

EAST BETHEL CITY COUNCIL WORK MEETING

September 5, 2012

The East Bethel City Council met on September 5, 2012 at 5:30 PM for a work meeting at City Hall.

MEMBERS PRESENT: Bob DeRoche Richard Lawrence Heidi Moegerle
Steve Voss

MEMBERS ABSENT: Bill Boyer

ALSO PRESENT: Jack Davis, City Administrator
Rita Pierce, Fiscal & Support Services Director
Nate Ayshford, Public Works Manager
Mark DuCharme, Fire Chief

Call to Order **The September 5, 2012 City Council work meeting was called to order by Mayor Lawrence at 5:30 PM.**

Adopt Agenda **Moegerle made a motion to adopt the September 5, 2012 City Council work meeting agenda. Voss seconded; all in favor, motion carries.**

2013
Proposed
Budget Davis explained that you have before you the budget that we have discussed that is in your budget workbook. We have previously reviewed about half your budget. The last part we looked at was the City Clerk budget.

Davis, "We will start on the Finance Department page 19." Moegerle, "This increase in salary represents what percent?" Davis, "It is 1.5%." Moegerle, "And that is across the board for everyone?" Davis, "That is correct." DeRoche "What about work comp insurance, PERA, cafeteria fund, how much does that go up?" Davis, "The same as the percentage of wages. In the finance department you see the increase in Medicare is \$100, deferred comp about \$30, \$400 in PERA, the cafeteria contribution remains the same and works comp insurance is \$40."

Davis, "The assessor's cost went up. We did seek RFPs for assessing services. We only got one RFP from Ken Tolzmann. We did check with Anoka County and they wanted based on parcel price was \$71,000. Council approved the \$51,700 contract with Ken Tolzmann. This is an additional \$1,700 to be added into the budget and it is noted in your write up for tonight."

Davis, "On page 23 Legal, these projections are running good and consistent; we do hope to realize a slight decrease next year." Moegerle, "Do we have any litigation outstanding where we are defendants? We just have enforcement actions?" Davis, "We don't have any court cases that we are defendants in. We have resolved GRE, OSI, and Lowell Friday, other than that there are no outstanding suits we are involved in." Moegerle, "When it comes to working on TIF Districts or Aggressive Hydraulics, where do the legal fees for that end up in the budget?" Davis, "Those legal fees get charged to this budget, but then we receive money back from them that goes to the general fund. Charged to the project owners." Moegerle, "Could be that some gets paid in 2012 and reimbursed in 2013?" Davis, "Yes."

Davis, "We still maintained a budget under Human Resources and kept approximately \$3,000 under professional services fees. Those are things we may need to consult on from

time to time. Resulting in various benefit or legal type of questions in regard to employees.” Moegerle, “In regard to the Safe Assure program, isn’t that something that Council Member Boyer brought up last year that might be available through the State? Might be some cost savings?” Davis, “I remember him making the comment. We have been handling the safety training in house through the Fire Chief, but we are going to contact Safe Assure to see if we can possibly get back in that group.”

Moegerle, “Under the City Planner budget, does the salary amount cover what we anticipate the new community development/city planner will be making?” Davis, “We checked and average salary is \$60,000-70,000 for a city planner and a community development director is making \$85,000-105,000.” DeRoche, “Plus benefits. I would wonder why someone making that type of salary would want to leave their current position.” Davis, “That is a good question. Might see it as a challenge. That is personal question I don’t have an answer for.” Moegerle, “Item 431, when is that vehicle scheduled to come on-line?” Davis, “We have no real schedule for it. When it is needed.” Moegerle, “I wondered if we knocked off \$250 here, everything helps.” Pierce, “The time of buying that vehicle has come and gone. The concern is when that vehicle is needed, getting it back into the budget.” Moegerle, “This was reduced from last year?” Davis, “Yes, \$1,500 from last year. We haven’t purchased a vehicle because we don’t need it now.” DeRoche, “I think that is something you have to keep in there. At some point you have to quit cutting everything out or what kind of service are you going to provide.” Davis, “At some point we are talking about someone that will be doing more community development director type of duties and then a vehicle will be needed.”

Davis, “On Page 30, a 3% reduction.” Moegerle, “Have we finally solved the issue with the heat and air with this building? Because at the LMC conference Honeywell was there and they said, “We will fix those things in exchange for the money you save on your utility bills.” So, it becomes a wash.” DeRoche, “I know we had the contractor here working over and over. If they are doing the job right, why did they have to keep coming back?” Davis, “We had them here for quite a while because they were finding all these additional problems. There were so many issues with this system. They were troubleshooting work on old system. There were problems with initial design and construction.” DeRoche, “The problems have gone on for a while. It is not just this last year.”

Davis, “On page 32 is the police budget. 0% increase. It is actually \$2,000 higher than last year, which is due to a clause in the contract for fuel adjustment prices. But there is no other increase because of the cut in hours an extra squad car wasn’t purchased.” Lawrence, “Have we had any comments about our coverage from the residents?” Davis, “We haven’t had any complaints about the coverage. And the crime statistics we received show some slight increases in some categories, but I don’t think they are related to the patrol hours we have. Most everybody is fairly complimentary of the sheriff’s service. They are very responsive of anything we ask them to do. One factor that is to our benefit that we contract with them directly. It does give us a lot more control over what services we get.” DeRoche, “Did we ever get a breakdown of the calls that are actually in East Bethel, or where our guys go to Ham Lake or Linwood or other cities. Because if the other cities cut their coverage, they are going to have to draw from us because we have the police, correct?” Davis, “According to Lt. Orlando that is not necessarily true. In any major call if there is a need, they are going to respond. The last two accidents that happened on 65 the majority of the cars were Ham Lake cars that responded.” Voss, “If it is an emergency, the closest car responds. If all the cities had a tremendous amount of coverage and there is an emergency, they are going.” Davis, “Ham Lake and East Bethel have the same amount of coverage. Oak Grove has more than they ever had, went up 4 hours. Linwood doesn’t have to contract for anything because they

are a township, but they do contract for 8 hours. Only the cities are required to contract for hours.”

Davis, “On page 39, fire department budget. That does reflect request for fire pension contribution by the city of \$17,500. And represents a 0%, dollar increase of \$2,000.” Moegerle, “What is the number for the contribution?” DuCharme, “127 is the municipal contribution for pension fund that the relief association is requesting.” Moegerle, “And when do we normally have that presented to us for approval. Or does that just get stuck in the budget and that is how it gets approved?” Davis, “Troy Lachinski was here at our first work session and made that presentation.” Moegerle, “Right, so he wanted us to pass it through the budget, not through a separate resolution?” DuCharme, “That is the way it has been done in the past.”

DeRoche, “One question I am asked is a call goes out and 6 people show up and you needed 3. What happens to the other 3 do they go home or do they sit around and get paid?” DuCharme, “They will be at the station. And there are usually things that they can get started like the report. And whatever other maintenance that goes on. With a paid on call fire department you can’t guarantee how many people are going to show up at a time. We run an average of about 9 people per call. It has been pretty steady for the past 5 years. I talked to Ham Lake yesterday and they average about twelve. The other issue is how long does that truck sit there and wait for them to show up. We sit and wait 30-45 seconds and then leave with the crew.” DeRoche, “If you have 9 show up and you need 3, do the other 6 sit around?” DuCharme, “No, a medical a full crew would be 5 people, so they take 2 to 5 people on board.” Moegerle, “On the narrative for 309, Information Systems, \$2,141, could you give us some background on what this is? That is what was budgeted in 2012 and we didn’t budget for it in 2013.” Warren, “I think we found that this wasn’t needed. So, we took this out of the budget.”

DeRoche, “What kind of equipment are we looking to replace for \$115,000?” DuCharme, “That is our annual contribution to the capital replacement fund. That \$600,000 comes out of that fund.” Lawrence “What is the next big ticket item coming up?” DuCharme, “I know the boat is on that schedule. We are not going to replace that boat. Probably something we need to take a look at.” DeRoche, “If the boat runs and motor runs, we need to look at that.” DuCharme, “2014 has the rescue boat in the plan. The boat came from the DNR 8 or 9 years ago and it doesn’t have a lot of hours on it. When time comes to do something with the boat it should be downsized.” Davis, “Even though something is on the equipment replacement schedule, if it is still operational, still serviceable, we will still squeeze some years out of it. But we still want to maintain a fund, so we can replace items when we need to.” Moegerle, “What is the balance in this fund?” Pierce, “On page 120 and 121 is the schedule for replacing equipment for all the years. Right now we have 1.8 million.” Moegerle, “And after we pay for the trucks that are coming?” Davis, “That is \$660,000 for the trucks.” Moegerle, “If we took 5 or 10% out across the board, would that really mess up our planning? Is that something we should talk to Ehlers about?” Pierce, “Some of these are fully funded like Planning and Building. But Fire isn’t. We try to make sure they are still in line. You could reduce it, but you don’t want to reduce it for very long.” Davis, “If you have to reduce it, do as a last resort thing to reduce, because once you reduce it, it is very hard to catch up again.” Lawrence, “If there was a need for something else in the Fire Department, could we transfer the money for that?” Pierce, “With Council approval? Sure. Even borrowing with Council approval is fine. With the exception of bond funds.”

Davis, “Building Inspection, we have a full time building official and inspector funded for 2013. Oak Grove is interested in contracting with East Bethel for services. That could

possibly produce revenue of \$40,000 to \$50,000 a year. Just because there isn't a lot of permits for new construction, there is a lot of work going on. Code enforcement and little projects." Moegerle, "What can we do with septic inspection pumping and compliance. What can we do with an ordinance to get reimbursed for this?" Davis, "I am sure there are examples out there of what we can do for this. We have about 4300 septic systems to monitor. That in and of itself takes up a lot of time. There are a number of things we can do to make sure they are in compliance. But that takes up a lot of staff time."

Moegerle, "We have had a discussion about getting reimbursed for runs for medical services or fires. How good are we at getting reimbursed?" DuCharme, "Currently we don't charge for medicals. I do believe the city of Nowthen charges. And I think they charge somewhere between \$55-75 a call. On the collection end, it is running in the 50-60% range. It is always the information you get. When we have a car wreck getting the information is the hardest part. The record management that county is going to put into place is going to make this easier. As of right now, everything is done manually. We are pretty current right now." DeRoche, "On the scene is not a place to do that for a medical or car crash." Moegerle, "Can you get us the ordinance that Nowthen uses to do that." Davis, "A lot of communities that do that actually use a third party to do the billing and collection." DuCharme, "Currently we do not charge for fire calls." Moegerle, "What is the policy behind that?" Voss, "We had a long discussion behind that. It took us 6 months to get through it. It came down to community values, this is what we have public service for, and we pay for. And for medicals we didn't want our residents to be discouraged to call for it. We knew if they knew they were going to get billed for it, it might limit them. Twenty dollars is enough to limit them to call for it." DuCharme, "The State of Minnesota may limit what we can charge for a medical call." Voss, "A lot of medical and fires are residents where accidents aren't." Lawrence, "Rule of thumb that Fridley uses was if there was smoke, it was covered." Moegerle, "I understand that and the policy. But, when we are looking at a \$200,000 shortfall for infrastructure they aren't going to use, residents might want to pay for this than for not using the other services."

Davis, "On page 45 the city engineer budget. It is proposed at \$48,000 and the same fee for this service for past five years. We have never exceeded that. This is one area that could possibly be reduced a couple thousand dollars. We only use what we pay for."

Davis, "On page 51 is Park Maintenance budget, under this proposal a 1% reduction for 2013" DeRoche, "Where did the \$16,700 come up for replacement equipment come from. Is this just a standard?" Davis, "That is based on what the projected equipment needs are." Moegerle, "Item 384, did we pump a different set of utilities this year? In here it says it is Booster East and West Parks." Davis, "We pump every three years." Ayshford, "They were pumped this year." Moegerle, "Is this as lean as you can make it?" Ayshford, "It is pretty lean, we always come in under budget." Davis, "Nate made a very important point there. Last year all departments came in under budget. Applaud staff for being a steward of what they are managing. Funds that come in under budget roll back into the general fund. Creates a cushion for us to take care of these other needs. Right now our margin is 50% and we are on target to not have any anticipated over runs in any budget." DeRoche, "I don't want to get in the habit that if you don't spend it we will just cut it, because there may be that need the next year." Davis, "I think if you had people that came up at the end of the year that had \$10,000 left in my budget and bought 1000 pens. We don't do that, if the money is not needed, we don't spend it." DeRoche, "Like it or not, there is only so much you can cut out of a budget." Moegerle, "Parks is a part of community development." Davis, "There are several parks that we could cut back on maintenance and let them be known as natural areas. If you want to get rid of it, it goes back to the developer or the

owner. We are looking at things to cut down on maintenance.”

Lawrence, “Do you always need a 4 x 4 pickup?” Ayshford, “The last two we bought were 2 x 2’s.” Lawrence, “In 2014 you have a 4 x 4 pickup budgeted.” Ayshford, “We are replacing one we have. In the winter sometimes we have to drive in the parks.” Davis, “It is listed under parks, but it is used for roads too. It is an all-purpose vehicle.” DeRoche, “The John Deere tractor, sweeps, tiller, disks, etc.” Ayshford, “The only thing we need is the loader portion of it. The one that runs the roadside mower. The ditch mower attachment.” DeRoche, “When we do these tractors do we check with the different dealers?” Ayshford, “A lot of them are on the state contracts so we can get the price right there.” DeRoche, “A lot of them have the name on them, but there are only a few people making them now. I don’t want to get into buying the name.” Ayshford, “John Deere has a local distributor in Isanti so we can get parts. That is helpful.”

Davis, “On page 57, street maintenance, this increased the most 3%. The increase was material prices. The cost of oil, it is important that we keep the maintenance of our streets the best we can. Once you get behind it is difficult to catch up.” DeRoche, “What did we ever do with the extra plow truck?” Ayshford, “We ran it last year and the year before.” Davis, “This is probably the last year we can run it without incurring a lot of costs for maintenance.” Ayshford, “It is in 2013 for replacement.”

Moegerle, “Where are the costs for clean up days? The dumpsters?” Davis, “The two dumpsters are not paid out of the grant.” Moegerle, “At the beach it was paid for by the Community Center, and then we started paying for it. They just got that grant?” DeRoche, “The grant got kicked back.” Moegerle, “Are we going to keep that, should we cycle that through the community rather than just Coon Lake Beach? Go to Village Green and Castle Towers?” Davis, “I don’t know if you took it to Village Green or Castle Towers if you would have enough people to support it there. It would be more of a garbage collection thing than recycling.” Moegerle, “It is the two dumpsters.” Davis, “It is always something we can look at. If the Community Center can afford it, then they should take care of it. The recycling we do down there that we can pay for out of the grant, should still be done down there.” Voss, “Part of the reason to have the second recycling day is to have it for those that can’t get to the first one.”

Davis, “Civic Events, page 60. In the previous budget we included fireworks for Booster Day. This budget has \$0 for fireworks. I know there had been discussion about reconsidering that.” DeRoche, “I think that is something that we have to have.” Voss, “Why did staff pull that out?” Davis, “It was reduced last year and then again this year.” Moegerle, “Here is my concern and how it was explained to me from staff. “Gee, here you are with fireworks for recreation and days past they didn’t get a raise.” That is one point of view.” DeRoche, “From a community standpoint, I was here most of the day and they were from all over the place and came up to do whatever and watch the fireworks. If that is the draw to get people up here. That is all East Bethel has is Booster Days.” Moegerle, “I am not in favor of putting it back. The EDA can do something. We still haven’t gotten a report from Booster Days. I know what I observed at Booster Days. It depends on what happens to Booster Days. It was largely seniors and after the parade most people left. The fireworks might be one way, but I think it is more important to get people there during the day.” DeRoche, “But if you don’t get people there at all. There were a lot of people there that night, between the dance and the fireworks.” Moegerle, “How many people were there from Coon Lake Beach?” DeRoche, “Quite a few?” Voss asked Warren, how did the committee make up for the cut in the budget this year? Davis, “The other \$2,500 came from the Booster Day funds.” Moegerle, “By having it supported by people that attended, that is

called civic engagement. Raise the funds. If you give people something they don't appreciate it as much as if they get it themselves." DeRoche, "\$2,500? We couldn't even get a billboard up for that much." Lawrence, "Leave it in the general budget and have the EDA help out with more if they need it." Voss, "I would like this maintained at the level we had it this past year and recognize this is our one civic celebration. Granted not everyone that goes to the parade is going to want to come back for the fireworks. It would affect the draw for the dance as well. There is a risk that Booster Days isn't going to be able to afford fireworks if we pull this contribution. This is money they get from soliciting our businesses and others. All it is doing is taking away from being able to do other things." Moegerle, "Then I think it should come from the EDA budget." Voss, "Fine, take it from EDA." Lawrence and DeRoche, "Leave it where it is at." Moegerle, "There were a lot of staff members at Booster Day." DeRoche, "It is for people in the city."

Davis, "Risk Management on page 62. Essentially a list of our insurance costs. They are going down 1%, which is remarkable in today's time."

Davis, "On page 65 Central services and supplies, which is supplies for city buildings and information services. This is projected to go up 4%. There are a couple things we might want to look at postponing in this budget such as the scanner for laser fiche. I don't know that we are going to have the personnel to devote to this to get it done. We would probably have to hire some people part time to do it." Moegerle, "One of the things they had at the LMC Conference was developmentally disabled people who are available to do that and love to do that. Are developers looking for this?" Davis, "I don't think for developers it makes a lot of difference at this time. It is just getting your records scanned where you can use them at this time. It is just getting the manpower to do it and then we would have to supervise them. I would rather wait another year to embark on this project."

Davis, "On page 67 transfers are listed. From general fund. Contingency, \$46,000 from last year sheriff budget and \$40,000 from this year." Lawrence, "Contingency money in reserve waiting." Davis, "Yes, unobligated."

Davis, "On page 71 Recycling budget, the recycling program is paid exclusively by county grant and any recycling we redeem. Biggest expense is what we pay the Lions Club and they do it much cheaper than what we could do paying City staff and they do a good job." DeRoche, "What type of hazardous material do we deal with?" Davis, "People have a tendency to drop things off at that building that are not cardboard, tin, etc. Part of it was things we did with those fuel tanks. The old tanks that were contaminated. We had those sealed. That is part of the cost for this year, also an eligible grant cost." Voss, "What do you mean by sealed." Ayshford explained the process. Voss asked do we have plans to remove those eventually? Ayshford, "There are concerns with what the soil is going to look like when we remove it." Voss, "It is better to remove them. It is 90% reimbursable to have them removed." Ayshford, "We had the soils sampled; there were no PCBs in the soil. But there were some fuels."

Davis, "On page 74, is the budget for HRA." Moegerle, "We still have \$800,000?" Davis, "Yes, we still have \$800,000+." Moegerle, "If the building official could come up with some ordinances about cleaning up the septic in the City through enforcement and grants and interfund loans, we do need to get on this." Davis, "We do have a significant amount of money in there to address those needs." Lawrence, "HRA, 331 travel expenses and mileage and meal reimbursements?" Davis, "That is in there just in case this should arise, \$100."

Davis, "On page 78, the SAFER Grant. This is the last year we will have the SAFER Grant, 2013. I think we can reapply for it, but chances of getting it are not good." DuCharme,

“There is no doubt the FEMA grant the fire service that we have been using are starting to dwindle down. Just got this information, Anoka County Fire Departments have started a Fire Academy and that was funded by the federal government. So we don’t have to pay for their initial training, (\$1,250) and that will run for four years. We had moved our annual training budget to the SAFER Grant. At some time we will have to fund that. There are other funding sources out there for training.” Lawrence, “What does that mean to the city, are we going to have to come up with more money to fund these things?” DuCharme, “One of the things that was more popular on the SAFER Grant was health reimbursement which was \$1,000 per firefighter per year. This is something that will come up. But, the biggest item will come up is training.” Lawrence, “I bumped into a gentleman from Bethel, and they were thrilled that they got equipment from East Bethel.”

Davis, “On page 81, EDA Budget. There was a reduction in that budget, based on fact that our property valuation declined. We are limited to a maximum of 2/100’s of property valuation. One of the things we had previously discussed in this budget was replacement of the reader board sign. It was tabled until we got to our budget discussions. That is still in this budget, \$57,000 in this budget. \$7,000 in donations and \$50,000 in this budget. We anticipate the cost on replacement to be between \$70,000 and \$80,000.” Voss, “In 2012, we had \$50,000 how is that going to work functionally if that is a proposed expense for 2012 and we are paying the other half for 2013. Are we going to transfer that into a fund for the sign?” Pierce, “The money is still in the EDA fund. The \$50,000 was never planned to pay for the entire reader board in the first place. It is still in EDA. We could amend the budget this year and put the entire amount in 2013.” Voss, “Should under that item be \$50, 000, so it has been transferred into that item? So these budget amounts accrue?” Pierce, “Yes.” Moegerle, “Where are the costs for the website coming from? Isn’t it the EDA?” Davis, “This budget was done before the website was done. It will come out of contingency.”

Davis, “On page 83-89 are the breakdown of bond costs. These are fixed and we have no control over these.”

Davis, “On page 87, Moegerle, “Can you explain this because it is negative \$421,000. We are in the hole for that and then \$250,000 and then \$72,000. On page 89, \$72,000 we have no earnings to pay for that?” Davis, “That is the bond payments. I think we have about \$241,000 in that account, the rest will be paid from ERU connections. We are proposing to generate \$375,000 from the 67 ERUs connections that we will have in the sewered area and then that will leave us a balance of \$91,000.” Moegerle, “What about the \$109,000 we owe to Met Council?” Davis, “That is not accommodated for in that deficit. We are still working on this.” Moegerle, “So we can’t guarantee that we won’t be forced to pay that. So we should budget to pay for it. So basically \$200,000 for revenue/GO Bond combos. How do you propose we are going to pay for this?” Davis, “We have a number of options. We could take the contingencies we discussed previously. We could take money from the general fund. We could bond for it. Could do a bond levy for it. We have HRA funds for it. And in the worst situation, we have funds in the street and equipment capital replacement fund that could pay for it. The other way we are going to pay for it is development. I do think we need to budget for it.” DeRoche, “It is not going to go away. So we need to get the money.” Moegerle, “I know in 2014 we have a serious shortfall that we need to plan for. I hate to take our contingencies. We have done so well with planning for capital equipment fund. Shouldn’t we do this with our bonds?” Davis, “I would recommend we continue this discussion at the Council meeting.”

Davis, “On page 91 capital projects funds; we have a \$50,000 budget but no specific projects

right now. This is major repairs to buildings.

Davis, "On page 93 MSA Street Funds, these projects have all been presented and approved by council in June."

Davis, "On page 95, Street Capital Projects that we intend to do. Only projects for 2013 are committed to with a transfer of \$425,000."

Davis, "On page 98, park acquisition and development fund. These funds are predicated on development fees. Next year we show no projects because we don't project any development fees." Moegerle, "Does this take into consideration the northwest corner of Hwy. 65 and Viking, or is this such an intangible?" Davis, "It is an intangible."

Davis, "On page 103, parks capital fund. This is a \$100,000 transfer for the projects that Council approved for 2013. Playground equipment at Whispering Aspen, replace roof at Community Center building at Whispering Aspen, and playground equipment at Whispering Oaks."

Davis, "On page 102, trails capital fund, \$5,000 transfer, however there is still a fairly substantial balance in that fund at this time. Moegerle, "Would that be used for the Cedar Creek Trails?" Davis, "That could be used for that."

Davis, "On page 107 enterprise funds; again we have difficulty matching revenue to cost with these."

Davis, "Final is Ice Arena Operations making headway in getting out of red. Next year project excess revenue over expenses."

Moegerle, "Has Ehlers looked at this and given us some idea on long term planning. Or are they going to come back and give us some ideas on long term planning on the bond payments?" Davis, "We have used Ehlers exclusively on the Aggressive Hydraulics project. We will be meeting with them to get recommendations on this."

Davis, "If you considered this budget if would be an increase of 2/10s of a percent of last year's budget. Total levy increase about 8/10 of 1%."

Adjourn

Moegerle made a motion to adjourn at 7:20 PM. Voss seconded; all in favor, motion carries.

Attest:

Wendy Warren
Deputy City Clerk