

EAST BETHEL CITY COUNCIL SPECIAL MEETING

SEPTEMBER 7, 2016

The East Bethel City Council met on September 7, 2016, at 6:00 p.m. for the Special City Council 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 September 7, 2016, City Council special meeting was called to order by Mayor Voss at
Call to Order 6:00 p.m.

2.0 **Harrington stated I'll make a motion to adopt tonight's agenda for the City Council**
Adopt **Special Meeting. Mundle stated I'll second.** Voss stated any discussion? All in favor
Agenda say aye? **All in favor.** Voss stated any opposed? That motion passes. **Motion passes**
 unanimously.

3.0 Davis presented the staff report, noting the preliminary 2017 General Fund budget is
2017 Prelim. proposed to be \$5,114,700, which is an increase of \$138,800 or 2.8% from the 2016 budget.
Budget The preliminary 2017 General Fund levy of \$4,171,400 is an increase of \$62,100 from
Discussion 2016. The preliminary 2017 Debt Service levy of \$1,158,500 is an increase of \$16,500
 from 2016. In 2017, the preliminary City levy is \$5,329,900 or 1.5% greater than that of
 2016. The preliminary General and Debt Service levies must be submitted to Anoka
 County by September 30, 2016. The preliminary levies can be reduced but not increased
 prior to the adoption of the final budget in December of 2016.

Davis presented the HRA and EDA levies, noting the preliminary 2017 HRA levy of \$26,600 is \$26,600 greater than 2016. The preliminary 2017 EDA levy of \$97,500 is \$25,522 less than 2016. Overall, the 2017 preliminary levy for other special taxing districts (HRA and EDA) is proposed to increase 0.9%. The preliminary levies for the HRA and EDA must be submitted to Anoka County by September 15, 2016.

Davis explained that for preliminary budget discussions, the HRA approved a budget amount of \$26,600 for 2017. This corresponded with a reduction of \$25,522 for the proposed EDA budget for the purpose of keeping the total of both these special levies essentially budget neutral. The current HRA account balance of \$723,135 has been committed to fund the utility project cost of the Phase I service road. Utilization of these funds for that purpose is anticipated to reduce the fund to approximately \$100,000 by end of 2017.

Davis noted the City Council expressed an interest in replenishing the HRA fund and requested information on the effects on the proposed 2017 levy should the HRA levy be increased. The EDA and HRA levies are combined for tax purposes and are listed as Special Levies on the County tax ticket that taxpayers will receive in November. This levy is separate from the City, County, and School District Levy. The total proposed levy for the both the EDA and the HRA is \$124,100 for 2017. With no change in the proposed levy, the EDA/HRA special levy would remain the same as 2016 and the overall City levy increase would be 1.5%.

2017 Prelim. Davis referenced a chart in the meeting packet depicting incremental increases should City

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Council consider increasing the HRA portion of EDA/HRA levy for 2017. A \$10,000 EDA/HRA increase would increase the City's levy by 1.7% and an increase of \$50,000 would increase the City's levy by 2.4%. Staff is seeking Council direction for the EDA/HRA levy for the 2017 preliminary budget and/or other changes to the General Fund budget.

Voss noted with no EDA/HRA increase, the City's levy would increase 1.5%. Davis confirmed that is correct.

Mundle asked about increasing the HRA to \$26,000 and decreasing the EDA by \$25,000 and whether it would have an effect on the EDA. Davis explained it would not impact the EDA's activities in 2017 because there are carry over funds available for the EDA. Mundle asked if the HRA already had a budget of \$26,600 to cover administrative costs and the proposal is to increase it by an additional \$26,600. Davis referenced a chart that showed the percentage of increase based on \$10,000 incremental increases. He stated it had been discussed to increase that amount by up to \$50,000 but the City Council had wanted information on the levy increase based on incremental increases. Mundle stated the HRA's current budget is \$26,600 to cover the administrative costs so at this point, the HRA fund would not be replenished after the \$700,000 has been used for utilities. Davis stated that is correct as the current funds only cover 2017 administrative costs. Mundle stated then if the City Council wants to replenish those HRA funds, it would have to consider an increase in the levy.

Ronning stated I move to approve the HRA/EDA Preliminary 2017 Levy as identified in the staff report with an HRA levy of \$26,600, which is \$26,600 greater than 2016, and an EDA levy of \$97,500, which is \$25,522 less than 2016. Koller stated I'll second.

Voss asked about the net balance in the HRA fund after the service road project is completed. Davis stated it is anticipated that approximately \$100,000 will be left in the HRA fund at the end of 2017, assuming that the remaining bond fund balance would be applied to the utilities project. Voss stated that is different than previously discussed as it had been thought the entire amount would be needed for the utilities project.

Voss asked if there is a sunset date to use the bond funds. Davis replied the bond funds have to be spent as soon as practical and the City is now at the point of closing out the Castle Towers Decommissioning and Force Main Project.

Ronning asked for an explanation of the City's obligations as it relates to the bond funds. Davis explained they are the remaining bond funds from the sewer project and they must be spent on infrastructure (utilities) as they were Build America and RZED Bonds designed for economic stimulus. He further explained there are funds left over because the water treatment aspect of the project was scaled down, saving about \$4 million.

Voss stated he can't think of a better project for these funds. Davis agreed and stated if the bond funds are committed, they could be spent first so they are off the books with the HRA funds paying for the balance. Voss stated this would accomplish the project and leave funds in the HRA fund for future projects.

Mundle asked how future projects can be accomplished if costing over \$100,000. Davis explained there are a number of methods including bonding, borrowing, or interfund loan with a repayment schedule including interest. He noted the option of an interfund loan

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requires discipline to assure the funds are repaid according to the schedule. In that case, the City would receive the interest payments instead of paying those funds to another entity. Davis stated a first step he would recommend is to make a commitment to start replenishing the HRA fund and look at it again at the end of 2016 to see what funds are available.

Ronning stated the HRA prior to now has been, generally speaking, inactive and this will give the City the opportunity to create a fund to address housing projects and improving blight. Davis indicated concern has been expressed should the County could say the fund has remained inactive and this would be a basis for a claim by the County to regain control of the Authority. He stated an action by the City Council to use those fund on the utility project would firmly establish the fact it is an active HRA and use of the funds could stimulate certain types of senior housing. Ronning stated if Anoka County HRA took over the City's HRA funds, the City Council would no longer be able to make the decision on whether the HRA levy should or should not be increased. Instead, Anoka County HRA would make the decision on how much to levy against East Bethel.

Mundle stated if the City Council sets the HRA levy to gain money, the City can then spend it directly back into East Bethel versus Anoka County setting the levy for use within the boundaries of the County. Davis agreed, noting the City had sued Anoka County to be removed from the umbrella of the County HRA. In the past, the HRA funds were earmarked for the City but the City needed to obtain Anoka County HRA permission to use the funds. Also, Anoka County HRA charged a 15% administrative fee annually and in the past, Anoka County HRA always levied the maximum amount.

Ronning stated support for the City Council to maintain control of its HRA fund and activities.

Mundle noted the motion on the floor is to only replenish the HRA fund to cover administrative costs. He stated support to consider an additional amount for the HRA fund, even if only \$10,000, to start replenishing that fund. Ronning agreed and stated it has been previously discussed that additional funds are needed for the HRA fund so projects can be completed. Voss stated there is \$100,000 in the HRA fund and if those funds are not spent and \$26,600 is levied in 2017, then at the end of 2017 there would be \$100,000 remaining in the HRA fund. Davis explained how administrative costs for the HRA fund had been covered in the past. It was noted the preliminary HRA/EDA levy has to be submitted to Anoka County by September 15, 2016, so a decision is needed tonight.

Voss stated staff is asking the City Council if it supports increasing the net balance of the HRA fund. **Mundle stated I'd like to amend the motion to increase the HRA levy of \$26,600 to \$36,600, effectively increasing it \$10,000. Koller stated I'll second.** Voss asked any discussion on the motion to amend? To the amendment, all in favor say aye? **All in favor.** Voss asked any opposed? That motion passes. **Motion to amend passes unanimously.** Voss asked any discussion on the amended motion? All in favor say aye? **All in favor.** Voss stated any opposed? That motion passes. **Motion as amended passes unanimously.**

Davis asked if there are other questions on the preliminary 2017 budget. Harrington stated residents are questioning the 22% increase in the Community Development budget. Davis explained that increase is a result of eliminating the category for Central Services and assigning those costs out to the responsible departments. So, even though there may be a 22% increase in the Community Development budget, it is a zero impact overall as it was

Budget eliminated somewhere else in the budget. Also, the Community Development budget
Discussion allocates \$28,000 for the City's portion of the Comp Plan update.

Voss asked with the 1.5% levy increase, what portion is due to costs beyond the City's control (salary increase, bond payment increases, PERA, Sheriff's contract). Davis stated the nondiscretionary items probably constitutes most of the increase as the budget includes no new spending. Voss stated the increase in the Community Development budget was a result of shifting costs from one category to another within the budget.

It was noted the Council will take action on the budget at tonight's Regular Meeting.

**4.0
Zoning
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Davis presented the staff report and recommendation of the Planning Commission, from its July 26, 2016, meeting, to consider proposed changes to sections of Appendix A, Zoning Code. Davis presented and described the proposed revisions to the following sections as detailed in the meeting packet: Section 48, Light Industrial District; Section 24, Exterior Storage; Section 23, Screening; and, Section 9, Definitions. He explained the proposed changes would not alter any Light Industrial zoning designation, but would align the standards of the Zoning Ordinance with the objectives and intent of the 2008 - 2018 Comprehensive Plan. It was noted that at the time discussions related to the Comprehensive Plan update commence in 2017, other categories for industrial use, transition industrial, and/or mixed use industrial/commercial may be considered as part of revisions to the Code during that process.

Davis stated the proposed revisions are viewed as temporary until a final review could be performed during the 2017 - 2018 preparation of the Comprehensive Plan. This change would provide interim protection from uses which may be inconsistent with the Comprehensive Plan and beyond the intended goal of this portion of the Ordinance. Davis asked the City Council to discuss this item and proposed further modifications, if desired.

Mundle referenced Section 48, 1. Purpose, last sentence, indicating: 'This category is aimed towards industrial uses that are lower in intensity of activity such as offices, warehousing, research laboratories, and light manufacturing.' Mundle stated there was discussion about keeping manufacturing to the interior of buildings and asked if language has been included to address that aspect. Davis advised it is addressed further on in the ordinance.

Davis stated staff has reviewed this language and found additional changes that need to be made so staff is not requesting approval tonight. He explained the ordinance was redefined to reflect more of what light manufacturing and light industrial is, especially in relation to what is proposed. He felt the proposed list was consistent with the Comp Plan. Davis reviewed the changes made to permitted uses, accessory, and conditional uses. He noted the old ordinance, under conditional uses, allowed commercial kennels as a conditional use in the light industrial zone. Davis questioned whether this is a wise use of industrial property.

Voss stated he assumes commercial kennels are not conditional uses in other zoning districts. Davis stated they are conditional uses within B-2 and B-3. Voss stated the questions is whether commercial kennels are the best use of industrial property and he can see that point.

Zoning Ronning referenced permitted uses, noting it includes brewery and tap rooms. He asked

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whether industrial, condominium, multi-tenant structure would be for housing. Davis stated it is not and would be something like a building with multiple office spaces that are rented or a building that is an incubator for smaller businesses just starting up. Voss noted industrial condos are more popular. Ronning stated he does not want it to become so restrictive that it is name only.

Ronning referenced the language contained in Manufacturing Light relating to use exclusions, including parks. Davis explained that public facilities would be more like things needed from an infrastructure standpoint. Ronning continued review of permitted uses for various zoning districts.

Mundle suggested including a definition for public facilities. Ronning stated he thinks that is needed for more than just public facilities, noting that could include a public bathroom at the soccer fields, which is hardly industrial. Mundle stated it can be addressed by including a definition. Davis explained this language was in the old ordinance and the City wants to make sure the changes are done correctly and protect the City from uses that may not be suitable for certain areas. Ronning stated the City also does not want to confuse things.

Mundle asked about changing the words 'public facilities' to something more aimed at water tower buildings or public infrastructure buildings. Voss agreed, noting it could also include maintenance facilities and it is fairly common to have public facilities within industrial areas.

Ronning stated as it is worded, these are the only things that can be in an industrial area. They are limitations and if you don't have public facilities, fire stations, or some other thing listed in there, you can't have them. Ronning stated you don't want to have property designated unusable.

Voss noted the public facilities discussion started with not wanting parks in industrial zones. Ronning stated he did not bring that up but a public facility could be a bathroom on the ballfield. Mundle stated that was the reference to parks.

Ronning stated he is suggesting to not confine or limit things to an extent that there will be a problem. Mundle stated he does not think that's the case because the language also states, 'or similar uses to those permitted in this section as determined by the Planning Commission and approved by City Council.' Mundle noted there is still some 'wiggle room' of what can be put in if approved by the City Council. Davis agreed that gives flexibility in determining certain uses. He also agreed that public facilities need to be defined to, perhaps, exclude some and parks is a good example.

Mundle supported changing it because if we have public facilities anywhere else in the ordinances, it could be construed as Ronning mentioned, as public restrooms. Then it may become confusing.

Voss suggested changing the word 'public' to 'municipal.' Koller agreed with that suggestion. Voss stated 'municipal' would mean a City function, not that it is open to the public. Ronning stated he is not looking for changes on everything, he just wanted to point out what he saw as conflicts.

The Council agreed to change the words 'public facilities' to 'municipal facilities.'

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Davis stated another use under prohibited uses is trucking terminals, which is not yet defined. He supported creating a clear definition of trucking terminals. **The Council agreed with the suggestion of Mundle to request clarification on the difference between trucking terminals and distribution facilities.**

Davis referenced language related to setbacks, side yards, and rear yards, noting the exception if abutting a residential district to require a 60-foot distance. He explained there is no 'magic' in the 60-foot distance so perhaps it should be looked at further to assure it is not over restrictive or too lenient. **The Council agreed.** Voss asked if staff has look at what other cities require. Davis agreed that should be done before the final version is considered.

Ronning referenced language indicating that industrial uses within this district are limited to those that do not generate noise, noting it is open to interpretation as well as the issues of odor and vibration. Davis explained the measurement is taken at the property boundary. He stated additional language may be needed indicating, 'within reasonable/baseline standards.' Ronning agreed additional definitive language is needed so it is not open to conjecture and to eliminate future headaches. Voss stated any operations that generate noise or odor or vibration basically have to be contained inside the building, when it comes down to it, or it cannot be controlled.

Davis stated staff hopes to accomplish, through the Comp Plan update, to have more than one industrial zone. The other industrial zones can accommodate other uses that may generate a little more noise. However, the City wants to assure the light industrial zones adjacent to residential zones are within the intent of the Comp Plan to not generate any odor, noise, dust, or vibration beyond the property. It is also the intent to be more restrictive in the light industrial zone in such a way to minimize impact on other land uses.

Davis referenced Section 24 relating to exterior storage. For the purpose of tonight's discussion, there was a proposal that said exterior storage would be limited to the square footage size of the building. Davis noted the language started with the size of the building, thinking it was a reasonable point for discussion purposes.

Ronning asked what is the zoning along 181st Avenue to County Road 22, on the east side of Highway 65? Davis replied business, B-2, B-3.

Davis noted the language limits all outdoor storage to the rear yard and to not exceed the square footage of the building or 12 feet in height. There is one provision for the light industrial district for construction yards. It also restricts exterior storage to no more than 50% of the rear yard. He suggested that restriction be changed to match whatever size relates to the size of the building.

Ronning asked how this would impact the Polaris dealer, trailer sales, and boat sales. Davis stated those instances would probably be restricted in this zone but the Comp Plan process may create two or three different industrial zones. He explained the B-2 district limits exterior storage to 100 square feet, which is the other extreme.

Koller referenced Attachment 1, maximum building height of 50 feet from the ground level, noting that is almost five stories. He asked if that would require the Fire Department to have a ladder truck. Davis agreed at some point it could; however, Isanti and Ham Lake have ladder trucks and through mutual aid agreements between the Fire Departments, there

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Ordinance would be a response time of about 15 minutes. Koller commented as long as the City has
Amendment access to a ladder truck and does not have to purchase one. Davis estimated a ladder truck
Discussion cost about \$1 million. Ronning stated they won't all be 50-foot tall buildings.

Davis referenced Attachment 3, screening regulations, noting it ties screening back into exterior storage. He then referenced the definition section and stated these are some of the changes staff would like to see. He recommended the City Council direct staff to prepare a clean ordinance draft for discussion and possibly action at the next meeting.

Voss stated this will be looked at again next year during the Comp Plan update. Davis concurred and explained this action is considered temporary and will provide protection until the zoning is reviewed and the Comp Plan is updated.

Voss stated this has been discussed, maybe five times, by the City Council. He suggested the Council contact staff if they have additional questions or suggestions. Koller referenced Attachment 4, Page 2, noting a typographical error under the all-terrain vehicle definition and asked staff to change 'cubic inches' to 'cubic centimeters.' Koller stated with the dry weight of under 900 pounds, most of the side-by-sides now weigh more than that so it may have to be updated. Davis stated he will obtain more information on that issue.

The consensus of the City Council was to direct staff to prepare a final version for the Council's review and action on September 21, 2016.

5.0 **Harrington stated I'll make a motion to adjourn. Mundle stated I'll second.** Voss
Adjourn asked any discussion? All in favor say aye? **All in favor.** Voss asked any opposed?
Motion passes unanimously.

Special Meeting adjourned at 6:57 p.m.

Submitted by:

Carla Wirth

TimeSaver Off Site Secretarial Inc.