saying, 'When are you going to get this over so I can go home.' Mundle stated no, I'm the one who's saying that. Winter stated no, I'm not saying that all.

Mundle stated my opinion on this hasn't changed since the Planning Commission meeting so I'd be in favor of having it changed to 2.5. Koller stated I'd agree with that. Ronning stated sure, if we're interested in growing the population it's going to have to be something like that. Harrington stated like you said, most businesses are looking for population. That's also what Rod said, they're looking for people. More people, the businesses might be more.

Mundle asked do you need some direction then Jack? Davis stated from what I'm hearing, there's some support or interest in considering going back to that 2.5-acre minimum standard for areas outside the sewer corridor and we can come up with an ordinance change to change the Zoning Ordinance and bring that back for your consideration.

Mundle asked would you bring that back to a Work Meeting first? Davis stated we probably would want to do it. I think it's useful to discuss anything that's ordinance based at a Work Meeting because there's always some changes that probably need to be incorporated before we bring it up at a Council meeting.

Ronning asked would it go through the Planning and Zoning before us? Davis stated the Planning Commission has already made their recommendation. That was back in July and the reason we hadn't done anything is we hadn't heard anything from Met Council. So, we're going to be preemptive and go ahead. Ronning asked a preemptive strike? Mundle stated do something.

Harrington stated I don't think you have answered the question from earlier. How many developers have come forward? Winter stated there's been five, actually more than that. There's probably been six or seven. Harrington asked in what kind of time period? Winter responded in the last two months I've heard from them.

Ronning asked in how long? Winter repeated in the last two months. Davis stated we got our first one, Jeff Stalberger, actually kicked this off last year and I think he came before the Planning Commission and he came before one City Council meeting. We kind of discussed this a little bit and told him that we would work on this and he was excited about that. I think maybe he's contacted you since then.

that interest now. These are all people who have those larger acres. Now, if a parcel is land locked, there's not going to be a whole heck of a lot that you can do about it. That's just the reality of the situation. But, if you put it down to the 2.5 acres and we apply the subdivision regulations to it, they have to put the roads in, that type of thing.

Mundle asked do you need any more direction? Davis stated we're clear on that and will bring something back and schedule that for the next Work Meeting and, hopefully, we can get that finalized and then we can decide how we want to proceed with it. Ronning asked you're not just coming up with reasons for Work Meetings, are you? Davis responded I must be, I must love them.

**6.0**  
**URRWMO**  
**Audit**

Davis stated we've got one final thing and I don't think this will take very long. I just want to go over a couple things. Davis presented the staff report, indicating the City of East Bethel is statutorily required to participate in Water Management Organization (WMO) whose jurisdictional boundaries are defined by their watershed areas. This requirement is specific to the seven Metro counties, and East Bethel belongs to both the Upper Rum River and the Sunrise Water Management Organizations (WMO). The operations of the WMOs are funded by budget requests to the member cities and townships. Both the Upper Rum and Sunrise WMO's contract with the Anoka Conservation District for their administrative services.

Jamie Schurbon, Anoka Conservation District Water Resource Specialist, has served the Upper Rum River WMO for a number of years as a contract consultant and administrative assistant. Jamie has provided invaluable assistance to the organization and has been a played a major and key role in the activities of the organization. Jamie recently sent an e-mail that provided the following relating to the Upper Rum River WMO:

*"I am writing to inform you of a change in administrative support the Anoka Conservation District will provide to the Upper Rum River Watershed Management Organization. For many years I've provided administrative assistance. Some was compensated, but mostly not. In recent years I've asked the Board to provide some compensation for certain tasks, like annual budget preparation, that I was doing for free. The Board has rejected this several times. I'm left to presume that the work is of low priority or could be done by others. I will discontinue. I will limit my support to contractually compensated work as selected by the Board.*

*Please understand that I want the Upper Rum River WMO to succeed with minimal cost. In the last 10 years, I've donated an estimated \$8,000 in uncompensated administrative work for the WMO. However, I also need to focus my time and efforts where they are of greatest service to the community and financially sustainable. The ACD does not have stable funding, such as tax levy authority, and is limited in how much service it can provide without compensation.*

*I'll be frank, in the background of this decision are concerns about the Upper Rum River WMO overall. I have become increasingly uncomfortable performing certain administrative functions due to the Board's refusal to follow State law regarding financial audits. Even with upcoming changes to audit requirements (moving to every 5 years), the Board has openly refused to follow the law, and excluded an audit from its most recent draft budget.*

6.0 Performance issues, including those identified in a 2014 State performance review, are also

*longstanding matters. I don't think the URRWMO needs to have grandiose goals. It should, however, have modest but effective activity. Keeping activity at a minimum seems to be the Board's priority at this time.*

*I think a turning point is looming for the URRWMO. In the next 21 months, you'll need to write a new watershed management plan. The State must approve the plan, and will want to see a robust plan. If you put together a modest but effective plan, the URRWMO will likely continue. If not, you'll spend \$35,000+ on a plan that gets rejected, and the State may intervene by forming a watershed district. Watershed districts have their own tax levy authority for base operating expenses of ~\$250k/yr and many have budgets in the millions”.*

Davis stated one thing that I'd like to get direction on from Council is that the Upper Rum River WMO's budget for this year is \$13,000. The Bureau of Water and Soil Resources (BWSR), which oversees the operation of WMOs and it's also State mandated, has said that the WMO needs to perform an audit which is to be done by a CPA. We've looked at costs of audits and had ranges that run from \$2,000 to \$4,000 with probably \$3,000 to \$4,000 being more in the range of cost that could be presumed that this would cost. In terms of budget, \$4,000 is 30% of their budget, which is, on this service, an unreasonable cost. However, it is mandated by the State.

Davis explained that moving forward, if they did an audit, then they would only have to do one in the next five years. So, assuming that cost would be \$4,000, then you're looking at least on an annual cost that comes now into about \$1,600 a year for budgeting purposes.

Davis stated one of the biggest concerns is if the Upper Rum River WMO doesn't comply with these regulations, that BWSR can come in and say, 'Okay, the Upper Rum River WMO is no more.' Then the County takes the operation over. When the County takes it over, they essentially want nothing to do with it so it comes down to two options then. They can combine the Upper Rum River WMO with the Lower Rum River WMO and form one Water Management Organization. The consequences of that are: 1. It dilutes the influence of the member cities of the Upper Rum River WMO which is East Bethel, Bethel, Oak Grove, St. Francis, Nowthen, and a tiny portion of Ham Lake. So, they're going to be combined with Anoka, Coon Rapids, so we're going to be effectively shut out in representation. The major concern is that the Lower Rum River WMO has a permitting process that requires any development activities to go through them to obtain a permit. It costs, there's a review, and inspection, which is going to add to the cost of development in this area.

Davis stated the other consequence that could happen is that the County could say, 'Okay, we're recommending that a Water Management District be created.' When that happens, then the Water Management District has taxing and levying authority. So, instead of coming to us for a budget request, they would just administer their own levy and it would be added onto our tax bills, giving us and eliminating some local control of that organization. While the request for the audit in this situation may be somewhat unrealistic in terms of what their budget is and number of checks they write, it's something that's unfortunately 'over our heads' because it is mandated by the State. It's not a good situation.

Davis stated I personally feel that it's probably going to be better, though, to comply with this rather than the risk of the consequences of having this thing turned into something that we don't want to happen. So what I'm asking is direction from Council in how you'd like to proceed on this. I have had discussions with Rick Juba from Oak Grove and Paul Teisher

from St. Francis. They both have the same concerns that we do. In fact, Rick had a discussion with Dan Denno last week and Dan's going to send out a memo to the cities asking direction on how they wish to proceed on this audit requirement.

Davis stated from the City's standpoint, I'm just asking direction on what you feel about the audit and how you want to proceed in terms of how it would affect us if we should continue with the same policy and not budget for the audit to be performed.

Ronning stated there seems to be a couple things going on here. One's looking for the direction but this guy keeps referring to 'the Board.' He asked what is the Board? Davis stated the Board is BWSR, which is the Bureau of Water and Soil Resources.

Ronning asked they don't want to do anything to work with him on his efforts? Davis stated the other Board they are talking about is probably the actual Upper Rum River WMO. I think that Jamie has some concerns and I think Ron can probably back me up on this too. Jamie has been a very valuable asset. The Upper Rum River WMO is very different than the Sunrise River WMO, the one that Leon comes and gives us his budget presentations and all the projects they're doing. The Sunrise River WMO is a lake-driven and a lake-stakeholder organization. The Upper Rum River WMO, with the exception of Lake George, is a river organization. Their stakeholders aren't nearly as many and there aren't as many opportunities for projects in the Upper Rum River WMO as there are in the Sunrise. So, while we're represented by two WMOs, they're both very distinct and almost as different as night and day.

Davis stated the budget for the Sunrise WMO, of course it will vary depending on what projects are being done and what cycle they're in, but it's probably going to go up as Leon stated to us back in the winter, maybe \$10,000 to \$12,000 in 2017-2018. These things do fluctuate and unfortunately, we are mandated to belong to these because we're in the seven county metro area and, again unfortunately, if there's not compliance with their directives then there are certain consequences we may face.

Koller stated it's kind of a 'rock and a hard place.' It's a huge amount of money for what we're getting but apparently BWSR used to do their own audits and decided to save themselves money by not doing audits. They are forcing the WMOs to do their own audits, which costs a lot more money. But, I don't think we really have a choice.

Ronning stated we had a brief conversation about this and it's a shared expense. Our share of it would probably be a little over, between \$1 and \$2 a day. If everybody goes along, our share would be \$1 to \$2 a day to keep somebody 'out of our backyard.'

Mundle asked so \$300 to \$600 per year? Ronning stated \$360 to \$700. Davis explained that currently the way those costs are split up, there's the administrative cost of the budget that is borne equally by every member. That probably for this year's budget it compromises about 20% of their budget. The remaining 80% is based on a formula based on population and the number of acres that you have within that watershed district. Our cost for participation in the Upper Rum for 2015 is going to be somewhere in the neighborhood of \$2,500. Next year, though, or in 2016, it's proposed to increase to close to \$7,000. But, again, that's based on the fact that there has to be a new Water Management Resource Plan that's written. And, if money is added in there for the audit, then that'll increase our cost probably by roughly \$800 or \$900 on top of that. Just East Bethel's cost. Like Tom said, that works out roughly to \$2 a day or somewhere in that neighborhood, which is a nice way

of minimizing the cost at least in the conversation. It's still real money but if we don't do it and the decision by the WMO, at least from what I know, two of the member cities are very adamant that they don't want to do the audit and they don't want to do this other stuff because of the cost. I can certainly emphasize and sympathize with their argument but the problem is if you don't do it, I think it will cost us a lot more in the long run.

Ronning stated it's getting late. If we decide we're interested, are we stuck by ourselves being interested? Or, is there support out there? Davis stated like I've said, I've talked with Rick Juba who's the Oak Grove City Administrator and he's working with Mr. Denno expressing some of the same concerns. I think the City of St. Francis is on board with us too that they recognize, 'Yeah, this is a burdensome requirement but if we don't do it, it's probably going to tag us for a lot more than if we go along with it.'

Davis stated I think there's probably, and correct me if I'm wrong Ron, because there's probably as much opposition from the City of Nowthen as anywhere. Ham Lake just wants out. Bethel and Ham Lake pay about 1% or 2% of the total budget. The big contributor, and it's split fairly close to equal, are East Bethel, Nowthen, St. Francis, and Oak Grove. I think there is starting to be some consensus of the part of the Oak Grove people, 'Yeah maybe it's not exactly fair.' Ron pointed out a very good point that this is an unfunded mandate. That's really what it is. The State used to do it and now they're saying, 'Well, we're going to cut back so you've got to pay for it.'

Mundle stated so is this a program that we want to keep going? Davis stated we don't have any choice, we're mandated statutorily that we have to participate in this. What this would do, it could define how we participate. Do we continue now with the same WMO with these northern Anoka County member cities, which we have something in common?

Mundle stated that's why I'm saying, as this is right now, is this a structure that even though we're being forced by the State to belong to it for this to exist, is this the best program that empowers East Bethel the most and gives East Bethel the projects or whatever would happen in this area the most 'bang for it's buck?' Davis responded in my opinion, it definitely is because now we have representation. We exist within this WMO with member cities that are very similar to us. They still have to come to us for budget requests. We can have some input in their budget making decision. It gives us much more control over the situation than if it went to a combination Rum River WMO or a Water Management District.

Mundle stated okay, well if we're being forced to do it and this is the best program that we can get, then let's support it. Ronning stated this is the cheap way out. Harrington stated yeah, we don't want them taxing and levying us. Ronning stated yeah.

Koller stated at the next meeting, I will make them aware. We really don't have a choice.

Davis stated and again, I think you'll see a little position change, maybe, from Mr. Denno. I won't guarantee that but he is at least seeking some input on this and I think you'll see the St. Francis people on board supporting this too. Mundle is that all you need on that subject item? Koller responded yup. Davis stated correct.

Ronning asked do have a way of knowing what the position is of the other cities as far as the cheapest way out? Koller stated I'll know at the next meeting. Ronning stated okay. Koller stated I'm sure it is right on top of the discussion.

URRWMO

Audit

Davis stated I think that Oak Grove may come to the same position that we are, you know, it's something you do and you have to 'hold your nose' when you do it but you recognize that sometimes you may have to incur a little more expense up front to save some on the back end. Koller stated just like paying taxes. You don't want to but you don't have a choice. Ronning stated mine went down. Harrington stated mine did too.

**7.0**

**Adjourn**

**Harrington stated I'll make a motion to adjourn this Work Meeting. Koller stated I'll second. Ronning stated any discussion? All in favor? All in favor. Motion carries unanimously.**

Meeting adjourned at 9:37 p.m.

Submitted by:

Carla Wirth

*TimeSaver Off Site Secretarial, Inc.*