

**City of East Bethel**  
**Housing and Redevelopment Authority**

April 4, 2012

The Housing and Redevelopment Authority (HRA) met on April 4, 2012 for a regular meeting at City Hall at 6:45 PM.

MEMBERS PRESENT:        Bill Boyer                      Bob DeRoche                      Richard Lawrence  
   Heidi Moegerle                      Steve Voss

ALSO PRESENT:                Jack Davis, City Administrator

Call to Order                Boyer called the meeting to order at 6:45 PM.

Adopt Agenda                **Moegerle made a motion to adopt the April 4, 2012 Housing and Redevelopment Authority (HRA) meeting with the addition of #6 Discussion of HRA Activities During Year of 2012. Lawrence seconded; all in favor, motion carries.**

Approve Minutes                **Voss made a motion to approve the January 18, 2012 HRA minutes. Moegerle seconded; all in favor, motion carries.** Voss said just as a point of order, Boyer missed the last meeting and is Vice Chair now.

2012 & 2013 Budget Review                Davis explained per MN State Statute 469.033, subdivision 6, the East Bethel HRA must each year formulate and file a budget in accordance with the budget procedure of the City in the same manner as required of executive departments of the City.

The City did not levy an HRA tax for pay 2012. The unaudited cash balance of the HRA Fund at the end of 2011 is \$800,727.

Attachments 1 & 2 are the 2013 narrative and 2013 proposed budget.

The HRA currently contracts with the City for administrative support staff services to support the administrative undertakings, including fiscal support services of the HRA and such other responsibilities such as recording and maintaining accurate records of the meetings of the HRA and of all official actions taken by or on behalf of the HRA. The proposed 2013 Budget includes a transfer of \$15,000 to City General Fund to support the Executive Director, City Planner, Fiscal and Services Support Director, and Administrative Support staff. This number is based on one day a month for both the City Planner and Administrative support staff. It also includes one day a quarter for the City Administrator/Executive Director and the Fiscal and Services Support Director.

Staff requests HRA discuss and review the proposed 2013 HRA Budget. We are presenting that to you tonight, because the next HRA meeting will be scheduled after the preliminary budget work begins.

Voss asked what are the 2012 costs to date? Davis, "There are no costs to date. Except the transfer. That is one reason we propose to reduce the legal and such next year." Moegerle, "This is one reason I requested to amend the agenda. What activities are we going to be involved in? Certainly we have ample monies in our bank to help out with some problems at Coon Lake Beach with some issues of septic failure. So my question is: Is HRA now going to be dormant and is the EDA going to take over those activities. Because it is an EDA with HRA powers. My question is what is the plan for the HRA in the future? This is directed at the Chair and all of us generally."

Voss said he doesn't direct policies. Moegerle, "But I thought you might have a plan as Chair. As Chair I am referring to you first." Voss said as I said I don't direct policy, just like the Mayor doesn't direct policy. The Council and commissions direct policy. He said if you want to discuss it lets discuss it. Voss said you must have some ideas, so why don't you bring them up? Moegerle, "We don't even get to the question on the agenda if there is no interest in utilizing those funds for the residents that have paid in those funds. What are we going to do with that large bank balance? And are we going to do it in 2012?"

DeRoche, "I have made a few calls to the state and county trying to find programs for helping people with the failed septic systems." Moegerle, "I have as well. I talked to Bill Dunn quite a while ago. But it takes a lot of effort to get those things in place. Is that something we want to take on at this point or defer?" Boyer said it might be wise to keep the money in the bank until such time that a major project comes along. Moegerle, "I know that we can do an interfund loan to pay for the infrastructure project, is that what you are referring to?" Boyer said there is any number of possibilities that you could use the money to spur a development project. Some you have touched on, infrastructure or another example would be a senior housing project. Or you could buy a piece of land from a developer. Moegerle, "Anoka County has been very negative for finding a need for that out here. Are there other projects besides the septic issues out at Coon Lake Beach that currently exist that constitute a threat?" DeRoche, "The ones out at Coon Lake Beach are something that the MPCA is going to get involved in if we don't do something. And then we are not going to have much choice." Davis, "This depends on the quality of the water in the lake. From some reports it has improved a little bit. But it is always going to be a big question mark hanging out there. I think from a standpoint of addressing needs, you have to look also not just at the water quality of the lake, but the quality of the drinking water. We do have this as the next item on the agenda."

Boyer said there are any number of ways you could design a program to address these needs. You could offer to pay 10% of the cost of anyone voluntarily wanting to improve their septic system. He said there is a real successful neighborhood program in West St. Paul where they have been doing that for any exterior home improvement. Think they have gotten 13 to 1 for every dollar they spend.

Moegerle, "I don't think you were there when Andy Pratt from Eckberg Lammers addressed the EDA on what we could do on setting up programs and loans and those kinds of things. But if we are going to approve this budget as stated, but we are talking in terms of these things then this budget will have to be amended at some point." DeRoche, "Wasn't the building inspector doing a study on the systems out at Coon Lake Beach?" Lawrence, "He has that pretty much complete. Is the HRA going to plan to do something in the next six to nine months? Is there anything we are going to use this money for? Or nothing surfacing on the horizon yet?" DeRoche, "Well it has to be used per the guidelines." Davis, "It has to be improvement of housing, sanitation facilities for housing, mostly related to housing improvement."

Boyer said someone had brought this up, transferring the HRA to the EDA. We went through this with Anoka County, not acknowledging our EDA with HRA authority. He said has this been dealt with in the settlement? Vierling, "Between the settlement and advancing your EDA with HRA powers I think that the issues that were involved in the lawsuit are pretty well gone." Boyer asked so there wouldn't be an issue if the HRA were to transfer its money back to the EDA? Vierling, "There would be protocols, but as long as the funds were continued to be spent for permissible HRA purposes, I don't think there

should be an issue with it.” Lawrence, “Because the EDA is still bound by the same which they can expend funds. So my only point is if you take the funds from this HRA and transfer over, they would still have to be spent for HRA purposes.”

Moegerle, “Are the suggestions that the HRA become dormant and the EDA handle this through their HRA powers?” Voss asked what is the reasoning behind that? Boyer said if you have to keep the funds separate, then it is probably better to keep them separate. I think the EDA does have more authority. Voss said within the Housing Plan we had a set of goals, we obviously haven’t acted on anything yet. In terms of housing rehabilitation, septic issues, although the powers may cross over from the HRA into EDA issues, those kinds of activities are in line with the Housing Plan, correct? Davis, “That is correct.” Voss said so it is just a matter of how we want to start implementing that. Davis, “That is correct and part of the next agenda item.” Voss said the one thing to keep in mind is if we do anything in terms of septic’s. The focus has been on Coon Lake Beach, but there are issues in other areas of the city and there are other high densities areas in the city as well. Davis, “We would have to make it city-wide. It might be more applicable to the Coon Lake area, because that is where the higher densities are and potential for water quality issues exist. But there are other pockets in the city that have similar problems.” DeRoche, “I have no doubt about that, but Coon Lake Beach has been ignored for many years.”

Moegerle, “Back to the budget, are we going to approve this and then reallocate as we go forward?” Voss said the funds, they are to implement programs. The budget is our means to run the HRA. Davis, “That is correct. And these are preliminary numbers. You will approve the preliminary budget next September and the final in December and you can reallocate it at that time.”

**DeRoche made a motion to approve the preliminary HRA budget as submitted.**

**Moegerle seconded.** Voss said the suggestion is if we are considering getting more active with these programs, to approve this numbers as preliminary for now and then September when we decide we can always adjust it then. Boyer said you can always amended it and fund it then. Voss said I bring it up because there also might be some legal fees involved in these programs. Davis, “There shouldn’t be a lot of legal fees involved in these types of programs.” **All in favor, motion carries.**

MPCA  
Technical  
Assistance  
Grant

Davis explained that City staff has contacted the Minnesota Pollution Control Agency and the Minnesota Public Facilities Authority regarding program eligibility for the City through the Clean Water Revolving Fund (CWRP). The CWRP is designed to assist public agencies in developing public wastewater, storm water, and drinking water infrastructure improvement projects through low interest loans, principal forgiveness, and grants. Currently funding is not available for privately owned infrastructure through these programs.

To qualify for funding, municipalities must submit an application, supporting documentation, and wastewater facilities plans by early March of each year. Once submitted, the project is scored and given a priority based on urgency and need.

Staff is currently assembling data to document needs for drinking water and wastewater improvements in the Coon Lake Beach area. This data is the septic inspection reports and the number of noncompliant septic systems in the area. If the data supports a need for further action, the information can be used to submit an application for placement on the Project Priority List. The City may be able to qualify for a technical assistance grant

through the CWRP that could be used to help plan publicly owned and operated wastewater facilities (i.e. cluster subsurface septic systems, neighborhood treatment plant, etc.). Without any specific project plans for publicly owned wastewater infrastructure, any other funding from the CWRP would not be available to the City at this time.

Should the City desire to pursue other avenues other than public systems for this area or any other area in the City that has collective septic system issues, PFA officials have recommended two resources which may be available. These programs are the Agriculture BMP Program and the Board of Water & Soil Resources Program (BWSR). These programs are administered at the County level with preference given to low-income households and areas with an imminent public health threat. Staff is researching any opportunities that these programs may offer. Staff is also working with Senator Jungbauer to explore other possibilities for solutions to City septic system problems and will continue to work with Bill Dunn, MPCA, for both private and public solutions to this problem

Staff is recommending and has done, compiling all of the septic system reports for the Coon Lake Beach area which shows that there is a high degree of non-compliance or failure of systems. We are proposing to apply for a technical assistance grant which would permit us to do a study including the engineering work which would show what would best serve that area. Whether it would be a cluster system approach, package plant and small collection system, or other non-traditional methods of treatment. These would have to be publically owned and maintained to qualify for PCA or PFA funds.

There are some loan programs available through the county. The first one I handed out is like the SBA program. The county runs them, but the banks lend the money and surprisingly they have fairly high income guidelines. The first one is called the fix up fund. 6% loan that can be used for septic repairs. There is a Rehabilitation loan program, income guidelines are more restrictive. It is a forgivable loan if you live in the home for a certain number of years. The county also has a home improvement loan, this is on a first come, first serve basis. We will be getting some new information on this. There are a number of loan programs that are available.

DeRoche, "From the amount of research I have done on this, the last thing we want to do is get in the sewer business, again. To work with some of the residents and the programs would be a good idea." Boyer said he is curious if you do the technical assistance grant and you are showing how many systems are failing or non-compliance, are we handing the MPCA the ammunition to do something?

Moegerle, "What is the number of the systems that haven't been pumped?" Davis, "I would have to check. I know the non-compliant on the beach side of lake is 15%." Voss asked we are not pressed for time on this correct? Reason I ask is Ham Lake is going through this exact same thing now. Davis, "We are going to that meeting. And we can't submit anything until March 2013." Moegerle, "She agrees we have not been successful with sewer and water operations. However, to have a cluster system, where there is a central septic system and five or six neighbors contribute, her understanding is it needs to be city maintained." Davis, "In order to get PCA funding it has to be publically owned." Moegerle, "So in order to get these neighbors to cooperate is it worth contacting them and working through this process and project?" Davis, "This is one thing the technical study would tell. Is it cost prohibitive?"

Voss said this is probably the discussion we had ten years ago. There were studies that were

done years ago. Part of this is it may be the assumption, but hasn't been discussion whether or not municipal services are going to get to the lake. Moegerle, "But we do have the vote from the people we polled in 2010 that said that they absolutely didn't want it." Voss said this is a City Council decision. Moegerle, "I understand that, but we have been told in 2010 that if you don't want it you won't get it. So, they are still under that assumption." Boyer 300 people in here. Moegerle, "This is about education and then people can decide for themselves." Davis, "Another alternative may be a public water system. These are some things we need to establish through further investigation." DeRoche, "When can we get the information that the building inspector has been putting together?" Voss asked and can we get it as a graph? Lawrence, "We have diversity of so many different types of systems in the area. We have high density at Coon Lake Beach and then as you move out people have five and ten acre lots." Voss said but those people could still have failing systems and I think when this is presented it should show how many permits are pulled for septic pumping.

Voss asked where do we want to go with this? Davis, "This is more of an informational item. We wanted to make you aware of this."

HRA  
Activities  
During Year  
2012

Moegerle, "I asked this because the EDA is working on things, but the HRA could work on the issues of the septic systems in a more proactive manner. But again if that is something that we don't want to do and have the EDA do with the HRA powers than that helps me out with the EDA. I would like to see the HRA handle some of these things in a more active manner." Voss said we got the means to raise our funds. He said we have the goals in our Housing Action Plan, septic systems is part of that. Moegerle, "The next question is do we have enough staff to handle the new activity that the HRA would generate?" Davis, "At this time probably not." Voss said and that wouldn't matter whether it was HRA or EDA it is still time. Voss said if we want to focus on non-compliant septic's there are degrees of non-compliance. He said if we do set up a loan or anything, we would have to set up parameters. DeRoche, "Do we need to set up work meeting?" Voss said let's get the staff report and see what the issues are. Then we can go from there. He said along with this we have been tracking blight as well and if there are any recommendations from staff if this be part of this as well. There are other programs for that as well. Since we have these powers we should formulate a program to address these things.

Adjourn

**DeRoche made a motion to adjourn the HRA meeting at 7:24 PM. Lawrence seconded; all in favor, motion carries.**

Attest:

Wendy Warren  
Deputy City Clerk