

**EAST BETHEL CITY COUNCIL WORK MEETING**  
**APRIL 22, 2015**

The East Bethel City Council met on April 22, 2015, at 6:00 p.m. for the City Council Work Meeting at City Hall.

MEMBERS PRESENT:        Steve Voss                      Ron Koller                      Tim Harrington  
                                     Brian Mundle                  Tom Ronning

ALSO PRESENT:            Jack Davis, City Administrator

**1.0**                      The April 22, 2015, City Council Work Meeting was called to order by Mayor Voss at 6:00  
**Call to Order**        p.m.

Voss stated we do have a time constraint tonight. Jack wants to get out by 8. Davis stated I've got that taken care of. Voss stated well, we're still going to get done by 8. Davis stated good. Koller stated that sounds good. Voss stated I've made plans. Ronning stated you're a good excuse. Davis responded thank you. Voss stated years ago, we always used to try to limit the Work Meetings to two hours.

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

**3.0**                      Davis presented the staff report, indicating at the last meeting, we presented the write-up  
**Ice Arena**                      that you have. There were some questions, I think, that some people wanted to further  
**Management**                      explore so that's what we're here tonight for this agenda item.  
**Services**                      Voss stated we'll open the discussion. Koller stated I will be stepping outside for a minute,  
**Proposal**                      until you're done with the item. Voss stated okay, we'll let you know when we're done.  
**Presentation**

*(At this point, Koller left the Council Chambers.)*

Voss stated so Tom, you wanted to table this to a Work Meeting so I'll let you start the discussion.

Ronning stated during that first interview, I don't know if you had a chance to review any of it. Voss responded I watched it, yeah. Ronning stated okay. The girl, it was something to do with \$4,000 cost of the website. Harrington stated \$6,500. Ronning asked how much? Harrington repeated \$6,500 I think it was. She wanted a new website for \$6,500. Ronning stated and where that was allocated, if that's part of the managing cost; that puts it right in the ballpark, or very close. Mundle stated that was put into her marketing cost.

Harrington asked we've already got a website, right? For the Ice Arena? The City does? Davis stated no, the City does not. Gibson has one that they maintain. Of course, we have the City website too. That's one of the things. If we do that, I don't think we need another website. The City has one, you know. Gibson maintains theirs as part of their contract. To have another website devoted exclusive to the Ice Arena, I think, is a little bit of duplicity.

**3.0**                      Mundle asked what would happen if Gibson was no longer the manager? Would that

website stay with them? Or, revert back to East Bethel? Davis responded no, it's theirs. It is not the property of the City. Mundle stated okay.

Ronning stated my whole purpose and intent is so we know what we're, we know the details of what we're trying to accept or decline. Last year when we were going through this, there was an issue with Gibson. We didn't want him period and we cut the agreement from three years down to one year to give him a last chance. Am I mis-stating anything? Davis stated we didn't want to commit beyond one year so we could see what was in the market for this year. I won't go so far as to say we didn't want him but we still wanted to keep our options open in case there were other opportunities available.

Ronning stated there were 'no open arms' that's for sure. And, my recollection is we didn't want to commit longer than one year. They were all, the interested parties were asking for two-three years and Gibson acquiesced to one. The other one, that one from Texas or someplace? Davis stated they're actually based in Richmond, Virginia. That's their headquarters. Ronning stated Virginia, they said they couldn't do it but then after they lost they had said, 'Well, we can do that.'

Davis stated correct me if I'm wrong Tom, but I think one of the reasons was that we went with a one-year contract, is that the Youth Hockey Association had expressed some interest in putting together a management proposal. At the last minute, they had to withdraw themselves from consideration and we thought at that time that they may be able to resurrect their management structure and come back with another proposal. Also, too, was to give Gibson the opportunity to show if they'd made any improvements in a couple areas that we thought were critical.

Voss stated on the subject of comparison of the concerns that Council had a year ago over Gibson's services to now, and I don't know what those concerns were from last time, has there been improvement or not improvement. What were the, were there specific concerns? Davis stated the specific concerns were basically communication and website updates. Ronning stated answering telephones. Ron, for one must have called them on a regular basis. Most of the time, it seems, they wouldn't return a call. Just for general question. I don't want to put 'words in his mouth' but that's my recollection of what he said. They couldn't get through to them.

Harrington stated yeah, and then their website too wasn't working. Davis stated they were a little tardy in some of their updates and stuff. I've got their contract pulled up here. It's also in your packet. We've went over this today, again, to do a little bit of an evaluation and it's like a lot of other things. I think they have performed satisfactorily. There are areas that still need improvement but essentially, with all the bullet points they were required to meet contractually, they have met those. Could they improve their performance? They could. But as far as the contract goes, they have fulfilled the terms of their contract.

Voss stated but to the Council's concerns last year, has there been improvement on those items? Davis stated there have been. There's been a definite improvement in the performance of returning calls, receiving calls, and contacting people. Their website performance has improved. There were a few times this year where it wasn't updated, at least on a daily basis there was some lag times maybe in some of the information that they put out. But overall, their performance has improved this year from last year.

Ronning asked is that saying much? Davis stated again, they met their contractual terms and I'll just leave it at that.

Voss stated I just want to get a measure of if that was sort of a mandate from Council last time. If they improved on the concerns that Council had. If that was reason to just keep it the one-year rather than three years. Davis stated that was part of it. The one-year thing was for two purposes: 1. To see what our options were in a year; and, 2. Also to give Gibson a chance that they had or could improve their performance.

Voss asked so there were multiple bidders last time? Ronning replied three. One pulled out and when it went to a one-year agreement/contract, the other one said they couldn't do it. But then they eventually said they would.

Ronning asked what's your recollection of the one-year contract? You were here with that Tim. Harrington stated I don't know, I just wasn't happy with the advertising. They never advertised anything. A couple times, I had to come here and ask Jack to call him and advertise certain things so people could see it on 65. Voss asked on the board? Harrington stated yeah, the board.

Davis stated again, on the board there are issues with the sign. Number one is we opted not to have the electrical problem repaired because it's going to cost about \$3,000. The reasons we did that is because you cannot read the sign from the road, only from the parking lot. The other issue with that sign is safety issues, getting up there you have to have ladders to get up there. One of the things that we need to look at moving forward is a better way to advertise events. You and I have talked. My recommendation would be to actually remove that existing sign that's there.

Voss asked how much did that reader board sign cost? Davis stated the reader sign we have at 22 and 65 was \$78,000 but, a lot of that involved the stonework. Voss stated it's not just the sign. Davis responded that's correct. And also, too, we went with the higher quality graphics on that board, which you wouldn't have to have just for displaying basic information.

Harrington stated yeah, because you were talking about something portable were somebody could pull in when you're done? Davis stated even at a minimum I'd look at getting just a little nice trailer sign where you could pull in and pull out if you wanted to, to advertise certain events. What we come up finally for signage is something we need to look at. The large display sign that we have there is just not functional. It was relocated when that service road was built and it was just set too far back from the road. There's issues too, there's also trying to change that sign. Most of the events are in the winter time and when you get up on that catwalk and it's slick, and you've got to get ladders up there. It's a safety issue. Again, there's electrical problems with that one. I don't know if you recall the old sign that we had at 22 and 65, we spent probably about \$12,000 to \$14,000 keeping that thing repaired over about a four-year period. Fortunately, the insurance covered most of it but they were all due to storm damage. So we had some storm damage on this other one and just elected to let it go for the time being since it wasn't a critical sign.

Ronning stated another comment on this one year, and this is my recollection so if anybody can comment to it, we didn't want to lock ourselves in to longer than one year. That's where I get the impression that we're giving them a last chance. Or, that's a lot of it.

3.0

Ice Arena  
Management  
Services  
Proposal  
Presentation

Voss asked you didn't want to lock in a one year with them? Or just one year in general? Ronning stated we asked him to go for a one-year agreement so we wouldn't be committed to a longer timeframe. My recollection of them, I'd have to go back to the minutes, is that we weren't happy with what he was doing.

Ronning noted in his self-assigned objectives for this past year, increase ice sales by minimum of 3% per year. Did we increase anything or hold our own? Davis stated ice sales probably, maybe, went down a couple thousand dollars. Ronning stated having an accessible staff with a clearly indicated manager onsite for both common days and major events. Did they manage that? Davis responded they did.

Ronning stated increase of advertising sales of more than 5% by year three. So, that's an unknown but was there any? Davis responded they worked out an agreement with St. Francis Youth Hockey Association for the ads and they were extremely disappointed in their performance too. We sold \$2,500 worth of ads.

Ronning asked who was disappointed with whose performance? Davis responded with the Youth Hockey Association's performance. One of the things we attempted to do is improve the communications between the management group and the users. So in order to, hopefully, benefit the Youth Hockey Association, we worked out an agreement with them where they would sell the ads. Once they reached \$2,000, which is the minimum stipulation in the contract, then the City would split the cost between the Youth Hockey Association and the City. So, we were told they had the potential to sell at least \$15,000 worth of ads but only sold \$2,500 worth.

Voss stated on that subject, because I've been involved in youth associations for 15 years, it's always, the various associations I've been in, that's always something we want to do and we've tried using one person to be a seller. We've tried all the board members to be sellers, and it is a difficult thing to do because it's very time intensive. And, the best way we found in Forest Lake was people have connections with people, is the way. They've got to know somebody to sell it. It's hard to go, it's like cold calling anything else. I'm not defending the Association, I'm just saying it is a difficult thing. The only one I've ever seen be very successful is Coon Rapids. All their little league fields are just plastered with ads and they get \$500 a sign a year. It's just crazy how they do it.

Davis stated again, I'm not being critical of the Youth Hockey Association because I know volunteer associations do have difficulties in getting things done. Sometimes they depend on certain people for schedules. Maybe these people have things come up in their lives that they can't do their commitments. But the potential is there and in order to have a successful ad campaign, you have to have people with contacts. Those people have to be local people. Hopefully, at some point in the next couple of years, we'd like to continue to have the Youth Hockey Association sell the ads. Gibson would be responsible, or whomever the manager would be, for the first \$2,000 regardless of their performance. But at some point, I think that we'll see better progress made along those lines. But this year, maybe it's the first year there wasn't a lot of success. Again, that wasn't Gibson's area of responsibility.

Voss stated with Forest Lake, they pretty much split 50/50 with the revenue. The City gets half and the association gets the other half. But, I won't get too much off subject.

3.0

Harrington asked do you know if they've got a lot of dry floor events in Forest Lake? Voss stated they keep ice on, I think they only take ice off for a couple months in the summer.

Because they have summer programs too. They have two sheets though. Their second sheet's under one of those tarp things. That's only seasonal. Then they have dry floor, which is mostly like in the spring, the lacrosse and baseball rents it out. This year, we didn't have to. The past two years we rented it out until May. But, they have shows in there too. Forest Lake is a little bit different because it's more of a city. They have a home show, a women's show, and stuff like that. But, it's not like convention center stuff. It's only a few times a year. It's tough to sell and they have the artificial grass they pull up and it's just a concrete floor. I don't think they take the boards out, which is limiting for dry floor if you don't take the boards out. But, their regular ice arena, I think it's almost year round. It might be year round.

Harrington stated I guess that's where, I don't know if I'd call it a problem, but I'd like. Voss stated but that's an insulated, heated place. That's a \$7 million building. Harrington stated I know the ice itself is our big money maker but a lot of the Ice Arena sits empty for what, four-five months over here? Mr. Gibson isn't really enthusiastic about doing dry floor. I know they're not going to make a lot of money but it would still be nice to see something coming in there.

Ronning asked did you have them, there was something about a gun show that was coming up. Harrington stated he usually puts it up like three days in advance and I came to Jack and said, 'Can you have them put it up?' He put it up two weeks early and there were guys there that said, 'I'm glad it came two weeks because if it had been three days they would have never come.' And, the place was full.

Davis stated some times with the gun show and other users, we have problems with them signing their contracts and we will not put an advertisement up until the contract is signed. In past years, it's sometimes been the day before, before they'd even do that and get their money in. Ronning stated there's not much you can do then. Davis agreed, stating no.

Voss stated the gun show and the other dry floor I used to remember all the time was the circus. That used to draw pretty good. Davis stated there hasn't been a circus here since I've been here. Voss stated it's probably been ten years. Davis agreed it's been a while. Again, the problem with dry floor events, is our location. We're just a little bit too far north to attract the big crowds. We're competing with Blaine. We've actually got a craft show that's going to be here the first weekend in May, which is the first time we've had one of those in a while. Is it by their ability to promote and sell this? Or, is it by accident? I don't know but we've had more dry floor events scheduled this year than we have probably in the last four or five years. Sometimes those things run in cycles but in order to have dry floor events, you have to have somebody that's going to promote it.

Davis stated keep in mind, too, our biggest obstacles for dry floor events, number one is location, number two is that building has essentially no heat or no air conditioning in the main portion of it. Also, it's a hockey arena so for things that need to have a certain décor, it may not be attractive for those purposes. But, really, you have May, June, July, and August that could be used for dry floor events. Currently we have a gun show that's booked, a craft show, we have a Lions garage sale booked, we have the East Bethel Beauty Pageant that's booked. Now the East Bethel Beauty Pageant likes to set up a couple weeks beforehand so they'll have a place to practice and stage. If we booked it out every weekend, that's something we'd have to try to accommodate. But, there's only about 10-12 weeks that you can really book for weekends. If you booked it for every weekend and charged the rate that we do, which is \$600 a day, it would be \$14,000. To keep it busy

during the week and be able to pay the insurance costs, we'd just about have to give the time away because most weekday users are going to be, I think, it was mentioned something like yogi classes or exercises classes, or certain camps. Those type users are not going to be able to pay what our general rates are. The question, I guess then is, is it more important to maximize the facility and have something going on there and break even or maybe not make anything? Or, is it more important to make some money off of it?

Davis stated, that building is an Ice Arena and that's what pays the bills. Dry floor events can help subsidize some of the rents we've received but I think the ice rentals are going to be 80%-90% of our revenues going into the future.

Voss stated I think it's like what you just said. The way I kind of look at it, just because all those constraints, reasons, I think the best we can look at that operation is, it's a hockey arena and anything else we do, dry floor, is a bonus. Ronning and Harrington both indicated agreement. Voss stated you can't count on it and just, I mean you put it in perspective in terms of what potential revenue we would have. You're not going to get anything during the week there. It's going to be a weekend thing. \$14,000 in the scheme of things, compared to the revenue in hockey, is not very big.

Ronning stated there are some things that seem like it would be relatively easy and promotable anyhow. Flea market, those things are packed everywhere. A farmer's market. Just simple things if you can start them. Davis stated we have done some investigations on farmer's markets. Most of them, though, want to be outside. One of the things that we've found out with farmer's markets is there's a lot of competition around. In order to get people that show up consistently, you have to have a good location for them and there are other places that are much more accessible and have other things around that draw more people. Not to say that it can't be done. I don't want to sound negative or pessimistic but there are things that can be done. I think as far as income goes, it's going to be marginal compared to what we derive from ice rentals.

Ronning stated when it comes to income, we don't discourage it. We go after every nickel we can get, pretty much, in the different areas. I agree, well almost agree, that the revenue comes from ice. Anything other than that is a bonus. There's another thing that comes to mind. Mike something-or-other, that guy with the goatee, gray hair, he's a snowmobile, antique snowmobiles. That's quite a group into that. That's a possible, maybe. And, we aren't the ones marketing the thing. Davis stated we've looked at that and, you know, people have expressed interest in it but they say, again our location discourages attracting a lot of people up here for those kinds of events. We've even checked with some of these adult hockey leagues and things like that, with the National Sport Center, about bringing some of that and everybody says it's too far to drive, nobody's going to come up here. Now, is that something you just accept and go with? Maybe not. Maybe it just takes somebody to push it a little bit more. But, it is a challenge to do anything there other than the ice rentals.

Ronning stated mine and everybody has an opinion. We're going to try to appeal to the local people. If you get somebody driving by, that's a plus. Maybe somebody from Isanti comes down here. But, yeah, I don't see people coming here for any particular thing if it isn't ice.

Mundle stated there was a Rave one year. Ronning stated pardon me? Mundle repeated there was a rave one year. That place was packed. Voss agreed that place was packed.

Mundle stated they were parking in the ditches off 65. Ronning asked what do you call it? Mundle stated rave, a big dance party. Voss stated an all-night dance party. That thing was loud. I think we shook all the rust off that building. I don't know, who sponsored that? I can't remember who sponsored it. Mundle stated I don't know. Voss stated it wasn't that long ago. Mundle stated I want to say, 2001, 2002. Voss stated Fatboys was open when they did that. I remember that. And, you could hear that thing for miles. There were people over on Durant, because of the base, that said they could hear it.

Harrington stated whoever gets this contract, is there an out clause for us? Like 10 days or 30 days if something doesn't work out? Davis replied there's an out clause if they don't meet their performance standards as set forth in the contract and it can be voided.

Harrington asked after 10 days? Davis stated if you'll look in your attachments, it says *Default: The occurrence of any of the following will constitute default by the Contractor and, if not corrected within ten days after the City provides the Contractor notices of the default, will allow the City to terminate the Agreement: (1) failure to adequately perform or deliver required services; (2) failure to follow the specifications or standards established by the Agreement; (3) failure to perform or complete the services in a timely fashion as established by the City; (4) bankruptcy; (5) making a material misrepresentation; (6) persistently disregarding laws, ordinances, rules, regulations, or orders of any public authority having jurisdiction; (7) failure to satisfactorily perform this Agreement; or, (8) failure to perform any other material provision of this Agreement. The City may lawfully terminate the Agreement if, after providing the Contractor ten-days notice of the default, the Contractor does not correct the situation.*

Davis stated just like any other contract, you can terminate it for reasons of default. Voss stated I'd agree you'd have to be pretty hard pressed to cancel a contract like that in the middle. Because, the City's going to have to operate it then. There's no way we're going to be able to hire somebody right away. Ronning stated that and much of it's subjective rather than objective.

Voss stated well, it is but any party has the ability to cancel a contract. Davis stated it would have to be some rather egregious actions in order for us to be able to enforce it. Voss stated and then for us to consciously decide to cancel a contract because we'd, like I said, the City would have to operate it after that. There's no way we could bring someone in just like that. Certainly not in the middle of an ice season.

Ronning asked who puts the ice in, in September? Davis responded the management contractor. Gibson puts the ice in. Harrington asked and he takes it out in the fall too? Davis indicated in the affirmative. Harrington stated or in the spring, I should say, not the fall. He takes it out in the spring. Davis stated the end of February.

Davis stated I think the last thing that we want to do is run that facility again ourselves as a City. Voss stated I was here when we did that and it was challenging. Ronning stated that's an understatement, sounds like. Voss stated yeah, I think Terry Allen did most of it. Davis stated this is one of those activities that's better to outsource. Ronning agreed stating yeah.

Voss stated we're not voting on anything tonight but my view and my concern is, you know, we've got two parties that are interested in the contract. One we know and have worked with for a few years and we've had issues and it sounds like every time we raise

issues, there's at least marginal improvement on it. And so then is it worth switching? Changing 'horses' for a company that we don't have a track record with? That's not reason not to make a change but it seems to me that they don't have a lot of track record either on the operation of ice arenas.

Harrington stated I know but I like her enthusiasm. She's got a lot of enthusiasm. Voss stated and there's a lot to say for that, there's no doubt. Harrington agreed stating yeah.

Voss stated but I was telling Jack a story that, you know, when I was president of Soderville Baseball, we were having problems with the photographers, which is a big deal for a thousand kids that get their pictures every year. And, there was a photographer, kind of the same kind of thing, he hasn't done big associations before and he gave us a good deal and was very enthusiastic about it when we made that change. And, it wasn't too long after we got going that we realized that he was 'in over his head.' And, we had all kinds of issues and ended up going back. Now, we ended up getting a better product from the old vendor again, but it was a rough year. I took a lot of those 'shots' for kids not getting their photos taken and parents going, 'Oh, I've got a gap in my year of photos.' So, my point is there's risk in making that change and is this worth the risk?

Davis stated one other thing I'd like to point out, and of course, it's not locked in stone, but in their preliminary budget, we allocated \$79,000 for the management contract, which is what it is for the previous year. I think it would be extremely important that whomever we select be open to negotiating the contract and the price of their services.

Voss asked what are the two prices they propose right now? Davis answered Gibson's at \$83,000 and Victory is at \$94,000. But Victory's includes, I think, \$6,000 for a website. Voss stated Gibson's already providing a website. Harrington asked Gibson's at \$83,000? Davis responded yes.

Voss asked so it's basically apples-to-apples then in that respect, isn't it? Because, we'd want a website. Davis stated \$88,000 to \$83,000 is what it is. Voss asked if Victory didn't have a website? Davis replied correct. Voss asked but don't we want a website? Davis stated I feel we can negotiate Gibson's proposal down to a lower price because he had some money in there too for doing some improvements to the facility, which I don't want the management company doing improvements.

Voss stated on the subject of the website, that was the crux that they need a website for the Ice Arena, right? Ronning stated they should have. Davis stated I think, and this is something we'll have to determine, that this was a very, very high tech website. I mean \$6,000 for a website's quite expensive.

Ronning stated the comments she made was that the advantage there is that you'd own it. The City would own it, the website. Voss asked oh, they'd just set it up. Ronning replied yeah, pretty much. Essentially, they'd develop a website for us. Voss asked would Victory operate it for us? Davis answered yes. They would maintain it and update it. It would technically be the City's website. Voss stated oh, basically this \$6,000 is to establish the website. Davis stated that's correct.

Voss stated I just have this, and that's why I was asking what the concerns were last year, is for a few thousand dollars, actually, they're a few thousand dollars more, but trying to consider how realistic it is to get more dry floor events. I know they're promising a lot

more and they've got some good ideas. But, is that worth the investment, or the risk, of potentially getting more dry floors weighed against the fact that they haven't, correct me if I'm wrong, but they haven't operated any ice arenas before. Ronning stated I think that's correct. Mundle stated yeah.

Voss stated I didn't look all into her background but if they don't operate ice arenas, what do they normally do? Mundle stated I think they are just a consultant, management consultant. Ronning agreed that's quite a bit of it and I don't know the extent. Gibson hires somebody to manage it. Voss stated I understand but he does have experience. Ronning stated yes.

Mundle stated the way I see it is you have one company that manages ice but is not a promoter and the other company is a promoter but they have no experience managing ice. Ronning agreed that's pretty much it in a 'nutshell.'

Mundle stated yeah and Jack, did Gibson reach out and express possible interest in a partnership? Doing some sort of partnership with Victory? Davis stated he did. He called me and said they would be willing to partner up with them to work with them to do dry floor promotion.

Voss asked would Gibson work with Victory? Davis stated Gibson work with Victory and have them be able to do the dry floor promotion business on a commission basis. They would still prepare the building, clean everything, and do the set up like they're required to now. I said, 'Well, what about if they book it for every week in the summer.' And, he said, 'We'd still be there to do our responsibility because that's part of our contract.' So, that's something they would not be adverse to doing that if that was acceptable to both parties.

Voss stated we'd probably need to be careful about discussing something like that though. Davis stated yeah. Ronning asked did he offer that? Or, is that done some other way? Davis stated no he did but, again, that's something that I think should be a decision that he makes on how he chooses to do that. Voss stated we shouldn't let that sway our decision.

Harrington asked how does the St. Francis Youth Hockey, what do they have to say about Gibson? I mean I got that letter last week from the president and they sounded highly on Gibson, I don't know if you've heard anything negative from them? Davis stated they've had complaints and concerns about certain areas of operation just in the Arena. I'm not sure how many of them are based, you know we've encouraged them if there are any problems, sometimes I think there were issues that don't ever get reported to anyone except to us after the fact. I do know that the communications between the City and Gibson and the major users have been greatly improved.

Davis stated we rarely have any complaints from the High School group. Most of the complaints that we've gotten have been from the Youth Hockey Association. Granted there are going to be situations that arise that there's probably going to be issues but hopefully those can be reported and addressed immediately. You know, there were complaints about something about there wasn't any toilet paper in the restrooms for three or four days. Voss stated I heard that. Davis stated I do know that they inspect those restrooms daily and they clean them daily and if they do run out of toilet paper, then they need to report it to somebody because we don't have attendants that can be in the restrooms at all times. Are there issues? Yes, I'm sure there's certain issues but there's people on staff that they could report that to them, they will take care of it. And, if they don't, then we'll handle it

internally to make sure that they do.

Ronning stated I'm not finding the one thing I'm looking for. This Page 4 of hers and they've been out generating floor sales and have had interest from particular parties for a number of. Like you say, you've got to go out and chase that stuff and it's not something most of us want to do. She has something in there someplace that she has like ten signed letters of intent.

Voss asked did she provide those? Ronning stated who knows. Mundle stated I believe when she was interviewed, she stated 20 to 25 letters of intent and they were not provided to Council as far as I know. Jack, have you seen any? Davis responded no, no letters. Mundle stated I don't know if it was said in here that she had signed letters of intent, but I know it was said.

Ronning stated it boils down to we know what kind of performance one has and that's experience. We know what we think about them for the most part versus potential. Voss asked what happens if, say we go with Victory and say it doesn't work out? I think we've got history of having a hard time to find somebody to do it. And then, would Gibson be around? Or interested again after we don't renew his contract. You know.

Ronning stated at that meeting, among the questions I asked was, what if so and so came down with something, was unavailable, what would you do? 'We'd go hire somebody else.' Voss asked you mean Gibson if some of his folks? Ronning stated yeah, if it was a Zamboni driver or the guy he hires to manage. Gibson's going to count the money, that's pretty much what he's saying in his. He'll be the treasurer and he'll pay the other guys what he decides to pay them. But he said if they're not available, 'I'll go get someone else.'

Voss stated but I'm thinking about Gibson himself. Ronning stated he's not saying he's going to do it. He's saying he'll have someone else do it. Voss stated no, my point is if a year from now, for whatever reason, we want to switch again, are we even going to have the option to go back to Gibson? Is he going to stay in the same line of work? This is the only Arena he does, right? Davis stated correct.

Voss asked what did he do before? Was he at the sheets in Blaine? Davis stated he was at the Super Rink and that's show he got connected here. When the Super Rink decided not to exercise their contract, then he formed this company when the City went out and solicited proposals for rink management.

Davis stated in answer to your question Tom, Todd actually does come down here every year to supervise the installation of the ice. I think probably what he's talking about, if one of his regular employees leaves for whatever reason, they'll make sure they're replaced. He does come here annually to supervise the installation of the ice going in. His participation after that is more or less just a manager to take care of issues off site. When he comes up here we meet with him, generally, about once every four to six weeks during the season to go over any issues, problems, or things we need to discuss.

Voss asked is there any reason to have someone like him to actually be at the arena? Davis responded no as long as he has somebody responsible and the last two people he's had have been pretty good. The Youth Hockey Association's been very pleased with the last two managers, Derik Orman and Jon Barry. They've both worked well with the public so there haven't been any issues over those people.

Ronning stated the point of asking the question about if they were unavailable is, 'Well, we'll just get someone else.' It's not like you'd be without the ability to run an Ice Arena if all they have to do is get someone else. Voss stated no but Gibson's the business, basically. He's the owner of the business and if we were to get someone else, then it's almost back to us operating it again whether we hire someone to do the ice, somebody in the City is going to have to manage it. Is that what you're saying? Maybe I'm misunderstanding you.

Davis stated I think that would probably be true for whomever is running it, is if their Zamboni operator or even their daily manager left, what would you do? You'd replace them. Ronning stated but part of the questioning, he wouldn't have any trouble replacing. Voss stated Gibson wouldn't have any trouble. I'm worried about Gibson not being around. Harrington stated it isn't going to happen with Victory. Voss stated yeah, I mean he may go get a different job or something different right? And, he's not going to do this again. Harrington stated yeah.

Ronning stated it's too bad Ron can't comment more. He's the one that really got upset with, well I probably have to say with (*inaudible*) too. Voss stated when I was on Council before, we had discussions about Gibson and the issues. I was having hockey parents calling me about the heat, about the bathroom issues, about the cleanliness. I didn't hear any, nothing like that this season at least.

Davis stated let me just say something about the cleanliness. That's always going to be a complaint because the facility is cleaned every day before it opens but then when you have two or three games and three or four hours worth of practices, they don't go in there and clean up every hour. They wait until the end of the day to clean up. So, if there's issues with the restroom being dirty. If it can be reported, they'll supposedly take care of it. If there's stuff in the bleachers that need to be taken care of, if it's reported supposedly they'll take care of it. You know, with small staff it's always going to be a complaint with some people. Again, we're not operating with, this isn't the Excel Center. This is the East Bethel Ice Arena.

Voss stated we've been discussing for 45 minutes. We should get to the other items. Is there anything else you want to discuss or debate on this agenda item? This will be on the next Council agenda then. Davis stated if that's the direction. Voss asked do we all agree to have it on Council agenda? The Councilmembers indicated in the affirmative. Ronning stated we didn't 'beat it to death' but it's not far from it. Voss stated I think it's something we'll always have to debate.

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

**4.0  
Rental  
Ordinance**

Davis stated at the last Council meeting, this was presented. There were some questions regarding the draft rental ordinance that was presented for your consideration. Hopefully those issues have been addressed with the submittal that's in your packet. The major changes or additions were a little more specific in regard to standards of inspection, a few changes in definition, and some reduction in the conduct section of this ordinance. The changes you have, if you'll look on your laptops or I-pads, are in red as far as the additions and changes.

**4.0  
Rental**

Davis stated we did define 'dwelling unit' a little more specifically. We eliminated the contract for deed section that you requested. We also referenced the standards upon which

inspections would be made and we included kind of a sample inspection form that would be used for those facilities that fall under this ordinance. Also, just for your information, included an article of the *Isanti News* that Cambridge is on the verge of passing a rental ordinance after having failed to pass one on about three different occasions. A big push for them, though, was the result of the fire that they had here about a month or so ago that involved some vacated rental units. So, they are getting ready to adopt one. I just thought it was kind of interesting.

Voss asked why don't we break this discussion into two pieces because there's kind of two pieces, the ordinance, and the inspection form. I've got more concerns on the inspection form. In terms of the ordinance language that staff has proposed, any questions or concerns?

Ronning asked what was that again? Voss stated the ordinance portion. Ronning asked what pattern is this from? Davis stated this was something that we tried to make as simple as possible and yet address our basic concerns. A good starting point, you know, we looked at several back last summer. We looked at an ordinance from Isanti, from St. Francis, and from Blaine. All those were fairly detailed. We looked at one from Cambridge that was relatively simple. In fact, I think it was about a page and a half. And, we tried to combine all those and yet keep it specific to us so we'd have some way of requiring renters to obtain a license and have an inspection of their rental property before it was rented out. Voss stated landlords get a license. Davis stated correct. Voss stated you said renters.

Ronning stated this article was really helpful in the number of, this fire marshal kind of puts it in real simple terms, *'When I discussed this rental ordinance, I always say they don't have to live in the Taj Mahal but they have to live in a safe place. I've visited some places I wouldn't want to live in but they are safe. Our goal is to make sure they are living in a safe place.'* There's some things, there are laws, there's the County agency to take care of conduct, disorderly conduct and things and safety things as well. The thing that I'm looking for out of this is that people have a safe place to live in. If you make it too much, I wonder if we'll get, what kind of participation we'll get.

Voss stated that's why I wanted to talk about the inspection list. Ronning stated and the penalties, no license shall be issued or renewed for a non-resident owner...blah, blah, blah...who's, something to do with. Oh, I'm on the wrong page. Section 11 on Page 3. The suspension and then they can't get back in for a year or something. It should be tied to fixing things.

Voss stated you can't suspend because you're shutting down a business. Ronning agreed. Voss stated I think this probably would open us up to lawsuits. Ronning stated that whole Section 10. Voss stated and it's not going to help anything because then the landowner's got no revenue to make improvements.

Voss asked what's the purpose of the non-resident owner. No license shall be issued for non-resident unless they have...basically somebody in, well it doesn't even say it's in the City. If they live in Ham Lake? Davis stated a lot these ordinances address that to discourage absentee landlords. Voss stated I understand. Davis explained what this says if you have a management representative, you could still go ahead and get a license.

first step is like you said, it's to work with people to get them to fix things and to get them to repair things and have them come into compliance.

Ronning stated to me it should be tied to the Building Code violations and instead of penalizing somebody for a year or something, until the noted Building Code violations have been corrected and inspected. But to, somebody's conduct, that's awful subjective.

Voss stated I wonder if you can really even prevent or not issue a license. Because I'm in the subject matter, I just kind of read the stories about the City of Minneapolis and some of the, I mean they've got landlords that own hundreds and hundreds of houses and stuff, which they have huge problems with. But, they haven't been able to stop the landlords. If the City of Minneapolis with legal staff of 50 can't stop one person from being a landlord, how are we going to do it? But if it's a deterrent thing, then.

Ronning stated we're encouraging business from the outside, or wherever. You've got to hire a middleman to put the name on the paper. Voss stated that's my point. I own two rentals and if I lived one mile farther south, I'd be in Ham Lake or Columbus. Does that make me any less of a landlord just because I'm another mile farther away? I can understand if someone's in Texas or some other State.

Davis asked does it not say in here, I think it generally lists that if you live in adjacent counties, like in the Metro? Originally, it stated if you lived in the City or in one of the adjacent metro counties. Voss stated okay, I misunderstood. I thought it said the City. Davis stated it may have originally, it did reference and it did define a geographical area.

Voss read from Page 2, *'No license shall be issued for a non-resident owner unless they have an agent.'* It doesn't define non-resident so I'm assuming when it say non-resident. At the end it says, *'City Inspector requirement may be waived if not living in the counties.'* But, it doesn't say the counties. So, it may be waived. It's a subjective action by the City to waive it.

Koller stated again, what do they mean by 'non-resident?' Voss stated that's what I mean. I assume that meant East Bethel. Koller stated it could mean Minnesota resident. Voss stated we need to specify that. Koller stated it could mean County resident, State resident. Voss stated I bet half of our rentals are owned by people who don't live in the City of East Bethel. Koller agreed and stated I imagine so.

Voss stated with the bank ones, they hire companies to manage it. Think about all the ones that's advertising all the time. Mundle asked Renter's Warehouse? Voss stated yes, Renter's Warehouse. I know they do a lot of business. Now you can call that a management company, I guess.

Koller stated I know my brother has rental houses in Woodbury and he lives up in Alexandria but his son lives right in Woodbury so any problems, his son will take over. But according to this, that's not allowed. Voss stated I live 1,000 feet and across the street from my other one and I might as well be living 100 miles away because I don't have that many issues with them. If there's an issue, I'm there right away.

Ronning stated I also come back to what are we trying to accomplish. We're trying to accomplish having, the examples we give are places without railing on steps and second levels or something. Bare electrical, we want a safe place.

Davis stated I think what we're trying to accomplish is what you read from what that Fire Marshal stated. I think this problem's been exacerbated in the last five or six years. I think prior to that you didn't have nearly this many issues. I've seen instances on three different occasions over the last year of properties that were extremely substandard. They were not safe. They were unhealthy. They had issues ranging from mold on the walls that the owners had covered up with paint to drainage issues to electrical issues to no handrails. And, these were three different owners. I think what you're trying to do is make sure that whoever rents a property, at least is a safe place that meets minimum standards as far as smoke detectors, egress windows, so if there's a fire you can get out. Just the basic protections that you'd normally assume would be in any house for safety. It's not like you say to make it a Taj Mahal but to make it a safe place to live.

Voss stated that's the one comment I have on the ordinance, on the regular part of it, the intent to expound on that a little better. Maybe less technical by saying that our objective is to help our residents be provided with a safe place to live. Ronning stated structurally sound place to rent. Voss stated and say it that way rather than saying how we're going to inspect things and all that kind of stuff. Our intent is for these residents to have a safe place to live. So, I would just expand that a little bit more. In the intent right away in the last sentence: *'Septic tanks must be pumped every three years.'* That doesn't do anything for safety of the house unless it fails. So, it's getting too technical in here at the same time about why is there a discussion of septic system in the intent. It almost should be like a mission statement. If someone asked here why are we doing this, we're not going to say because it has a septic system and we're going to make sure it gets pumped. That's not really what we're doing here.

Koller stated basically you want the house to meet all the Building Codes and Safety Codes. Ronning stated yeah. Voss stated yeah but it is the safety, the basic safety stuff. That would be my suggestion just to kind of build on that a little bit. And, I don't have verbiage for you.

Ronning asked where does it say the thing about the person doesn't want to sign the complaint and other things nothing gets done? Harrington stated Page 4, No Retaliation. Voss stated so the No Retaliation part?

Harrington stated I've got a question for my own curiosity. Our Building Inspector will do the inspections. I see Cambridge has their Fire Marshal. Is there a reason why? Or, don't they have a Building Inspector in Cambridge? Davis stated they have a Building Inspector. I'm not sure you could designate either one. I think you'd probably want the Building Official to do the inspections here. The Fire Marshal or the Fire Chief might be involved; however, our Building Official and Fire Chief work hand-in-hand on a lot of inspections. Especially those things that relate to fire. There's some difference between the Building Codes and the Fire Codes. Some cases where you have that situation then you'd want both of them.

Voss stated not to belittle the Fire Marshal, what they do, but I think the Building Inspector would probably cover the basis fire issues. Harrington stated smoke detectors, CO monitors, egress windows, stuff like that. Davis stated those things are covered in Code. Generally, the Fire Chief is going to be more involved with things that are on the commercial scale. But Mark does assist us in a lot of these other projects too. He lends his expertise when we ask him to.

Ronning stated the buy in, the Cambridge article came from Pine City. Harrington stated yeah, the Fire Marshal. That's why I asked why their Fire Marshal's doing the inspections. Ronning stated if fire was involved in this thing, maybe that's, who knows. Davis stated he was involved in the Pine City ordinance. There was a death up there as a result of somebody that died in a fire where they didn't have proper smoke alarms and things of that nature. I think that's why he's mentioned in that article.

Voss asked can we talk about the inspection list? We do inspections now for home sales. Correct? When there is a home sale the City's got to inspect the house? Davis answered no. Voss stated I thought we had that, made that change. Davis replied no. Ronning stated that's the buyer's responsibility. Voss stated some cities have a requirement that the city inspector has to inspect the house on all sales.

Voss stated this is an extensive list. Davis stated it really is and this is just put in there as an example and I told them that it has to be cut down. Voss asked like ceiling height? What are we ever going to do about ceiling height? Davis stated you're not, that's a structural issue and it's going to remain.

Voss stated right when you build something you worry about ceiling height or size of windows. I understand the egress part of it, which can be bedrooms and which can't be bedrooms. But ceiling height? When I saw that, it's like, wow.

Koller stated that's getting a little. Voss stated yeah. And water flow, the size of your pipes. What are you ever going to do about it? I've got one-quarter inch pipe in my house. What am I ever going to do? I'm not going to re-pipe the house.

Mundle stated one place that the ceiling height, you still couldn't do anything about it, is it could be applicable at finishing off old basements where they didn't have a full basement. They used to have like a 12 course and they did a 10 course so when you go to finish it off, you can't hide anything in the floor trusses. Voss stated right but that's a building thing, whether someone can rent it or not.

Mundle stated if that room qualifies as a bedroom. See, you have to have ceiling height. Voss stated I can see that and I can see the egress windows. Yeah. Ronning stated that's the main item. Voss stated for a bedroom and what should be a laundry room kind of thing.

Mundle stated still there's not a whole lot the Building Inspector could do at the point when he inspects it, but it could make notes. Voss stated it's almost like, you know, my one house I technically advertise it as a 5-bedroom house, I could. They all have egress windows but if somebody didn't have the egress windows and advertised for five and we did this and the Inspector goes in and says you can't have five bedrooms in this house. This room cannot be used as a bedroom. So, you can't advertise it as that. I can see trying to control that. Now, it comes down to it, you know and you're not going to control your renters either. If they want to bring in people that want to live there.

Koller stated an egress window you can put in a house but if the ceiling isn't high enough. Voss stated right, what are you going to do? But, if they want to use it as a bedroom, as long as they don't advertise it as two bedrooms down here. But if it doesn't meet Code, I can't advertise it as two bedrooms. Mundle agreed you're not supposed to.

Ronning stated my experience, if you have a house that's during or before the late 70s to the mid-80s, they'll all have 10 course ceilings, pretty much. Now you have 15-16 steps on the regular tall ceilings. But, that's with trusses instead of joists too.

Voss stated I'd rather start this, in the terms of this list at least, start out a little bit smaller and then find out what things we want to add later on. Mundle suggested just cover the basic issues. Voss stated yeah, it's safety things. Plumbing fixtures isn't a safety thing.

Koller stated it's handrails, smoke detectors, fire extinguishers, egress windows. Voss added locks on doors, windows that open. Decks are huge, that's one thing that's always neglected. Decks on rental houses. Are they safe. The COs and the fire monitors and fireplaces.

Ronning asked evidence of dampness? Voss stated that's what leads to mold. Mundle stated if it's constant. Voss stated if there's bathrooms that aren't vented, it should be vented. That's something the landlord could fix. Ronning stated that's a Code issue. Voss stated only when you go to build or remodel. It's not Code if it's an existing house. That's kind of my point, existing versus new. This is kind of crossing the line.

Ronning stated if you remodel or something, you have to have a window, an outside window or a fan. Voss stated if you remodel, yeah. Ronning stated yeah, if you change it or build it. Voss stated but if it's something that's already existing that you want to rent, you shouldn't be forced to. Now, bathroom vent, to me, makes sense. Ronning stated that goes back to the Code. They should be Building Code driven. Voss stated you can't go into an existing house and say you don't have this, you have to do it. Ronning agreed.

Voss stated if you're going to do remodeling and they go through their, like when I remodeled the one place, I had to put in a wired-in smoke detector. It's by Code now. But only because I'm remodeling. My other house didn't need it because I wasn't remodeling. Ronning stated that's because it was Code.

Voss stated to me, safety's one thing and another big advantage of this is it gets our Building Inspectors into these houses that they're trying to use as rentals because just to see what these landlords do illegally in terms of interior remodeling. When I remodeled the one I did, I had Nick out there a few times to make sure I did everything right. I could see, well we know of one, right? That's done it and now we'll be dealing with that one for a while. That's all right. I don't want to dominate the discussion just because I have two rental properties.

Davis stated from what I see, why don't we schedule this for our next Work Meeting and we'll revamp this with these considerations in mind and bring it back then for discussion and proceed from that point.

Voss asked do we need another Work Meeting? I think it's ready to go to Council, just with some changes. Koller stated at the Council meeting we could probably, if we find anything, we could just correct it then. Voss stated I think it's good to have discussion at Council too because it will be on the agenda and there might be others in the public that will be interested in it. I don't think we need to have a real long discussion at Council on it. And, if we don't pass it, we don't pass it.

4.0  
Rental  
Ordinance

Ronning stated in my opinion, consensus or no, it should be safety driven not conduct and

things like that. Safety driven place to live and the enforcement rules are the Building Code. Koller indicated his agreement.

Voss stated I think I agree with that but you're not suggesting that they go and make the building compliant with the current Building Code. You're saying whatever we want changed has to be within the Code.

Voss stated I'll say the landlord, one who really tries to do everything right, I'd like to have other landlords come up close to a standard. Because some of this stuff we see just gives us a bad name.

Ronning asked what's the one on Viking? Had exposed electrical wires and things? Voss stated yeah, that's one we're still dealing with. Davis stated that's one of them and there were a couple other properties. One down at Coon Lake that had some real, real issues as far as mold issues. Two of those down there that was a huge problem with two of those rental properties.

Voss stated one of my neighbors on East Front, his next-door house has been a rental property for as long as I've lived there. For 20 years and you wouldn't tell. Man, that house looks so nice. I keep my properties up too but I know we're not the norm.

Ronning asked so what's your impression of what should come back? Davis stated well I think you've enumerated and hit on the key points. It should be safety driven. There's a few more things that we can be a little more specific to. The inspection checklist is just a draft. It's more like a menu of what do we want on there and what do we not want on there. We'll whittle that down to addressing safety issues only. The things you pointed out like the ceiling heights or the size of certain water lines, things that are in there that are not detrimental to life and safety of our residents will be eliminate. I agree with everything that's said here that those are the key things. We don't want to make this overly complicated nor do we want to make it overly punitive either. I want to do something too with that section that said about revocation of license and things like that. Our first goal is to work with people to get things corrected. If those things can't be done then there's a final solution that can be simplified also.

Ronning stated with Section 10, it would be interesting to hear what anyone else thinks. Conduct on Licensed Premises. To one person that means your dog pissed on my yard for the last damn time. I'm going to do a compliant. Now I don't know if the complaint has to come from the renter, it should. But, conduct is too subjective and there's the Sheriff's Department to enforce conduct. We aren't 'conduct cops.' Like you say, that suspension/revocation is penalty driven.

Voss stated I know we've had these issues in the past. Part of it is there's certain things landlords can do and certain things that relates to the renter. I know I have in my leases, I have it they can't have any guns, they can't do anything illegal, they can't have drugs, all that stuff. It's all grounds for kicking them out. I don't know if the City wants to get into that. Ronning stated that's part of the conduct stuff. It should be. Voss stated I can't stop them from having parties or being loud. I can't do that. I don't have to renew their lease if it's become a problem.

#### 4.0 Rental Ordinance

Mundle asked would it be anything that's regulated under the Minnesota Statutes? Ronning stated pardon? Mundle stated as far as definitions of 'conduct,' what is conduct. In the last

sentence, it says, 'as regulated under Minnesota Statutes.' So, isn't there a definition of essentially what's allowed and what's not?

Ronning stated to me this is an enforcement thing. Voss stated it shouldn't be different for a renter to homeowner then. Ronning stated yeah. Voss stated it shouldn't be any different. Davis stated I agree it should be up to the renter to determine what they permit within their dwellings and then if that's exceeded, then it's the jurisdiction or responsibility of our local law enforcement officials if they're creating additional problems to deal with that. Conduct is not something that probably should be exclusively, or extensively dealt with in this ordinance.

Voss stated I'll tell you one of the hardest things, luckily 'knock on wood' I haven't had that problem yet, but the hardest thing to do is to evict tenants. It's the hardest thing in the world. Ronning stated that's what I thought. Voss stated and it's expensive. I try to do a good job to make sure I get the right people to start with. But, that doesn't always happen.

Ronning stated when you have conduct issues, that's again a subjective thing. The Sheriff knows what's reasonable conduct and what isn't. Voss stated if they get cited, if there's a history of arrests on a property. Ronning stated this being what it is, it doesn't have to get anywhere near that far. If somebody's barking dog or, it's too subjective.

Voss stated I guess my suggestion is just to have staff bring it to Council rather than a Work Meeting. Koller stated that would be okay. Voss stated so it will be Jack's challenge to get it right. Ronning stated then too, that suspension/revocation that should be to repair things and not to take somebody out of business. Voss stated they're going to try to work on that.

Koller stated as long as they're fixing what's wrong, we don't really need to punish them. Voss stated I think like Jack said, at that point we probably already had discussions with them a few times to correct things.

Ronning stated and you want to make this something that, like yourself as an owner or somebody else as an owner, can sign up too as well. Voss stated let me put it this way. I'm a landlord and I want this thing. Ronning stated well, you've taken care of it really well. That's a lot of forward thinking. Voss stated I just want to see people in other places they have, I don't want people living in those conditions.

Ronning stated the thing with guns and drugs and that sort of thing. Voss stated I won't let people smoke in my houses. All right, we done with this?

**5.0**  
**MCES**  
**Wastewater**  
**Service Agr.**  
5.0  
MCES  
Wastewater  
Service Agr.

Davis presented the staff report, indicating the City of East Bethel entered into a Wastewater Service Agreement with Met Council on November 3, 2010. The terms of the Agreement specify the means that Met Council will recover their costs and interest for the project infrastructure for the East Bethel Municipal Utilities Project. The process for repayment involves three components:

1. MET Council SAC payments;
2. Reserve Capacity Loan Program; and,
3. 100% of Flow Charges.

Theoretically, new growth and the SAC charges would pay all the costs due Met Council. However, the 2009-2010 recession and the land use capacity of developable land within the Highway 65 Corridor render the SAC goals required to generate the revenues unrealistic

and unachievable at this point.

Due to these factors and the need to have a reasonable Agreement for the City's debt obligation, Staff requested that the Wastewater Services Agreement be amended to reflect the current conditions that affect our ability to produce the revenues required for the project amortization. There were two meetings with Pat Born, the Met Council Regional Administrator, in January and in July 2014 that formed the framework for direction of these discussions.

As a result of these meetings, Jason Willet, the MCES Finance Director, and a committee of Metro Cities members were assigned to meet with City staff to attempt to reach a new Waste Water Services Agreement agreement.

City staff met with the Jason Willet, Dan Schueller and Bryce Pickart with Met Council and a committee from Metro Cities, comprised of Executive Director Patty Nauman, Dan Roe (Mayor City of Roseville), Jim Dickenson (Andover City Administrator), Bruce Beese (City of St. Paul Public Works Director), Ron Hedberg (Apple Valley Finance Director), Jason Zeimer (North St. Paul City Administrator), and Sue Viernig (Golden Valley Finance Director). Meetings were held in November and December of 2014 and in January, February, and March of 2015. There was general consensus that the agreement in place was not workable nor had the potential to achieve the growth goals required to amortize the City's debt to Met Council.

While both the MCES and Metro Cities acknowledged the problem and were sympathetic with our issues, they were reluctant recommending any modifications that may set a precedence and/or increase the rates of the other 107 sewer users within the Met Council service area.

The City's position during these discussions was as follows:

- Modify or amend the terms of the Reserve Capacity Loan Program to eliminate the interest charges. The City acknowledges responsibilities to pay SAC charges due Met Council for new connections but requests that Met Council accept payment as these connection are received and eliminate the schedule that establishes annual goals and accumulated interest whenever these goals are not met.
- That our SAC goals be restructured to a more realistic number
  - Reduce our SAC rates to equal those of other Metro Cities and keep the increase in SAC rates comparable to the urban rate.
  - Eliminate our flow surcharges.
- Remove the demonstration costs of the project from East Bethel's obligations
- Exclude further plant expansion costs from any calculations relating to the Reserve Capacity Loan.

5.0  
MCES  
Wastewater  
Service Agr.

All of our concerns received consideration and were seriously considered and thoroughly examined. To a person on the work group, there was no opposition to our request for modification of the Agreement. The group's dilemma was how to propose changes in the Agreement that wouldn't affect their rates or require changes outside their SAC and flow charges that may have other impacts on their cities.

At this point the discussions has produced the following:

- The group agrees that the project's demonstration cost of approximately \$8.5 million

should be removed from East Bethel's portion of the debt obligation;

- With the removal of the demonstration costs, our remaining debt would be reduced from \$23.9 million to \$15.4 million;
- The SAC rate would increase \$100 per year over the current charge of \$2,850;
- The Reserve Capacity Loan would remain in place except that it would be capped at \$2 million at which point a re-negotiation would occur; and,
- Expansion costs of the sewer plant from the Reserve Capacity Loan would not be factored in and would be addressed as a separate issue if and when the need for expansion occurs.

While this proposal is better than our current Agreement, it is a retreat from previous discussion points, which expressed an interest in eliminating the Reserve Capacity Loan and reducing the SAC goals from 5,500 to 2,280. Our concern with the Met Council for modification is that it only postpones the issue of addressing the Reserve Capacity Loan. We would prefer to solve the matter at this point and not have to invest additional time to resolve this problem in the next five to seven years. However, this is more than likely our best offer at this time as further concessions by the Met Council would require amendments to their Regional Water Resources Plan and changes to existing Agreements that are in place with Elko-New Market.

Davis stated currently, I have up on the screen a summary of the basic proposals that were discussed and where we are with this. Voss stated the one box is basically empty. The first one, Reserve Capacity Loan for Existing. What's that number? Davis explained it's as attached. It should be Attachment 3. Voss stated it's not attached with the attachment. Voss asked of the packet? Davis stated yeah. Voss stated okay, that's the problem, I'm looking in the wrong spot. Davis stated it should be this one right here.

Ronning asked whose proposal is that also? Davis asked which proposal? Ronning stated this one. Davis stated the first column is our existing Agreement. I left a handout on your desk with a correction on it. The existing Agreement has the Reserve Capacity Loan Program, which is this sheet in your packet, which says each year we have to meet certain SAC goals and if we don't meet those SAC goals, then the cost of those SAC units is added into a loan and it's carried over year to year. Interest is paid on that loan.

Davis explained in the best case scenario, we'd meet our SAC goals and not owe Met Council anything. In the worst case scenario, if there were no connections, which we understand and realize that there will be connections, we would owe Met Council approximately \$40 million at the end of 2040. What our contention is, is that we acknowledge that we owe Met Council the money but we object to having to pay interest on this. So, what we have proposed in the center of our discussions all along was to eliminate the Reserve Capacity Loan Program.

5.0  
MCES  
Wastewater  
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Davis stated the current SAC goals under this Program in order to meet our obligations would be 5,500. The current SAC rate under this existing Agreement, in 2015 we're paying \$2,850 to Met Council for each connection. This increases annually at 4.9% and at the end of 2032, this rate would be \$6,330. The demonstration costs factored into this are \$8.5 million. The cost for expansion, should expansion need to occur, are \$14 million. According to the current agreement, whatever flows are, we pay the urban rate but we also pay that in addition as a means to amortize our debt. So whatever our flows are, we actually pay double the charge.

Davis stated the current investment that Met Council has in facilities here is \$30 million. Going into this, our proposal was to eliminate the Reserve Capacity Loan Program and just pay SAC rates as we receive the connection fees; to eliminate the SAC goals; to keep our SAC rates consistent with the urban rates; to keep our SAC increases consistent with the urban rates; to exclude the demonstration costs and the plan expansion costs; and, to eliminate the surcharge of our flow requirements. After many rounds of discussion, the Metro Cities group, which is the group that essentially advises Met Council as to policy and is composed of other cities, as I said were sympathetic to our issue but anything that we did to achieve all of these goals, would cause their SAC rates to go up. While, again, they were sympathetic and listened to us and we had good discussions, they were not in the mood to increase their costs to serve us.

Davis stated we came up with a modified proposal, and this isn't the only modification we did. There was probably about 20 different proposals that were considered and discussed. But, this was the one that we felt would have been an adequate compromise. We'd still eliminate the Reserve Capacity Loan Program; the SAC goals would be set at 2,280 and the reason for this number, that's the number that kicks in when plant expansion is going to be required. When we have those units, we will have met our existing capacity of the existing treatment plant and expansion will be necessary. From our standpoint, if that happened next year it would be the greatest thing in the world. But, this is why we selected the 2,280 number. What we proposed on this is we would pay a differential on the urban rate of \$850 but it would be consistent. At this point we would be paying a little higher rates the first four or five years but the last ten years we would be paying less than what we're paying now. There would be no further increases in that. Any increases would be matched by the urban rate increases across the board. Also, the demonstration costs would be excluded and any calculations for plant expansion costs would be included from the Reserve Capacity Loan calculations. Also, we requested in this proposal that 50% extra of our flow charges would go toward project amortization.

Davis stated what they finally came up with and gave us as a proposed offer, is we would keep the Reserve Capacity Loan but it would be capped at \$2 million so once we hit a debt to them where we owe them \$2 million then our renegotiation would take place. At their current projections based on their Thrive Program, this would happen in 2023 but it could happen sooner than that, maybe as early as 2021 just depending on what our growth is.

Davis stated I also sent you an e-mail earlier that said if we renegotiate, where are we going to start. You know, the big thing about renegotiation is the uncertainty of it. In 2023, who we will be dealing with and what will their outlook be on that. The response that we got back that we should be in a good position when it comes to renegotiation. That probably, what would be requested, is we pay the loan off and then our SAC rate would be frozen until we matched the urban rate. One thing to consider if this should happen, and that would be the terms of renegotiation. In 2022, our 2008 bond is going to be satisfied. That's the Castle Towers bond that we're currently paying about \$180,000 a year. That could easily be converted to pay this loan off.

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Davis stated but again, \$2 million, if that's all we're going to owe them, it's a whole lot better than what we are facing now. Because we could be facing having a substantial obligation to them at the end of the term of this loan, which according to our current contracts, it will be renegotiated if it imposes an obligation on the City. Again, we don't know what that means. We assume that it's probably just going to be extended.

Davis stated under this latest proposal that they made, the SAC goals would be kept at \$5,500 but the reason they're doing that is because they don't want to amend any of their existing plans. If the loan's renegotiated, then this would more than likely 'go out the window.' As far as our SAC costs go, they would only increase \$100 a year. Currently, if you look on the handout that says Rural Growth Center, this Reserve Capacity Loan Program, it shows you what the SAC rates are as they progress to the year 2032. They are currently increasing approximately 4.9% per year. So, in 2018, at \$100 a year, that's when we'd equal that and then we'd be paying less than we currently have in our current Agreement.

Voss asked so under our current proposal, it's a flat \$100 a year? Davis explained it goes up \$100 a year instead of the 4.9%, which is much to our benefit. Also, they acknowledge that the demonstration cost of this project have region-wide significance and do not specifically benefit East Bethel so they've lowered what their expectations are for their cost to recover. They also said they would exclude the plan expansion costs and that would be addressed as a separate issue if and when that arises.

Davis stated so, currently, what they're offering us now is to keep the Reserve Capacity Loan Program that we have in place but when the debt hits \$2 million it would trigger a renegotiation. And, our SAC costs only go up \$100 a year. This is probably the best offer that we're going to get from them at this time. From our standpoint, I would recommend that we seriously consider this.

Voss stated Jack, you mentioned that Metro Cities did not want to approve anything that would affect their SAC rates. So with this April proposal for MCES, I'm assuming it doesn't affect their SAC rates. Davis stated no, this doesn't.

Voss asked so what was Metro Cities, all they're doing is protecting their interests in this whole thing? They didn't do anything to help us. MCES did. Davis stated that's correct. Metro Cities did, again, they were sympathetic and they understood our problem but they weren't going to do anything to increase their cost to help us. Voss stated sympathy and a dime will get you a dime. Davis stated that's correct.

Davis stated I will say too that Jason Willet with the Met Council Environmental Services was a very strong advocate for amending and looking at modifying this Agreement. They recognize that under the current conditions, that this is probably not going to work. And, in an e-mail that I sent you too, they make the statement that says that in all probability, they won't recover all their costs. Especially if this \$2 million debt thing kicks in and they renegotiate.

Voss stated just so we understand too, Metro Cities' authority in this whole thing? Davis explained Metro Cities is not an authority but they do advise Met Council on policy procedures. Voss stated so it's still Met Council's decision. Davis concurred it's still Met Council's decision but they do follow Metro Cities' advice and their recommendation.

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Voss asked so it's not Metro Cities' 'weak back' it's MCES 'weak back.' Davis responded correct. And the thing on this, there's 108 cities within the Met Council Sewer Program and there's 107 that say yeah we recognize you got a problem but we're not going to increase our costs to help you.

Voss stated my issue with this whole thing, they recognize, I mean they're taking the plant expansion costs out of this. But yet they're not changing the SAC goals. To me that doesn't, maybe I'm missing something here, but that 2,280, that's the point where they need to expand so why shouldn't our SAC goals be that number? Davis stated because we won't reach anywhere near those SAC goals before that \$2 million debt capacity kicks in. And if we do, we're going to be ahead of the game. The reason they don't want to change that is they said they're going to have to go back and amend their Water Resources Plan if they change those SAC goals and growth projections. That's one thing they'd like to avoid.

Voss asked what is the net effect of us on those two numbers on the SAC goals? Davis asked as far as cost goes? Voss stated costs, yeah. Davis stated well if you just use an average of \$3,000 per connection for Met Council's share and multiply that by the numbers, you're looking at what, \$15 million as opposed to \$6.6 million.

Ronning stated \$19,314,100 compared to \$5,460,350. If I may comment on, you can't drop this thing. You can't even imply accepting. The only way we can finish this is if the mood is there now, it's going to be gone tomorrow. That's the way negotiations go, 'Well, you had your chance.' Davis stated yup.

Ronning stated, 'We wanted to work with you but you didn't come up with any more stuff.' That's just the way things go like that. So what do you do then? Well, let's keep the Agreement we have and then when we fail, you fail. And, make sure that everybody knows about it. That's what they're trying to avoid. Voss stated I think if history shows that Met Council's not a whole lot, they don't show a lot of concern on what people feel but Met Council. How they're formed, elected or not elected.

Ronning asked do they have five counties? Davis answered seven. Ronning asked seven met with them that one time? Voss stated it might be more eventually, in a year or two. Ronning stated they've had a lot of bad press. Davis stated that's the thing about it. Bad press to them is the norm. The thing about bad press is bad press, unless it's an on-going issue that affects a lot of people, it's only an instantaneous thing and it's forgotten about in 30 days.

Ronning stated sure. The other thing to think about is that for all we know, you know that we know that we agree we got a mess here. If we can't come to something, we won't have any choice other than to write the Governor and say we can't work with them on these grounds. That's the biggest threat they'll ever have. And you can't make just open threats, you got to be ready to do it, 'pull the trigger.'

Davis stated one interesting thing, and I didn't know this going in because part of my feelings were, you know, we'll try to work something out but if we can't then we'll keep the current Agreement and at the end if we can't renegotiate, then so be it. But, Met Council has the power where they can come in and they can assist any debt backed to property taxes. They said they've only done that one time. It's something they prefer not to do but they do have that option. If we wound up owing them a lot of money, theoretically, they can come back in and say, 'Okay, here's how we're going to recover it.' Is that an option? I don't know if it is or not. But it is an authority that they have.

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Voss stated to me, I'll try to simplify it. To me, I look at it and there's two concerns. One is the overall debt and then the second is the SAC rate, which we are already concerned that it's higher and noncompetitive with other communities. It's only going to get more

disproportionately higher at the rate it is right now. So the fact that we can get a flat rate increase that will eventually match urban rates so it makes us competitive in that nature of trying to bring in business. I mean, that's the good part of this. The not so good, to me, is that SAC goal, which is the overall debt.

Harrington stated there isn't enough room up there for 5,500. You can't get that many. There's not enough room. Davis stated the thing about the 5,500 is the reason it's kept in here under this latest proposal is not because they want us to meet that. It's because it's going to cause them more problems to try to change it and there's further ramifications in their other plans that they say would cause them a great deal of difficulty to amend. But, the way it's explained to me, if you'll go to the last attachment, it says East Bethel Proposal. It kind of summarizes, in their words, what both positions are. They do go down and say what East Bethel's reaction is. The City has expressed it does not like continuation of the Reserve Capacity Loan mechanism or continued to target 5,500 SAC units. Although having a trigger when the loan balance hits \$2 million helps.

Davis stated what I would propose, if this is something that we want to consider, that we actually spell out if the loan balance hits \$2 million, this is what we expect to negotiate. Voss stated yeah, don't wait until then to say, 'Here's what we're going to negotiate.' I mean, set the metrics now or what things we want changed.

Davis stated I think from our standpoint, there has to be some understanding of what we're looking for in terms of renegotiation. It can't be left open ended because of the uncertainty of the matter.

Voss stated I've got a question and it's a little 'off base' but I think it fits in this. These are East Bethel's numbers. These are East Bethel's goals. The 5,500 SAC units is the goals for the City of East Bethel. Met Council's got the vision of expanding the system regionally into Oak Grove and Ham Lake if Ham Lake ever gets their politics straightened out kind of thing. So if that ever happens, that doesn't count against our, we don't get credit for those SACs? Or we do? Davis stated we would get credit.

Voss asked if Ham Lake all of a sudden provided 1,000 SACs does that count against our 5,500? Davis answered if we extend the system into Ham Lake, let's say we extend the system to serve the area north of Crosstown, between Crosstown and East Bethel. We would get those SAC units. Voss asked that's for sure? Davis responded that's correct.

Voss stated so the way we're looking at it right now, we think it's unrealistic or maybe impossible to get 5,500 within the City of East Bethel. Davis answered yes, that's correct. Voss stated but if it was expanded to Oak Grove, like they've talked about, or Ham Lake. Davis stated yes and I think we all recognize that expansion into Oak Grove is probably going to be very questionable because they're not looking at trying to achieve urban growth rates. There is one area that's designated for municipal utility services but to extend that over there, I don't think the SAC rates would even pay for the extension costs. Our hope of extending this system really relies going south into Ham Lake to viably extend it.

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Voss stated I'm not saying I want to do that, we need to build our own business first. Davis stated yeah, and that creates another set of problems too from an operational standpoint. If we extend it into Ham Lake, who owns the lines? Who maintains them? Voss stated I just want to make sure if that ever happens, that we get the SACs. Davis stated yes, we get the SACs.

Ronning asked where would the cost that gets to Oak Grove go? As it is now, it would have to be something down Viking. Voss stated I don't think that's ever going to happen. Davis stated no, I don't think. Ronning stated it's ten miles just to get there. Voss stated it's not that far. Koller stated it's only a few miles. Voss stated they don't even want it.

Ronning asked but what's there? What is there to hook up to? Voss stated their plan was basically 400 acres of high density. Ronning asked if we went towards Oak Grove, what would the cost for the return be? Davis stated you couldn't financially justify it because the cost of extending the service would not equal what we'd gain back in terms of revenue.

Voss stated it's the same problem we'd have with trying to get to Coon Lake Beach. It's going cost too much to get there. Davis stated yeah. Koller stated they could really use it there but it just can't be done.

Voss stated Ham Lake, there's how many acres in that right south (*inaudible*)? Davis stated there's 400 acres and probably, maybe 250 of it's developable, so it's a prime piece of property that will be probably be needing services at some point.

Davis stated but getting back to this last attachment, East Bethel Proposal. On the last page there's two charts. The chart on the right shows SAC units, which is under the current contract. The last column says 'Thrive 2040' and that's the forecast that Met Council has for growth. So based on that forecast, we will have achieved like 150-190-230, 300 or 400 SAC units by 2023 and that's when that renegotiation would kick in and trigger. The other column is the current contract, what we're expected to meet annually in terms of those goals. By Met Council's offer on this, and some of the information they provided, they are acknowledging that the financial architecture of this project is not going to work.

Voss asked Jack, are these accumulative? Davis stated no, no, they're annual. The accumulative total's down at the bottom. You have both columns, that's where you get the 5,500 and the 2,120 according to that.

Davis stated so to me, if we can establish some kind of reasonable expectations as what would happen with renegotiations along with the flat increase in the SAC rate, this is a whole lot better deal than what we currently have and it's probably the best offer that can be made on the table in relation to the fact that we're having to deal with 107 other cities in their input to Met Council on how they want them to react to this request.

Voss stated let me get this straight, our current contract based on Met Council projections from ten years ago, or whatever it was, and now their current projections are half that. Davis stated actually, our current contract, the 5,500 is probably reverse engineering. It's based on what they had to do to recover their costs. That was not based on any real projections as far as population goes.

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Voss asked where did the number come from? Davis stated 5,500, that's what it takes. That's what the Met Council calculated with the SAC charges. We talked to several people there. They were given some conditions, develop a situation in which we can come up with a way to show that this can be paid off.

Voss stated so if I understand this right, now they're saying realistically, could I use that term, that the SACs are going to be half of that but yet they're not willing to negotiate over

the SAC goals. Is that fair? Davis stated yeah, they say they won't reduce it. The 2,280 SAC goal is the reason that number was picked. That's the point where plant expansion is going to be required. So, the 'magic' number in the 5,500 is that's the number it takes based on the average cost of those SAC units over the period of years to recover their net present value of their investment.

Davis explained it's not based on population projections or growth projections. It's just a schedule that was set up to amortize the project. They say, and again we requested, you know even with this last project, can you take those SAC goals down to the 2,280? It just makes sense. And they said no because if we do that it requires a revision to their Water Resources Plan. To do that, if they revise it, they have to go through all the machinations of public hearings.

Voss asked anything below the 5,500 they'll have to do that? Davis stated yeah. If they do anything to adjust those goals, that's what they told me. And, they say what's going to be our protection and that is the cap on the Reserve Capacity Loan. If we have 5,500 SAC goals, that's part of the Reserve Capacity Loan Program. But if the Reserve Capacity Loan is capped at \$2 million, then at that point that's when the renegotiations start. From what we've been told, the way that would probably work, and I say 'probably' because there's still some uncertainty there because nobody knows who is going to be there, who we're going to be dealing with, is they would probably say, 'Okay, you pay off the loan at whatever interest rate, they said a low interest rate, and then we'll look at freezing your SAC rates until the urban rate catches up with what you're paying now.'

Davis stated to me, if we can come out of this and only owe \$2 million, we can find a way to amortize that. Then we go back to the urban rates and eliminate the flow charges. But, we're going to be under this kind of 'cloud' of uncertainty though for five or six, seven years. The flip side of it is that we're going to be under a worse 'cloud' if we don't do this because then we're going to be increasing our SAC rates at 4.9% per year, which in several years places a real uncompetitive advantage. We're probably going to have to look at subsidizing SAC rates to get businesses to come in here.

Voss stated as much as I appreciate that and as much as I appreciate the fact that we've reduced the over all potential exposure in cost, the thing about this whole assessment that bugs me is they agree to take away the \$8.5 million on demonstration costs. There's no reason why we should ever have had that. Davis agreed stating no, that should never have been in the Agreement.

Voss stated but I want to go a little further on that. To them, this project, I'll say it's more of an experiment, it's a demonstration project for them to show that they can do this. Technically, that has a broader impact on the regional water system. So I look at that as we may not pay for it, they didn't pay for it, so they're getting all that benefit. The region is getting that benefit including all these metro cities that say they don't want to invest in this thing. So, we're taking all the risk on it and they're not taking any risk and they get the benefit of showing this works. And, had it not been for this City doing this, they never would have done this. So, why aren't they budging? Why aren't they considering that in this whole scheme of things. That's worth millions of dollars.

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Davis stated they said their calculations of the demonstration costs value, the project is \$8.5 million, which is included in our current Agreement with them in that Reserve Capacity Loan Program. Voss asked that's the value of the demonstration costs? Davis answered

that's what they say it is, the value of the demonstration cost. That's of region-wide significance so they say they will exclude that. That's agreeable across the board, even to the Metro Cities group.

Voss stated but we were going to pay the \$8.5 million. It's in the Agreement, right? Davis stated that's correct. Yeah, that's what they had us set up in the existing Reserve Capacity Loan Program to pay that cost. It was our contention that we shouldn't have to pay it because it basically had no benefit to us. The benefit was region wide so they've agreed to exclude that cost. What's currently in this Reserve Capacity Loan cost is \$23.7 million. You take that out and it becomes \$15.4 million. What they claim they need to recover to make them whole was \$7.7 million. The difference between the \$7.7 million and \$15.4 million are reserve capacity costs.

Davis stated they have agreed to exclude the demonstration costs from how they're calculating our costs for the Reserve Capacity Loan Plan. Voss stated I'm just not following this because they're calling it 'cost' but to me it's a value. Davis stated it is a value. As part of the cost for the whole project, they've assigned a value to it. So, what they're looking to recover in this Reserve Capacity Loan Program that they have, is \$23 million to \$24 million.

Davis explained now they are saying, and they agree, that East Bethel should not have to pay the value or that demonstration cost portion of it, which they value and calculate at \$8.5 million.

Voss asked how did they come up with that? Davis explained they didn't go through all their determinations on how they calculated that. Ronning asked how they calculated what? Davis responded the demonstration costs. Voss stated which is the value. It's really not a cost. Davis stated no, but they built that into this because this is one way, I think, they use to justify the project. When they're selling it to their people, 'Okay, it's going to benefit East Bethel but also it's going to have this demonstration value that we can claim.'

Voss stated it's not benefiting East Bethel, it's benefiting the region. It could have gone to surface discharge. That wouldn't have been hard to do. Davis agreed and stated it doesn't benefit East Bethel. I don't know if we could or not because we'd have to probably go to the Rum and even gotten a permit to discharge to the Rum. We're six miles from the Rum. Voss stated it was Met Council's idea to come up with the infiltration stuff. We could have gone to the Rum with it. It would have taken a while but we could have done surface discharge. We've got tributaries right there, it goes right by the plant.

Davis stated the only thing about discharging to Crooked Brook is the degree of treatment that would be required to discharge in the stream that has that slow flow volume. Voss stated yeah, we'd have to have tertiary treatment.

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Ronning stated here's what we're dealing with, if I may. This is  $\frac{3}{4}$  mile by  $\frac{3}{4}$  mile,  $1\frac{1}{2}$  miles long, so it's  $1\frac{1}{2}$  times  $1\frac{1}{2}$ . That's 2.25 square miles, 1,448 acres. Let's say this is North Dakota, you've got complete virgin ground. All good, all buildable. 5,500 SACs into 1440 gives you 3.8194444 per acre or 11,404.8 square feet which is 106 by 106 with no roads, no parking lots, no anything, just square lots.

Voss asked what are the numbers? It's 12 square miles. Ronning stated no this is  $2\frac{1}{4}$ . Voss stated no, it's 12 square miles a quarter. Ronning stated we're not there. We're in

Phase 1. Voss stated these goals are for the entire project. Ronning stated I don't think they are. Are they? Davis answered those goals are for what it takes to amortize the debt that we owe Met Council currently. Now if we expand outside of the current service area, we can definitely do that to do it. But, then our costs are going to go up too. But that doesn't have anything to do with Met Council's costs. That would have to do with our bonding cost.

Ronning stated but the facts are we're still dealing with 2¼ square miles. Voss asked and they give 5,500 SAC units? Ronning answered yeah. The total was 19,000 for the 12 square miles for the population of 56,000 some odd people. So you get 106 by 106 and then come back to reality, it is all built. It's developed, it's built not as much as you can but quite a bit and what isn't built is mostly wetland. So, they're trying to get off cheap and they would be getting off cheap. Postpone it for ten years or something, any leverage you had is already baked into the mess.

Davis stated again, as I stated, they acknowledge the fact too that this doesn't satisfy what we proposed. I outlined what our proposals were to eliminate the Reserve Capacity Loan, to treat us like everybody else in the system. We pay the urban rates. We pay the same flow charges. We don't have any SAC goals to meet. This is the offer that they've come up with after six months of discussion and many, many different considerations. There's limits that they can do. We don't have to accept this. It's, again, a much better offer, a much better situation than we currently have. We can always come back to them and say, 'No, this is not acceptable. Here's what we've got to have.' I don't think we're going to go much further with them on anything so this is what we're discussing tonight and trying to get direction on.

Voss stated just say for a moment that we agree and accept their proposal. There's nothing to stop us two years from now going back to try to renegotiate this again, is there? Davis stated I would think if we did that, they'd be highly reluctant to reopen negotiations. Voss asked we're the ones that started this, right? Davis stated yes, that's correct.

Ronning stated and their proposal, the last paragraph or two, is kind of like what OGC at Ford calls a 'zipper clause.' Once it's zipped, it stays. It doesn't open again. Voss stated any contract's that way. I mean, there's nothing that says you can't renegotiate any contract. As long as both parties are agreeing to renegotiate. Who has the leverage to do it, you know?

Voss stated to me, part of the reason why they're willing to do this is they see the potential, particularly in that plant. I remember when we did that tour with them, Bill talked about the fact this is a great demonstration project to show we're addressing the region's water resources by doing this recharge. Well if this thing fails, they have nothing to demonstrate. Now they fail. That's why I'm a little perturbed about what they're assigning as a value for a demonstration. \$8 million is nothing to the Met Council.

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Ronning stated if you drop the SAC to 2,120, it goes down to 172 feet by 172 feet of perfect virgin land. Davis stated the only way to make this work within the current service area is to extend it into Ham Lake and achieve those numbers. Even with the 2,000 units.

Voss stated I thought we just said if we're expanding the service area. Davis stated but if we expand it into Ham Lake, that's based on the assumption they will pay the expansion cost. The problem that we have, let's say we had a development at Sims and 65. We do

have the capacity to connect them to sewer now. But just to develop the water, if we had to develop a water system there and a small gravity sewer system, the water tank we currently have at \$1.4 million, the treatment plant was about \$2 million. Voss stated that's because we have plans for a tower right by the landfill. Davis stated if we did a couple wells, we'd be looking at \$5 million or \$6 million just in water service for that area. The problem is with our current City SAC and WAC structure, we're charging \$5,600 per unit. We'd have to have 1,000 units just to generate even close to what it would cost to pay for the water system.

Voss asked so you're saying, Jack, with this proposal with the way we're going, we're going to have to get into Ham Lake? Ronning stated somebody's going to 'squeal' one way or the other and that won't fix it. That would help but that won't fix things. The other thing, I was in one meeting January 18<sup>th</sup> or something last year and tried to get them to understand you forgave what, about 17 or something ERUs? They had like 27 and went down to what, 13 or something?

Davis stated they didn't actually forgive them. The theater reduced their seats. Ronning asked by how many? How many ERUs? Davis answered 600 seats. Ronning asked how many ERUs. Davis answered 6. It went down from 17 to 11. Ronning stated I thought it started higher than that but say there's 6. They won't call it forgiven. Davis stated I'm sorry, it went down from 23 to 17. Ronning stated okay 6.

Ronning stated they won't accept that they forgave it but they told them, 'You don't have to do it.' To me, that's forgiveness. They did something to make it happen that way but they didn't say, 'Well, that's the plans based on what we have for numbers here.' We have no input if they adjust something, else again. We have no input. We have no vote. We have no voice. This is a rigged deal so bad. They can change the target just by moving something from one place and say, 'Well, you got it on the back end now.'

Voss stated I think we should patent the whole system so no one in the whole region can have a system like this. Then we get revenue off selling the patent. That's what's happening. You know 10, 20 years from now, this is what Met Council's going to be doing as the Twin Cities expands. They're not going to expand the pipe. They're going to do this because there's such a concern on ground water use, especially when you get out because the Mississippi is too far away to draw from that they're going to go to stuff like this. It's that \$8.5 million number I have is they're putting a value on the demonstration that I have an issue with.

Ronning stated Blaine still has growth capacity for roughly 20,000 people and the way it is right now, according to Dave, he's the superintendent at New Brighton, one of the reasons they can't hook people like us up is because Pigs Eye is at capacity. They don't have room to expand their existing system. Voss stated that's why we're having regional systems. Why they're letting Blaine do it, I don't know. Ronning stated that's a tough thing.

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Davis stated here's another consideration that we didn't really discuss with them and I want to make sure we vetted it, is we asked Met Council, 'How much do we owe you?' And, they say, 'Why don't we say we'll just pay you off?' And, how would we pay them off? Of course, we'd have to levy for it. But that may be cheaper than some of these other alternatives too.

Koller stated it would be nice to just. Voss asked can we bond for that much? Davis stated

we looked at if we paid \$7.7 million off, we would have to increase our levy by \$400,000 some a year for the next 20 years. But we could start, actually, lower and then ratchet the payments up as we go along. There's a lot of different ways to do that. That's something we'd have to run through all the numbers to see but that may be something we want to discuss.

Voss stated it's going to take a lot of stumbling to do something like that though. You could threaten them for that because then they lose out on a lot of stuff if we try to finance this.

Ronning stated one of the points I said is we have shared responsibility here and they accepted that at the time. If they do now or not, I don't know. But you're not sharing your 'pieces of pie.' Voss stated that's my point. The demonstration costs and the expansion costs. It's easy to see, it's a no brainer. They agreed with it first time we made a proposal. Right? That they eliminate the expansion and demonstration costs? Davis stated no, no. Our current Agreement includes, we're paying that. Voss stated not, but the first time you met with them to renegotiate? Davis stated yeah, that was pretty well agreed upon at the very first part of the meeting.

Voss stated in my experience, if they agree upon it that quickly, that's the no brainer stuff. I just wonder what would happen if we said at the beginning, 'Well, we're saying this should be excluded but we can only agree with the value you're putting on that demonstration costs.' Davis stated well, and we went back to them again and asked them to say, 'Okay, one of the things that we did is we extended the City forcemain to Whispering Aspens to decommission an old plant. And by doing so, we gave you the flow that you could operate your plant.' Had we not done that, they would have had to try to find a way to hook up Village Green because they didn't have enough flow to operate the plant. They currently are operating at very low flow conditions now. They had to actually go and modify the plant to even make it work. But we said since we extended this forcemain, this has regional significance too because you can connect the City of Bethel to it at some point. So they looked at that and said, 'You know, maybe but we can't include that as far as any reductions for your costs.' So, we've tried to work with them to increase the value of those demo costs so we can cut the other down but this is the final figure that they've come up with on that.

Ronning stated they'd agree these minutes are the extent they are, who was in the meetings and where are the minutes or notes from the meetings? Davis stated I can forward all those to you. Ronning asked do you have the minutes? Davis responded yes we do. Ronning stated that gives you some idea what the posturing is anyhow.

Voss stated these are, the meetings with MCES? Or, the meetings with Metro Cities? Davis stated we met with them concurrently. The MCES and Metro Cities were met with concurrently and they're not verbatim minutes, they're just kind of a summary of what was discussed. Ronning stated if that's what you got, that's what you got.

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Voss stated if I recall, Jack, in the discussions we had a few months ago, the Council staff was willing to go further than what Metro Cities would recommend. How far up staff level was that opinion? Was it just Jason? Davis stated the only person above Jason and Bryce is Lisa Thompson. She's the Division Manager. Voss asked did she give any indication? Davis stated Lisa was behind the scenes so Jason and Bryce reported to her and I'm sure she had input but we had no discussions with Lisa. Voss stated that's the politics that are driving it. Davis stated correct.

Ronning stated one of the reasons they do that is because the 'bigger guy' can come in and be the hero to make some settlement. If we really get down to it, I'll have to come in and do a little bit better deal. Voss stated it just comes down to they didn't give up anything. They gave the obvious. The art of negotiation is allowing you to agree with how I feel. Davis stated and we felt all along that they were trying to shape this outcome from the beginning. Even though at one point, back in January, they came up and said, 'Why don't we do away with the Reserve Capacity Loan?' And, we said, 'Exactly, that's what we've been trying to get across to you all along and reduce these SAC goals down to this.' Because we came up with three or four different things. If you'll look on, it won't be on your attachments but it will be in your agenda stuff, on the Reserve Capacity Loan, on the bottom there's several different tabs about different loan proposals.

Davis stated we showed how they could recover their \$7.7 million by going with the 2,280 SAC units and with that one \$850 difference between the urban SAC rate and what ours would be. The only difference was they would have to discount or lower their discount rate for what they were charging for their money. Then the final proposal we came up with showed that they would recover \$5.9 million. Again though, they further acknowledged after that, that they may not be able to recover all their \$7.7 million by capping the loan at \$2 million. And if anybody's confused, don't feel bad because this whole thing is so convoluted the way they constructed it. I think it was designed to be confusing, to be difficult to solve a problem.

Voss asked Jack, did, anywhere along these lines as far as we know, and I can appreciate Metro Cities not wanting them to be affected cost-wise because we'd be the same way. But if Met Council was to agree at the 2,280, what is the real effect on all these communities? Now you're talking about an area of what, four million people that are part of the metro waste system? Davis replied they said it would affect the urban rate by about \$30 a year. Voss repeated \$30 a year. Davis stated per unit. Voss stated and going back to the whole fact that this system is going to be, it's going to be how treatments will be done in the future, and this was done to hopefully show that it can be done, and that's not worth \$30 to every SAC unit around the cities? To show that hey, we're going to be able to sustain ourselves?

Ronning stated if there's 107, or 108? Davis responded 108 counting us. Ronning stated if there's 108 and we're one of the 108, we're the 'sacrificial lamb' to the 107. Voss stated yeah, we're doing this for the betterment of the Twin Cities. Ronning stated if it cost 50 cents and it got out that the entire community has to support us, they'll all drop their membership as fast as the phone rings.

Davis stated if you'll go back to this last attachment, the one that says East Bethel Proposal, and you'll go to the second page of it, it says MCES Reaction. It goes into the statement about the elimination of the \$8.5 million from the East Bethel cost pool for the demonstration cost. But, you go into the cons, it says MCES will probably not recover the Reserve Capacity portion of East Bethel's civic capital costs. Using this forecast, they'll have \$1.3 million of the \$7.7 million is recovered by 2023. That's not what I'm looking for though. They do acknowledge in this that as part of this proposal, and I think their term there may be some 'animosity' from the City of East Bethel, which we have expressed to them time and again that we need to make this equitable and we need to address these conditions that we outlined from the beginning.

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Davis stated one of the questions that came from the Metro Cities group to Met Council was, 'What will you do to make sure that this type of situation doesn't happen in the future?' So, they said, you know, they were going to require some more stringent standards for a project of demonstration. That was their response to that. On the cons, in the middle bullet point, it says, '*With the 2030 plan still used, the growth needed to avoid the loan seems unrealistic so the Reserve Capacity Loan will build quickly and the City will have to use other funding sources to make payments on it so some animosity with East Bethel might remain.*'

Davis stated we've said all along, you know, that there's a lot of points here that we need to get by before we can actually get approval or a buy-in from anything from our City Council. And, I expressed grave concerns to Mr. Willet when they came up with this latest proposal because it was kind of a retreat from some of our previous discussions that this would be something that would probably be hard to sell to our Council. His comment was, 'Well, it will also be a hard to sell to mine.'

Ronning stated they're sitting in a much worse position than we are. We've got all the debt but we're the one that can take their 'castle' down. Davis stated I really don't think we could. I think if we wanted to make a big 'stink' about this it might get some press but I think in 30 days it would be a forgotten issue.

Voss stated look how long they've been criticized for not being an elected body and still nothing ever changes. Koller agreed. Voss stated they don't care.

Davis stated if we were Minneapolis or St. Paul, yeah, then we would be a much bigger (*inaudible*). Voss stated there's power there, that's why. Davis stated yeah, and we're East Bethel, we're 11,000 people on the 'edge of the frontier' and we have almost no leverage here.

Ronning stated what this has to turn into is a personal interest story. That's what keeps them alive because there's a cause. Koller stated they don't care. Ronning stated the population, 'Well, boy, they're getting screwed.' Voss stated I don't think it's going to. Davis stated the thing about personal interest stories is they have a shelf life. Ronning stated yes. Davis stated after people read them one time, then the personal interest goes away. Now, if this were a light rail situation and it's involving cities that are 150,000 people in St. Paul, Minneapolis, yeah, it keeps going, it's got 'legs.' But, with us, we can make a big 'stink' and it may get a little attention but after a while, it's going to be forgotten. It's going to be yesterday's news.

Koller stated look at what a mess the light rail is. It's loosing \$2 million a month. Voss asked and what's Met Council doing? Building more. Koller agreed and stated adding more, they don't care. Ronning stated make it up in volume. Voss stated I think the only way we're going to get by this, further than this, is getting the powers that be at Met Council that listen to their staff and have some 'backbone' against their member communities. They've got to convince their member communities that this technology, this system, is a good thing for the region. That ain't going to happen.

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Davis stated let me ask this. If they would come back and say, 'Okay, we will revise those SAC goals.' Is the cap on that Reserve Capacity Loan at \$2 million, is that something that we could live with?

Voss stated right now it's a cap to open up negotiations. Davis agreed. Voss stated if they say they don't want to negotiate, so cap the \$2 million? Davis stated that's what I asked. If you saw that e-mail, I said what does that mean. Voss stated that means we'll 'open our ear' and listen to you is what I hear. Ronning stated we'll sit in the same room if you're nice.

Davis asked when we hit the \$2 million cap on the Reserve Capacity Loan, what will that look at in terms of renegotiation? Will the loan continue with no interest until further SAC amortize the amount? Would the loan come due? Would the loan be extended with interest? What other considerations to you see we'd be responsible for in terms of satisfying the loan amount. Well, the answer we got back was uncertainty. So, when I say can we live with the \$2 million cap, the \$2 million cap that would trigger negotiations would have to be specific in terms of what we're going to talk about. To me, if we reach that point and that's an indication to them that this thing is not going to succeed financially under the terms that they have arranged, then here's where the renegotiations would be. We either pay the loan off or the loan continues with no interest and we pay it off as we get SAC connections. I think we have to set those terms.

Ronning stated yeah, we have to have our target. As far as sharing the cost, their Wastewater Service Agreement between East Bethel and Met Council recitals paragraph 1, four or five words before that, *'The Council shall allocate current costs of operation, maintenance, and debt service (current costs) among and paid by all local government units which discharge wastewater directly or indirectly into the metropolitan disposal system.'* So, they already have agreement that they're going to spread the costs. But, there's another little catch in here that if somebody doesn't like it, we don't have to.

Voss stated you look at the comparison, forget about the demo costs or about the expansion costs because they knew that was wrong to start with. So, the only thing they've done is change the SAC increase mechanism from a percentage to a flat rate. In terms of Reserve Capacity Loan, the way it is stated right now is, 'We'll sit down and talk.' Because there's nothing agreed to. So, I just don't see they really, truly, gave up a whole lot. Because, their reasoning with the flat rate is they recognize we're going to be uncompetitive, which is going to hurt them. But, they don't care about us. It's going to hurt them. So that's the only reason they went to deal with the flat rate.

Ronning stated in this Agreement, paragraph 3, Pursuant to Minnesota Statutes 473.517(6), *'The Council may provide for the deferment of payment of all or part of the allocated costs pursuant to Minnesota Statutes 473.517(3), repayable with interest at the Council's average rate of borrowing.'* So, the language is in there to fight with, to argue. Davis stated that's what that Reserve Capacity Loan is. We're deferring our cost obligations to them. But, there, as the last sentence says, it's repayable with interest.

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Ronning stated I understand that. The allocated costs is everything they're putting on us. It isn't just the SAC stuff, it's everything. The cost of the plant. So, there's 'wobble room' in here but then it comes down, where does it say.

Davis stated one of the things that was a problem with them is they have a similar agreement with Elko/New Market. But, what we expressed to them is Elko/New Market and East Bethel's situation are as different as day and night. You can't compare the two situations. Elko/New Market had an existing treatment system. What they did, they were

discharging into, I forget what. Voss stated Vermillion, wasn't it. Davis agreed Vermillion, it was a trout stream so what they did, they built a discharge line of about 5 or 6 miles. But Elko/New Market had 700 or 800 customers already served by their system. So, Elko/New Market has 800 customers. We have 12. There's no comparison between the two issues.

Ronning stated I still say they twist the rules. If they forgave that obligation to that block of dedicated ERUs. They went down to what's the trailer park on 181<sup>st</sup>? Koller answered Village Green. Ronning stated they want to go in there and we don't get credit for anything. And there's a reason for it but you could have some sharing or something.

Voss stated you guys are kind of quiet. Ronning stated shock. What's the answer Brian? Mundle stated just kind of taking all this in. Davis stated this is a lot to digest and you know, this whole thing is complicated.

Voss stated we're not in a rush. We want to get this done but there's no timeframe on it? Davis stated there's really no timeframe on it. We can go back and say, 'Look, the City Council had this discussion. Here are areas where we have severe concerns.' And, see what we can do to address those.

Voss stated I was just going to suggest that let's put this off and have this discussion again next month. In the meantime, staff meet with them again and just, get down to these couple things. Koller stated feel them out. Voss stated to me it's the SAC goals and that reserve capacity. How it's dealt with.

Ronning stated from my experience, there comes a time when you have to meet with the decision maker instead of the 'baggage carriers.' And, the decision maker has to know and understand what kind of a mess this is and what the potential. Voss stated we've met with Lisa Williams before, it sounds so familiar. She's been there for a while, right? Davis stated yeah, she's been there for quite a while. Bill Moore was the previous head of that. She's probably been there for three or four years. Voss asked was she always with Met Council? Davis answered I think so. Voss stated I swear I've met her before. Davis stated she was at the Sewer Plant when we had the tour. Voss stated okay. Davis stated that was Lisa Thompson. Voss stated I thought it was Williams. Davis stated Thompson. Voss stated okay, I'm thinking of someone else. That was her? We had her in a room and could have 'pounded' her on this and I didn't know about it? Right in front of the Chair of the Met Council? Ronning stated she might have let you 'pound' her, but not on this.

Voss stated well, I did make a point that we needed to do something about it. I agree Tom, that it's not going to make any sense to meet with them if those decision makers aren't there. Ronning replied yup. Voss stated may be the chair should sit in on that too. Davis stated here's what this will eventually lead to. Once, if we can come up with something, then they've said that we would go to their Met Council Environmental Service Committee meeting and present this to their Council. So, those are the real decision makers.

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Voss stated I think there's two sets. One is to express straight on to Lisa Thompson and, like I said, even get Chair Duinick there too and say, 'Here's where our real concerns are. We're willing to go in front of the Environmental Committee but just so you hear it straight up.' The Committee's not going to do anything adverse to what the staff is going to really recommend. It's going to take a lot to do that.

Ronning stated ask them what's the schedule and how do we get on it. Davis stated all

we've got to do is say we want to. That's not a problem. Voss stated my point is if we don't have the support of their staff, you're not going to get anywhere. It's similar to us. If City staff is adamantly opposed to something, we're going to be hard pressed to push to get it done too. With any political body. So, you've got to convince staff. That's how we got this far was with the technical staff. The next step up is where we didn't make.

Davis stated and the purpose of this discussion is really to brief everyone as to what's transpired and where we are to date. This doesn't mean this is the end of it. I just wanted to have this meeting so we could lay all of the discussions out and show you what's been discussed and proposed and where Met Council is at this point.

Voss stated well, we should probably end this discussion now. It's getting later than we wanted. Honestly, the five of us, between Tom and I, we've dominated it. Is this, the three of you, is this something that you think we should accept and just move on? Should we keep working on it?

Harrington stated we should keep working on it. I just want to see the City get a fair proposal, something fair. It seems like the Met Council's got everything in their favor. Koller stated I'd agree with that. Harrington stated if it will happen I don't know. Koller stated read the papers, dealing with the Met Council. Voss stated that's the hard part of doing what we do. There's the emotion part of it and the reality part of it, what you can get done. Me personally, I don't think this is reality. I think they can still go further, find a way.

Ronning asked what else have they proposed? This is the first one? Davis stated no, we've gone through several and the basic things that we discussed, again as I said, we started out saying this Reserve Capacity Loan Program is not going to work for us. We can't pay these interest charges because we cannot meet these goals that you set. So, we acknowledge we need to pay you the SAC connections as we receive them to pay you back for your investment. But, it may take twice as long. So, you need to be cognizant of that fact and accept that because that's the situation that we're dealing with. And, also too, is that we feel that we need to be treated the same as the rest of your rate payers. We need to have the same SAC rates. We need to have the same flow charges. So that's what we went in and have held that from the initial discussions. However, we did say that it may be a consideration that if we alter the SAC goals to a more reasonable limit, and keep the SAC rates the same, and show you how you can recover your cost, that may be something we can consider. But then when we did that, then they said, 'No, we can't do that because you can't repay all that. We'd have to have a SAC rate that had a \$1,700 difference.' And, I said, 'No, that's not acceptable.' I said in all likelihood, even if we keep the other increment, the City would probably have to subsidize those rates to be competitive anyway. Anything above that would place us in a position where we just couldn't handle it. Voss stated that's something we could deal with as a City to off-set SAC rates to a certain extent.

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Ronning asked how many proposals have they discussed or presented? Voss stated we presented them right? They didn't present any? Davis stated well, we talked about, if you'll look at that one attachment that's got the Reserve Capacity Loan on it, at the bottom of the tab, you'll see Proposal 1, 2, 3, 4, 5, 6. It will be in your electronic packet. It's not in there. But those just show several of the things that we've discussed and several of the discussion items that have been up for debate among us and them. We haven't exhausted it. The permutations are infinite that you could go through on this. All we want to do is try to 'nail' some things down that we can hone in on and try to resolve.

Ronning stated we're going to have to come up with some kind of picture that we can live with. Add 5% or something and let them talk us down. Otherwise, you gotta do what you gotta do.

Davis stated one thing, and another reason I wanted to have this meeting too, is so we could kind of take not necessarily an official position but say, 'I've discussed this with our City Council and this latest proposal that you've advanced is really not favorable to us. We feel like we need to look at continuing these discussions because I don't think it will sell.'

Voss stated I don't know if I'd characterize it as being 'not favorable' to us because there's certainly a benefit to us. But, it's not a shared, we don't feel it's shared, you're not sharing the 'pain' on it. I'm still focused on the fact that they don't recognize the demonstration costs. Davis stated that's the other thing that we emphasized from the beginning too. Is that we're both 'tied to the hip' with this. If we succeed you succeed. If we don't succeed, you fail also. They're at least cognizant or recognize that fact in terms of a response whether it shows in this, it's not evident.

Ronning stated what we're asking for is 'peanuts' compared to \$1 million something a month for how many years on that rail. Voss stated I go back to the number you said, \$30, that's like, are you kidding me? I'm not saying go out, you know, we can meet half way. That's \$15. No one's going to make business decisions based on \$15 a SAC unit. Davis stated that's why we came up with kind of a compromise proposal here. Okay, we'll pay a little bit more on the SAC rate. This is something we can talk about but this Reserve Capacity Loan's got to go away, we've got to adjust these SAC goals down. When we do away with the Reserve Capacity Loan, the interest rate goes away. So, the SAC goals, once we meet this, we've satisfied our obligations. You collect these as we get them. Also, to exclude the cut-down on our flow charge. I understand they are going to get a certain part of their money back and we'll try to work with them to be fair, but that's why we came up with these alternate proposals and the last proposal is theirs. It's not ours.

Ronning asked the last proposal is what? Davis replied it's theirs. There are four columns. There's MCES proposal April 2015, which we just got here about a week ago. The middle two are the things where we, kind of in a range, where we discussed what our needs were and tried to address those.

Voss stated well, okay, well they threw this out. With the proposal on the SAC increase is \$100 per year. What happens if we increase that to \$300 per year? \$400 per year with the thought that as a City, if we need to, to spark economic development, we'll offset that. Either way, Met Council still gets that. Davis stated and that's why we talked about the other one. Because, what we could do to off set it. We could even, we've got \$5,600 that's a City SAC and WAC fee. We can lower that to off set whatever their increases are. Voss stated yeah, we've got tools to deal with that and who knows, the economic climate may change and we may not need to do that. So that's something that we can work with. But, we've got to get those SAC goals lowered.

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Ronning stated for informational only, not argumentative, the area we're dealing with is 2¼ square miles and the amount of pipe in the ground covers, possibly, 25% of what ground there is. I don't think it covers that much. But, that's the 'cards' we're playing with. So what they almost need to understand is, we've discussed what the costs are down to how much a square foot and it's impossible. It's just not possible and they're going to have to

realize it's not possible. Voss stated I think they recognize that. They say it's unreasonable, it's their goal, yet they're sticking by their number.

Davis stated they have made that admission. They have said the goals were unrealistic. Voss stated you can go to Lisa and say, 'You're okay with setting unrealistic goals in our City.' Put it in paper it's unrealistic goals. That's the Met Council's position? I think that's the point of attack. The point of attack is not the Environmental Committee. It's going to be the upper management. You've got to find a way to change their, and we've got to look like we're flexible too. That's why I'm suggesting maybe don't, I mean the SAC rate is something that I think we can work with. Ronning stated that's one of our rules in UAW, always be firm but flexible.

Voss stated so let's see if we can end this discussion. Are we in agreement to have staff go back, meet with Met Council again and try to work something out, and then circle back at the next Work Meeting? Koller stated I'll agree with that. Mundle and Harrington stated yeah. Ronning stated yeah, some, that has to happen.

Voss stated let me ask this, and I suggested it to Jack before, is Council adverse if I join Jack in some of those discussions? Ronning stated I was just going to ask if the Finance Committee goes, even if there's a 'muzzle.' But if it's you, that's *(recording ends here)*

## 6.0

### **Booster Day**

Council discussed various ways City Councilperson could participate in Booster Day Activities.

## 7.0

### **Adjourn**

**Harrington stated I'll make a motion to adjourn. Koller stated I'll second.** Voss stated any discussion? All in favor say aye?" **All in favor.** Voss stated opposed? Hearing none motion passes. **Motion passes unanimously.**

Meeting adjourned at 8:55\_ p.m.

Submitted by:

Carla Wirth

*TimeSaver Off Site Secretarial, Inc.*