

# City of East Bethel

## City Council Agenda

Regular Council Meeting – 7:30 p.m.

Date: June 1, 2011



### Item

7:30 PM **1.0 Call to Order**

7:31 PM **2.0 Pledge of Allegiance**

7:32 PM **3.0 Adopt Agenda**

7:34 PM **4.0 Presentation**

Page 1 A. 2010 AFR and Report by Auditor

Page 2-6 B. Anoka County Sheriff 2012 Contract Proposal

8:10 PM **5.0 Public Forum**

8:30 PM **6.0 Consent Agenda**

*Any item on the consent agenda may be removed for consideration by request of any one Council Member and put on the regular agenda for discussion and consideration*

Page 10-14 A. Approve Bills

Page 15-35 B. Meeting Minutes, May 18, 2011, Regular Meeting

Page 36-50 C. Meeting Minutes, May 12, 2011 Work Meeting

Page 51-58 D. Meeting Minutes, May 17, 2011 Work Meeting

Page 59 E. Ehlers Invoice

Page 60-61 F. Approve Gambling Permit – Bingo – East Bethel Seniors – Booster Day

G. Schedule Work Meeting – June 22, 2011 at 6:30 PM

H. Appoint East Bethel Member to Connect Anoka County Governance Group

I. Temporary Appointment of Lieutenant to Fire Department

J. Booster East Fence

### New Business

#### **7.0 Commission, Association and Task Force Reports**

8:35 PM A. Planning Commission

Page 66-67 1. IUP/Home Occupation - 2740 Viking Blvd NE – Michelle Hess

B. Park Commission (**No Report**)

C. Road Commission (**No Report**)

#### **8.0 Department Reports**

8:45 PM A. Engineer

Page 68-77 1. Pay Estimate #1 – S.R. Weidema – Phase 1, Project 1 Utility Improvements & East Bethel Gravity Interceptor & Discharge

B. Attorney (**No Report**)

C. Finance

8:50 PM 1. Resolution 2011-17 Accepting Annual Financial Statements and Auditor's Annual Report

8:55 PM D. Public Works

Page 80-88 1. Class V Bids

- E. Planning and Inspection/Code Enforcement (**No Report**)
- F. Fire Department (**No Report**)
- 9:00 PM G. City Administrator
  - 1. City Administrator Employment Agreement
  - 2. URRWMO 2012 Proposed Budget
  - 3. SRWMO 2012 Proposed Budget
  - 4. Arena Management Contract
  - 5. Selection of City Attorney
  - 6. Selection of City Prosecutor
  - 7. ERU Reduction Policy
  - 8. Security System

**9.0 Other**

- 9:45 PM A. Council Reports
- 9:50 PM B. Other

10:00 PM **10.0 Adjourn**



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 4.0 A.

\*\*\*\*\*

**Agenda Item:**

2010 AFR and Report by Auditor

\*\*\*\*\*

**Requested Action:**

Informational Only

\*\*\*\*\*

**Background Information:**

Mr. Jeff Wilson, representing the City's audit firm of HLB Tautges Redpath, Ltd., will review the 2010 Annual Financial Report with you and respond to your questions.

**Attachments:**

- 1. Copy of 2010 Annual Financial Report
- 2. Audit Management Letter
- 3. State Legal Compliance Report

\*\*\*\*\*

**Fiscal Impact:**

None

\*\*\*\*\*

**Recommendation(s):**

Informational Only

\*\*\*\*\*

**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required: \_\_\_\_\_

# 2010 Audit Review

## City of East Bethel, Minnesota

June 1, 2011

Jeff Wilson, CPA  
HLB Tautges Redpath, Ltd.  
651.426.7000  
[www.hlbtr.com](http://www.hlbtr.com)

# Reports Issued

- Annual Financial Report
- Audit Management Letter
- State Legal Compliance Report

# Annual Financial Report

- The financial statements are the responsibility of city management
- The role of the Independent Auditor is to report on the fair presentation of the financial statements
- “Clean opinion” issued on the 2010 financial statements
- MD&A authored by City staff – intended to provide narrative of financial statement amounts

# State Legal Compliance Report

- Required by Minnesota Statute §6.65
- OSA established a task force to develop audit guide for legal compliance
- Audit guide covers seven categories
  - 1) contracting and bidding
  - 2) deposits and investments
  - 3) conflicts of interest
  - 4) public indebtedness
  - 5) claims and disbursement
  - 6) other miscellaneous provisions
  - 7) Tax increment provisions
- No findings of noncompliance

# Management Letter

- Provides historical perspective and narrative regarding each fund.
- City received a federal grant “Staffing for Adequate Fire and Emergency Response” in the amount of \$346,750 in 2009. This is a reimbursement type grant and the City has until November 6, 2013 to claim reimbursements.
- The City issued \$18,825,000 of G.O. Revenue Bonds in 2010. It is our understanding that certain portions of the planned projects may not be performed. We recommend the City contact its fiscal consultant and/or bond counsel to determine legal compliance issues, if any.
- Water Enterprise Fund continues to have losses from operations.
- The cash deficit decreased in the Ice Arena Fund by \$122,000.

# Communication with those charged with governance

- Audit firm responsibility under U.S. audit standards.
- Planned scope and timing of the audit.
- Significant accounting policies.
- Accounting estimates.
- No difficulties encountered in performing the audit.
- Corrected and uncorrected misstatement
- No disagreements with management.

**ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF  
EAST BETHEL, MINNESOTA**

**For The Year Ended December 31, 2010**



**CITY OF EAST BETHEL, MINNESOTA**  
 Annual Financial Report  
 For the Year Ended December 31, 2010

**TABLE OF CONTENTS**

	<b>Reference</b>	<b>Page No.</b>
<b>I. INTRODUCTORY SECTION</b>		
City Officials		2
Organizational Chart		3
<b>II. FINANCIAL SECTION</b>		
Independent Auditor's Report		7
Management's Discussion and Analysis		9
<b>Basic Financial Statements:</b>		
Government-Wide Financial Statements:		
Statement of Net Assets	Statement 1	20
Statement of Activities	Statement 2	21
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Statement 3	22
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	Statement 4	24
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	Statement 5	26
Statement of Net Assets - Proprietary Funds	Statement 6	27
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds	Statement 7	28
Statement of Cash Flows - Proprietary Funds	Statement 8	29
Notes to Financial Statements		30
<b>Required Supplementary Information:</b>		
Budgetary Comparison Schedule - General Fund	Statement 9	52
<b>Combining Fund Statements:</b>		
Combining Balance Sheet - Nonmajor Governmental Funds	Statement 10	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	Statement 11	57
Subcombining Balance Sheet - Nonmajor Special Revenue Funds	Statement 12	58

**CITY OF EAST BETHEL, MINNESOTA**  
 Annual Financial Report  
 For the Year Ended December 31, 2010

**TABLE OF CONTENTS**

	<u>Reference</u>	<u>Page No.</u>
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds	Statement 13	59
Subcombining Balance Sheet - Nonmajor Debt Service Funds	Statement 14	60
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds	Statement 15	61
Subcombining Balance Sheet - Nonmajor Capital Project Funds	Statement 16	62
Subcombining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Project Funds	Statement 17	64
Special Revenue Funds:		
Schedules of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
Recycling	Statement 18	66
Miscellaneous Grants/Donations	Statement 19	67
SAFER Grant	Statement 20	68
HRA Grant	Statement 21	69
HRA	Statement 22	70
Internal Service Funds:		
Combining Statement of Net Assets	Statement 23	71
Combining Statement of Revenues, Expenses and Changes in Net Assets	Statement 24	72
Combining Statement of Cash Flows	Statement 25	73

## I. INTRODUCTORY SECTION

CITY OF EAST BETHEL, MINNESOTA

CITY COUNCIL AND OFFICIALS

December 31, 2010

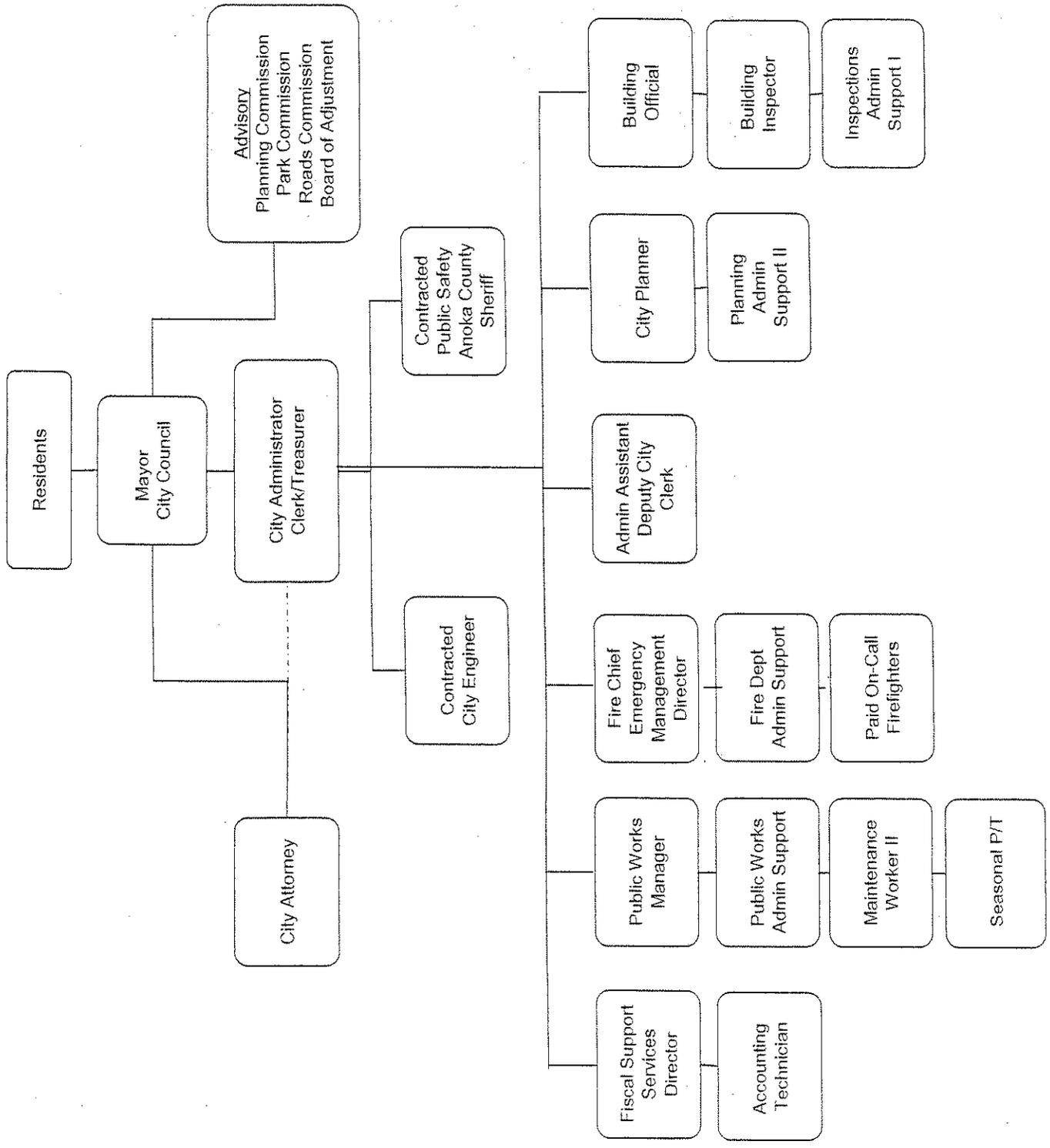
---

CITY COUNCIL

	<u>Term Expires</u>
Mayor:	
Richard Lawrence	1/1/2013
Council Members:	
Bill Boyer	1/1/2013
Robert DeRouche, Jr.	1/1/2015
Heidi Moegerle	1/1/2015
Steven Voss	1/1/2013

CITY OFFICIALS

Interim City Administrator & Public Works Manager	Jack Davis
Fire Chief	Mark DuCharme
City Planner	Stephanie Hanson
Building Official	Larry Martin
Director of Fiscal & Support Services	Rita Pierce



**- This page intentionally left blank -**

## II. FINANCIAL SECTION

**- This page intentionally left blank -**



**TAUTGES REDPATH, LTD.**  
*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council  
City of East Bethel, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Bethel, Minnesota, as of and for the year ended December 31, 2010 which collectively comprise the City of East Bethel, Minnesota's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of East Bethel, Minnesota's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year partial comparative information has been derived from the City of East Bethel, Minnesota's 2009 financial statements and, in our report dated May 10, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of East Bethel, Minnesota, as of December 31, 2010, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, on pages 9 through 11 and 52 through 54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the

Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of East Bethel, Minnesota's financial statements as a whole. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*HLB Tautges Redpath, Ltd.*  
HLB TAUTGES REDPATH, LTD.  
White Bear Lake, Minnesota

May 23, 2011

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of East Bethel, Minnesota, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010.

### Financial and Development Highlights

The assets of the City exceeded liabilities at the close of the most recent fiscal year by \$37,708,915 (net assets). Of this amount, \$6,227,388 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net assets decreased \$630,161. Governmental activities provided for a decrease to net assets by \$976,661 while the City's business-type activities provided an increase to net assets by \$346,500.

As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$20,760,144, an increase of \$16,351,834 from the prior fiscal year. Bonds issued for the construction of water and sewer infrastructure contributed significantly to the increase in fund balance.

At the end of the fiscal year the General Fund had a fund balance of \$1,984,749.

### Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and highways, and

## Management's Discussion and Analysis

parks and recreation. The business-type activities of the City include an arena, wastewater treatment and water provision.

The government-wide financial statements can be found on pages 20 and 21 of this report.

**Fund Financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statement. By doing so, readers may better understand the long-term impact of the City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and change in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

For 2010, the City maintains five individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the following major funds:

- General Fund
- 2005B Street Improvement Debt Fund
- 2010A Revenue Bond Fund
- Municipal State Aid Street Improvement Fund
- Water Infrastructure Fund
- Utility Infrastructure Fund

Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annually appropriated budget for its General Fund and many of its special revenue funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

## Management's Discussion and Analysis

The basic governmental fund financial statements can be found on pages 22 through 26 of this report.

**Proprietary funds.** The City maintains three enterprise funds and two internal service funds of the proprietary fund type. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. Because the Internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The City uses enterprise funds to account for its water utility, sewer utility and arena operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the following funds:

Enterprise funds:

Water Utility Fund  
Sewer Utility Fund  
Ice Arena Fund

Internal Service funds:

Compensated Absences Fund  
Equipment Replacement Fund

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 27 through 29 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 50 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 56 through 73 of this report.

## Management's Discussion and Analysis

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$37,708,915 at the close of the most recent fiscal year.

The largest portion of the City's net assets (\$29,461,334 or 78% percent) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, sewer main lines and storm sewers, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of East Bethel, Minnesota's Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$24,781,955	\$7,967,599	\$31,488	\$35,766	\$24,813,443	\$8,003,365
Capital assets	35,627,606	34,052,319	1,616,075	1,373,508	37,243,681	35,425,827
Total assets	<u>\$60,409,561</u>	<u>\$42,019,918</u>	<u>\$1,647,563</u>	<u>\$1,409,274</u>	<u>\$62,057,124</u>	<u>\$43,429,192</u>
Long-term liabilities outstanding	\$22,935,681	\$3,938,179	\$ -	\$ -	\$22,935,681	\$3,938,179
Other liabilities	809,243	440,441	603,285	711,496	1,412,528	1,151,937
Total liabilities	<u>\$23,744,924</u>	<u>\$4,378,620</u>	<u>\$603,285</u>	<u>\$711,496</u>	<u>\$24,348,209</u>	<u>\$5,090,116</u>
Net assets:						
Invested in capital assets, net of related debt	\$27,845,259	\$30,237,319	\$1,616,075	\$1,373,508	\$29,461,334	\$31,610,827
Restricted	2,020,193	967,133	-	-	2,020,193	967,133
Unrestricted	6,799,185	6,436,846	(571,797)	(675,730)	6,227,388	5,761,116
Total net assets	<u>\$36,664,637</u>	<u>\$37,641,298</u>	<u>\$1,044,278</u>	<u>\$697,778</u>	<u>\$37,708,915</u>	<u>\$38,339,076</u>

A portion of the of the City's net assets (\$2,020,193) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$6,227,388) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets for its governmental activities. The business-type activities have a deficit of unrestricted net assets.

# Management's Discussion and Analysis

## Governmental Activities

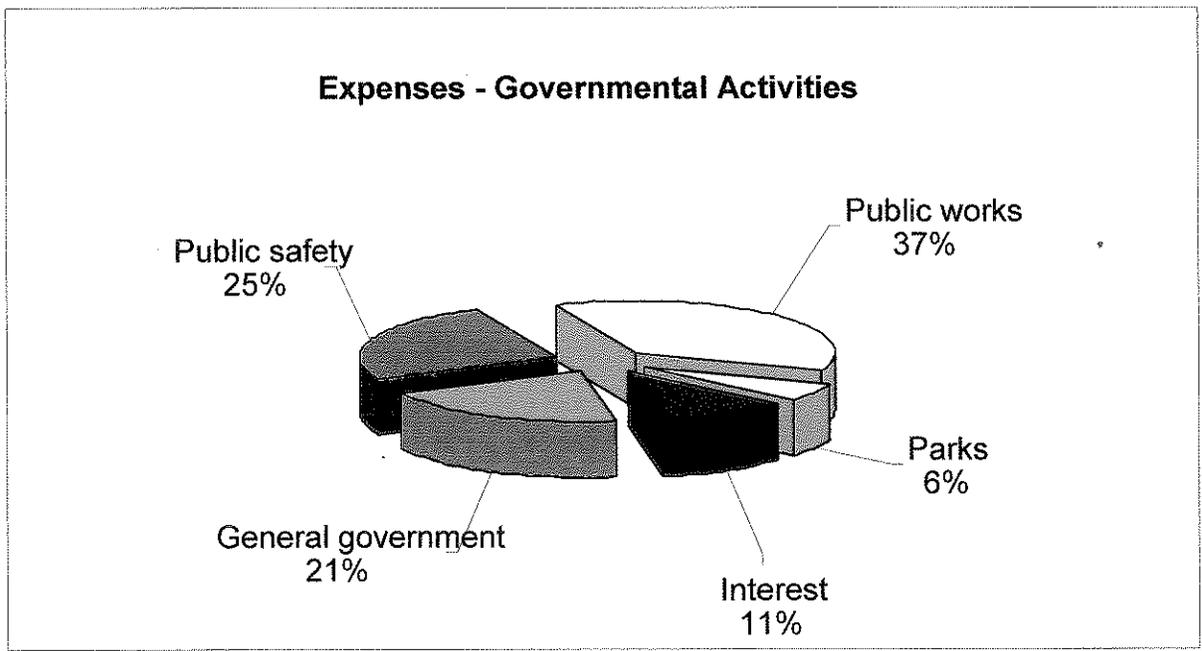
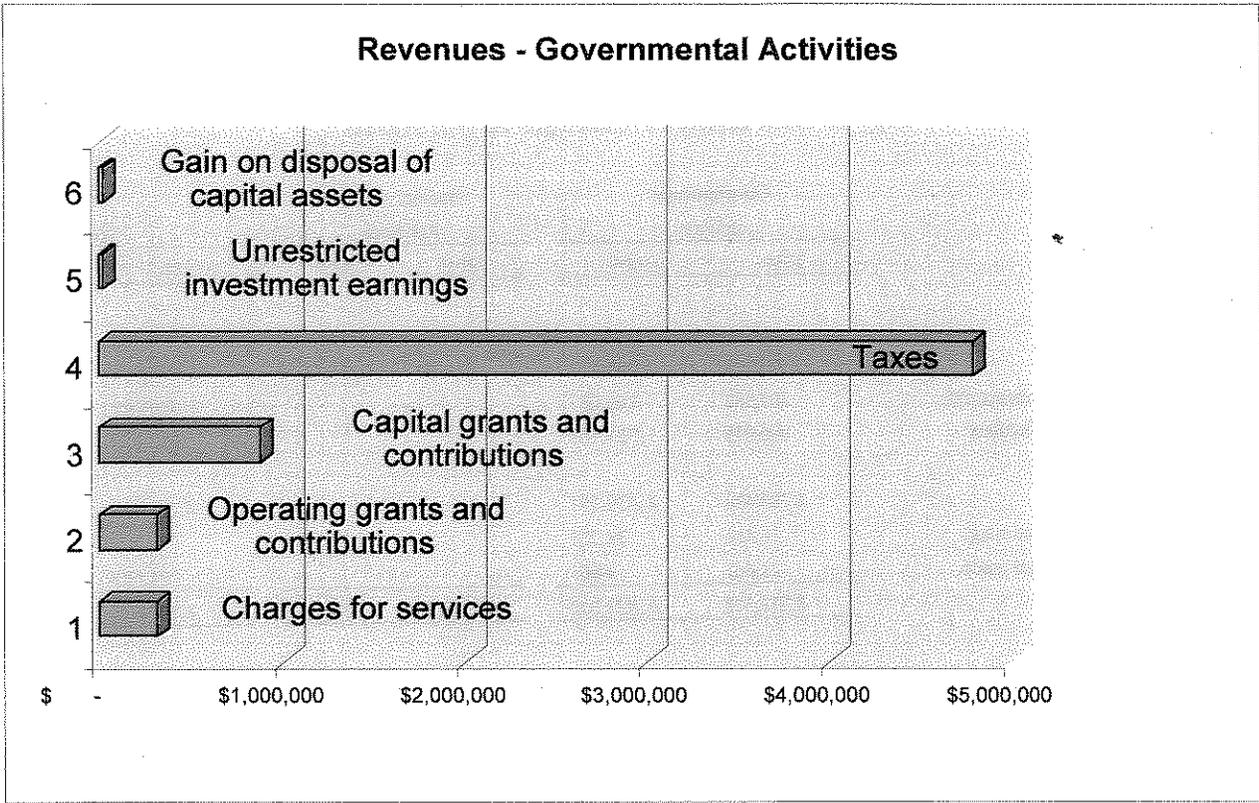
Governmental activities decreased the City's net assets by \$976,661. Business type net assets increased by \$346,500. Key elements of the changes in net assets are as follows:

### City of East Bethel's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$305,945	\$264,427	\$406,144	\$339,127	\$712,087	\$603,554
Operating grants and contributions	308,962	260,637	-	-	308,962	260,637
Capital grants and contributions	880,073	1,727,105	-	-	880,073	1,727,105
General revenues:						
Taxes	4,783,434	4,539,151	-	-	4,783,434	4,539,151
Unrestricted investment earnings	16,461	28,233	-	-	16,461	28,233
Gain on disposal of capital assets	21,665	9,665	-	-	21,665	9,665
Total revenues	<u>6,316,538</u>	<u>6,829,218</u>	<u>406,144</u>	<u>339,127</u>	<u>6,722,682</u>	<u>7,168,345</u>
Expenses:						
General government	\$1,569,287	\$1,512,379	\$ -	\$ -	\$1,569,287	\$1,512,379
Public safety	1,912,099	1,814,871	-	-	1,912,099	1,814,871
Public works	2,824,624	2,741,577	-	-	2,824,624	2,741,577
Parks and recreation	429,332	459,775	-	-	429,332	459,775
Water	-	-	55,568	48,995	55,568	48,995
Sewer	-	-	80,651	76,878	80,651	76,878
Ice arena	-	-	293,598	298,394	293,598	298,394
Interest and fees on long-term debt	187,684	146,602	-	-	187,684	146,602
Total expenses	<u>6,923,026</u>	<u>6,675,204</u>	<u>429,817</u>	<u>424,267</u>	<u>7,352,843</u>	<u>7,099,471</u>
Increase (decrease) in net assets before transfers	(606,488)	154,014	(23,673)	(85,140)	(630,161)	68,874
Transfers	(370,173)	-	370,173	-	-	-
Increase (decrease) in net assets	(976,661)	154,014	346,500	(85,140)	(630,161)	68,874
Net assets - January 1	37,641,298	37,487,284	697,778	782,918	38,339,076	38,270,202
Net assets - December 31	<u>\$36,664,637</u>	<u>\$37,641,298</u>	<u>\$1,044,278</u>	<u>\$697,778</u>	<u>\$37,708,915</u>	<u>\$38,339,076</u>

Management's Discussion and Analysis

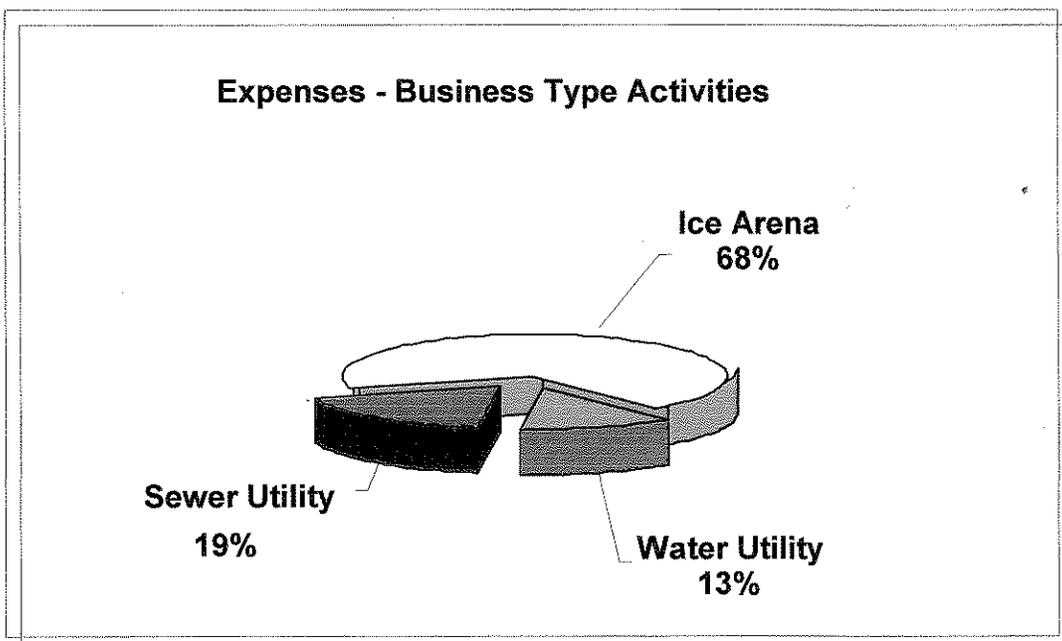
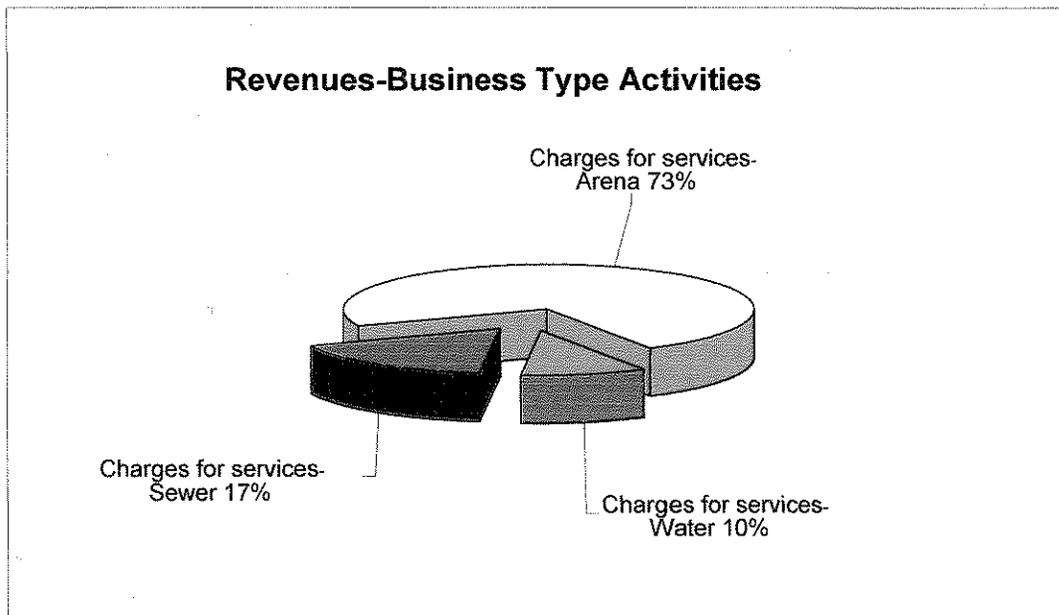
Below are specific graphs which provide comparisons of the governmental activities revenues and expenditures:



## Management's Discussion and Analysis

### Business-Type Activities

Business-type activities increased net assets by \$346,500 including depreciation expenses of \$127,606. The results reflect the continuing start-up mode of the City's utility services and the continuing challenges at the City's Ice Arena. Below are graphs showing the business-type activities revenue and expense comparisons:



## Management's Discussion and Analysis

### Financial Analysis of the Government's Funds

**Governmental Funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$20,760,144. Approximately 92 percent of this total amount (\$19,060,373) constitutes unreserved, undesignated, fund balance. The remainder of the fund balance (\$1,699,771) is reserved because it has already been committed to provide for debt service and prepayments.

The General Fund balance increased by \$148,222 in 2010. This was a result of the City's decision to delay any discretionary spending in light of lower revenues related to depressed building activity and lower interest earnings by amending the 2010 budget by reducing expenditures to offset the State's unallotment of the remaining market value homestead credit aid expected to be received in 2010.

The 2005B Street Improvement Bond Fund increased by \$197,239 as special assessment revenue received in 2010 exceeded debt service expended for the year.

The 2010A Revenue Bond Fund increased \$608,730 by receiving the remaining bond proceeds from the issuance of these bonds.

The Municipal State Aid Street Improvement Fund decreased \$961,518 by expending a large portion of the construction project funds from intergovernmental revenues that were received in a prior year.

The Water Infrastructure Fund increased \$10,757,988 and the Utility Construction Fund increased \$4,302,254 due to receiving bond proceeds that will be used for the construction of water and sewer infrastructure.

Nonmajor Governmental Funds increased by \$1,298,919 primarily due to the receipt of bond proceeds reimbursing the funds for capital outlay expenditures during prior years.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net assets in the respective proprietary funds are water (\$113,757), sewer (\$193,200) and ice arena (\$264,840). The utility operations began in 2004; as the number of customers continue to grow, financial results will improve, as fixed costs will not increase appreciably. Unfortunately, 2010 was a year with no new home construction which directly affects the number of utility customers. Consequently, net assets of the utility funds did not improve. Utility rates were increased appreciably in 2010 to improve operating results. The ice arena fund had a decrease in net assets in 2010 of \$864. The decrease is due to increased maintenance and repair charges resulting from maintaining an older facility and maintaining revenues comparable to other facilities in the area.

## Management's Discussion and Analysis

### Budgetary Highlights

#### General Fund

The General Fund budget was amended during 2010 by decreasing expenditures by \$11,565. Several different areas were affected by the budget reductions required by City Council when the remaining portion of the market value homestead credit aid was cut by the State.

During the year, revenues were less than budgetary estimates by \$54,215, and expenditures were less than budgetary estimates by \$202,437. The net result was a \$148,222 increase in the General Fund. The unfavorable revenue budget variance was attributable to the economic downturn which decreased building permit and building plan review revenues and a decrease in interest earnings.

#### Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of December 31, 2010, amounts to \$37,243,681 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, sewer main lines, water lines and wells, storm sewers, and infrastructure.

#### **East Bethel's Capital Assets (Net of Accumulated Depreciation)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$887,546	\$322,535	\$30,000	\$30,000	\$917,546	\$352,535
Construction in progress	3,144,731	635,247	-	-	3,144,731	635,247
Buildings and structures	3,440,574	3,638,833	838,506	920,867	4,279,080	4,559,700
Machinery and equipment	1,332,944	994,614	-	-	1,332,944	994,614
Park improvements	798,486	800,936	-	-	798,486	800,936
Sewer main lines and storm sewers	1,358,550	1,423,946	747,569	422,641	2,106,119	1,846,587
Infrastructure	24,664,775	26,236,208	-	-	24,664,775	26,236,208
<b>Total capital assets</b>	<b>\$35,627,606</b>	<b>\$34,052,319</b>	<b>\$1,616,075</b>	<b>\$1,373,508</b>	<b>\$37,243,681</b>	<b>\$35,425,827</b>

Additional information on the City's capital assets can be found in Note 4.

## Management's Discussion and Analysis

**Long-term debt.** At the end of the current fiscal year, the City had total long-term debt outstanding of \$22,543,589 an increase of \$18,728,589 from 2009. This is primarily due to the issuance of \$17,565,000 in new bonds to finance construction of water and sewer infrastructure.

All debt outstanding at year end is general obligation debt, which are backed by the full faith and credit of the City. Some of the general obligation bonds have specific revenue sourced pledged other than property taxes, but in the event those other sources were insufficient, the City would be required to the he shortfall through property taxes.

### City of East Bethel's Outstanding Debt

The City's long-term debt at December 31, 2010 is as follows:

	Governmental Activities	
	12/31/2010	12/31/2009
General obligation improvement bonds	\$3,245,000	\$2,100,000
General obligation revenue bonds	19,298,589	1,715,000
Totals	<u>\$22,543,589</u>	<u>\$3,815,000</u>

Moody's Investor Services maintained the City's rating of A2 when the City issued bonds during 2010.

State Statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total Estimated Market Value. The current debt limitation for the City is \$30,473,577. Of the City's outstanding debt, \$1,660,000 is counted within the statutory limitation.

Additional information on the City's long-term debt can be found in Note 5.

**Requests for information.** This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, 2241 221<sup>st</sup> Avenue N.E., East Bethel, Minnesota 55011.

**BASIC FINANCIAL STATEMENTS**

CITY OF EAST BETHEL, MINNESOTA  
 STATEMENT OF NET ASSETS  
 December 31, 2010

Statement 1

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Cash and investments	\$22,481,984	\$ -	\$22,481,984
Cash with escrow agent	201,339	-	201,339
Taxes receivable	291,540	-	291,540
Accounts receivable - net	23,444	26,398	49,842
Due from other funds	521,798	-	521,798
Due from other governments	238,355	-	238,355
Inventory	-	4,710	4,710
Prepaid items	-	380	380
Special assessments receivable	398,657	-	398,657
Unamortized bond issuance costs	624,838	-	624,838
Capital assets, nondepreciable	887,546	30,000	917,546
Capital assets, construction in progress	3,144,731	-	3,144,731
Capital assets, net of accumulated depreciation	31,595,329	1,586,075	33,181,404
Total assets	<u>60,409,561</u>	<u>1,647,563</u>	<u>62,057,124</u>
<b>Liabilities:</b>			
Cash overdraft			-
Accounts payable	593,534	27,621	621,155
Salaries payable	66,613	1,276	67,889
Due to other funds	-	521,798	521,798
Accrued interest payable	107,230	-	107,230
Unearned revenue	-	52,590	52,590
Compensated absences payable:			
Due within one year	41,866	-	41,866
Due in more than one year	93,092	-	93,092
Bonds payable:			
Due within one year	253,551	-	253,551
Due in more than one year	22,589,038	-	22,589,038
Total liabilities	<u>23,744,924</u>	<u>603,285</u>	<u>24,348,209</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	27,845,259	1,616,075	29,461,334
Restricted for:			
Debt service	2,020,193	-	2,020,193
Unrestricted	6,799,185	(571,797)	6,227,388
Total net assets	<u>\$36,664,637</u>	<u>\$1,044,278</u>	<u>\$37,708,915</u>

The accompanying notes are an integral part of these financial statements.

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Government activities:</b>							
General government	\$1,569,287	\$98,239	\$33,944	\$35,945	(\$1,401,159)	\$ -	(\$1,401,159)
Public safety	1,912,099	198,474	107,487	-	(1,606,138)	-	(1,606,138)
Public works	2,824,624	-	167,531	844,128	(1,812,965)	-	(1,812,965)
Parks and recreation	429,332	9,230	-	-	(420,102)	-	(420,102)
Interest and fees on long-term debt	187,684	-	-	-	(187,684)	-	(187,684)
<b>Total government activities</b>	<b>6,923,026</b>	<b>305,943</b>	<b>308,962</b>	<b>880,073</b>	<b>(5,428,048)</b>	<b>-</b>	<b>(5,428,048)</b>
<b>Business-type activities:</b>							
Water	55,568	33,163	-	-	-	(22,405)	(22,405)
Sewer	80,651	80,247	-	-	-	(404)	(404)
Ice arena	293,598	292,734	-	-	-	(864)	(864)
<b>Total business-type activities</b>	<b>429,817</b>	<b>406,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(23,673)</b>	<b>(23,673)</b>
<b>Total primary government</b>	<b>\$7,352,843</b>	<b>\$712,087</b>	<b>\$308,962</b>	<b>\$880,073</b>	<b>(5,428,048)</b>	<b>(23,673)</b>	<b>(5,451,721)</b>
<b>General revenues:</b>							
Taxes and related credits					4,783,434	-	4,783,434
Unrestricted investment earnings					16,461	-	16,461
Gain on disposal of capital assets					21,665	-	21,665
Capital Transfer					(370,173)	370,173	-
<b>Total general revenues and special items</b>					<b>4,451,387</b>	<b>370,173</b>	<b>4,821,560</b>
Change in net assets					(976,661)	346,500	(630,161)
Net assets - beginning					37,641,298	697,778	38,339,076
Net assets - ending					<b>\$36,664,637</b>	<b>\$1,044,278</b>	<b>\$37,708,915</b>

The accompanying notes are an integral part of these financial statements.

CITY OF EAST BETHEL, MINNESOTA  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 December 31, 2010

Assets	General	2005B Street Improvement Debt Fund	2010A Revenue Bond Fund
Cash and investments	\$2,192,757	\$333,195	\$759,091
Taxes receivable	291,540	-	-
Special assessments receivable	5,168	140,422	-
Accounts receivable	13,766	-	-
Due from other governments	3,748	-	-
Total assets	<u>\$2,506,979</u>	<u>\$473,617</u>	<u>\$759,091</u>
<b>Liabilities, Equity and Other Credits</b>			
Liabilities:			
Accounts and contracts payable	\$125,737	\$ -	\$ -
Salaries payable	66,613	-	-
Due to other funds	-	-	-
Deposits payable	98,509	-	-
Interfund loan	-	-	150,361
Deferred revenue	231,371	140,422	-
Total liabilities	<u>522,230</u>	<u>140,422</u>	<u>150,361</u>
Fund balances:			
Reserved for:			
Debt Service	-	333,195	608,730
Unreserved:			
Undesignated reported in:			
General Fund	1,984,749	-	-
Special Revenue Funds	-	-	-
Capital Project Funds	-	-	-
Total fund balances	<u>1,984,749</u>	<u>333,195</u>	<u>608,730</u>
Total liabilities and fund balances	<u>\$2,506,979</u>	<u>\$473,617</u>	<u>\$759,091</u>

The accompanying notes are an integral part of these financial statements.

Municipal State Aid Street Improvement Fund	Water Infrastructure Fund	Utility Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$10,962,621	\$4,392,442	\$2,908,080	\$21,548,186
-	-	-	-	291,540
-	-	-	253,067	398,657
-	-	-	1,530	15,296
191,461	-	-	43,146	238,355
<u>\$191,461</u>	<u>\$10,962,621</u>	<u>\$4,392,442</u>	<u>\$3,205,823</u>	<u>\$22,492,034</u>
\$68,063	\$204,633	\$90,188	\$6,404	\$495,025
-	-	-	-	66,613
153,157	-	-	53,726	206,883
-	-	-	-	98,509
-	-	-	89,639	240,000
-	-	-	253,067	624,860
<u>221,220</u>	<u>204,633</u>	<u>90,188</u>	<u>402,836</u>	<u>1,731,890</u>
-	-	-	757,846	1,699,771
-	-	-	-	1,984,749
-	-	-	727,555	727,555
(29,759)	10,757,988	4,302,254	1,317,586	16,348,069
(29,759)	10,757,988	4,302,254	2,802,987	20,760,144
<u>\$191,461</u>	<u>\$10,962,621</u>	<u>\$4,392,442</u>	<u>\$3,205,823</u>	<u>\$22,492,034</u>
Fund balance reported above				\$20,760,144
Amounts reported for governmental activities in the statement of net assets are different because:				
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds				34,684,656
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds:				
Delinquent property taxes				226,203
Special assessments not yet due or delinquent				398,657
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:				
Bonds payable				(22,543,589)
Premium on bonds				(299,000)
Unamortized bond issuance costs				624,838
Accrued interest payable				(107,230)
Internal service funds are used by management to charge the cost of compensated absences to individual funds and to set aside funds for capital equipment acquisition. The assets and liabilities are included in the governmental statement of net assets				2,919,958
Net assets of governmental activities				<u>\$36,664,637</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EAST BETHEL, MINNESOTA  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2010

	General	2005B Street Improvement Debt Fund	2010A Revenue Bond Fund
<b>Revenues:</b>			
General property taxes	\$4,583,900	\$ -	\$ -
Special assessments	-	254,268	-
Licenses and permits	106,387	-	-
Intergovernmental	210,639	-	-
Charges for services	88,133	-	-
Fines and forfeitures	58,519	-	-
Investment income	3,982	664	-
Other	78,905	-	-
Total revenues	<u>5,130,465</u>	<u>254,932</u>	<u>-</u>
<b>Expenditures:</b>			
Current:			
General government	1,350,215	-	-
Public safety	1,803,345	-	-
Public works	750,946	-	-
Parks and recreation	314,541	-	-
Capital outlay	-	-	-
Debt service:			
Principal and debt extinguishment	-	45,000	-
Interest and fiscal charges	-	12,693	-
Bond issuance costs	-	-	192,651
Total expenditures	<u>4,219,047</u>	<u>57,693</u>	<u>192,651</u>
Revenues over (under) expenditures	<u>911,418</u>	<u>197,239</u>	<u>(192,651)</u>
<b>Other financing sources (uses):</b>			
Bonds issued	-	-	801,381
Premium on bonds issued	-	-	-
Transfers in	-	-	-
Transfers out	(763,196)	-	-
Total other financing sources (uses)	<u>(763,196)</u>	<u>-</u>	<u>801,381</u>
Net increase (decrease) in fund balance	148,222	197,239	608,730
Fund balance - January 1	<u>1,836,527</u>	<u>135,956</u>	<u>-</u>
Fund balance - December 31	<u>\$1,984,749</u>	<u>\$333,195</u>	<u>\$608,730</u>

The accompanying notes are an integral part of these financial statements.

Municipal State Aid Street Improvement Fund	Water Infrastructure Fund	Utility Infrastructure Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$158,574	\$4,742,474
-	-	-	40,657	294,925
-	-	-	-	106,387
205,038	-	-	685,516	1,101,193
-	-	-	-	88,133
-	-	-	-	58,519
1,488	125	-	4,322	10,581
-	3	-	19,097	98,005
<u>206,526</u>	<u>128</u>	<u>-</u>	<u>908,166</u>	<u>6,500,217</u>
-	-	-	91,841	1,442,056
-	-	-	65,002	1,868,347
99,692	-	-	191,029	1,041,667
-	-	-	38,024	352,565
1,068,352	943,471	126,097	1,566,876	3,704,796
-	-	-	120,601	165,601
-	-	-	129,010	141,703
-	227,105	84,195	120,887	624,838
<u>1,168,044</u>	<u>1,170,576</u>	<u>210,292</u>	<u>2,323,270</u>	<u>9,341,573</u>
<u>(961,518)</u>	<u>(1,170,448)</u>	<u>(210,292)</u>	<u>(1,415,104)</u>	<u>(2,841,356)</u>
-	12,573,751	4,778,000	741,058	18,894,190
-	218,209	80,791	-	299,000
-	-	-	2,615,690	2,615,690
-	(863,524)	(346,245)	(642,725)	(2,615,690)
-	<u>11,928,436</u>	<u>4,512,546</u>	<u>2,714,023</u>	<u>19,193,190</u>
(961,518)	10,757,988	4,302,254	1,298,919	16,351,834
<u>931,759</u>	<u>-</u>	<u>-</u>	<u>1,504,068</u>	<u>4,408,310</u>
<u>(\$29,759)</u>	<u>\$10,757,988</u>	<u>\$4,302,254</u>	<u>\$2,802,987</u>	<u>\$20,760,144</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EAST BETHEL, MINNESOTA  
 RECONCILIATION OF THE STATEMENT OF REVENUES,  
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 For The Year Ended December 31, 2010

Statement 5

	<u>2010</u>
Amounts reported for governmental activities in the statement of activities (statement 2) are different because:	
Net changes in fund balances - total governmental funds (statement 4)	\$16,351,834
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation	(2,172,317)
Capital outlay	3,704,796
Capital asset transfer	(370,173)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Change in delinquent taxes	40,960
Change in deferred and delinquent special assessments	(252,184)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts of these differences are:	
Debt issued	(18,894,190)
Premium on bond issued	(299,000)
Unamortized bond issuance costs	624,838
Principal payments on bonds payable	165,601
Internal service funds are used by management to charge the cost of compensated absences and certain capital assets to individual funds. The net revenue of certain activities of internal services funds are reported with governmental activities:	
Investment income	5,880
Gain on sale of capital assets	21,665
Transfer - net	246,700
Consolidation of internal service fund activities with governmental activities	(105,090)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Expenses are reported in the statement of activities include the effects of the changes in these expense accruals as follows:	
Change in accrued interest payable	(45,981)
Change in net assets of governmental activities (statement 2)	<u><u>(\$976,661)</u></u>

The accompanying notes are an integral part of these financial statements.

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Ice Arena	Total	
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$933,798
Cash with escrow agent	-	-	-	-	201,339
Accounts receivable	13,560	12,516	322	26,398	8,148
Inventory for resale	-	-	4,710	4,710	-
Due from other funds	-	-	-	-	728,681
Interfund loan	-	-	-	-	240,000
Prepayments	-	-	380	380	-
<b>Total current assets</b>	<u>13,560</u>	<u>12,516</u>	<u>5,412</u>	<u>31,488</u>	<u>2,111,966</u>
<b>Noncurrent assets:</b>					
<b>Capital assets:</b>					
Land	-	-	30,000	30,000	-
Buildings and structures	-	-	1,480,690	1,480,690	-
Machinery and equipment	-	-	25,000	25,000	1,214,906
Utility infrastructure	665,847	691,511	-	1,357,358	-
<b>Total capital assets</b>	<u>665,847</u>	<u>691,511</u>	<u>1,535,690</u>	<u>2,893,048</u>	<u>1,214,906</u>
Less: accumulated depreciation	(239,022)	(370,765)	(667,186)	(1,276,973)	(271,956)
<b>Net capital assets</b>	<u>426,825</u>	<u>320,746</u>	<u>868,504</u>	<u>1,616,075</u>	<u>942,950</u>
<b>Total noncurrent assets</b>	<u>426,825</u>	<u>320,746</u>	<u>868,504</u>	<u>1,616,075</u>	<u>942,950</u>
<b>Total assets</b>	<u>440,385</u>	<u>333,262</u>	<u>873,916</u>	<u>1,647,563</u>	<u>3,054,916</u>
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
Due to other funds	\$125,543	\$203,321	\$192,934	\$521,798	\$ -
Accounts payable	1,136	1,757	24,728	27,621	-
Salaries payable	638	638	-	1,276	-
Compensated absences - current portion	-	-	-	-	41,866
Deferred revenue	-	-	52,590	52,590	-
<b>Total current liabilities</b>	<u>127,317</u>	<u>205,716</u>	<u>270,252</u>	<u>603,285</u>	<u>41,866</u>
<b>Noncurrent liabilities:</b>					
Compensated absences payable - noncurrent portion	-	-	-	-	93,092
<b>Total noncurrent liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,092</u>
<b>Total liabilities</b>	<u>127,317</u>	<u>205,716</u>	<u>270,252</u>	<u>603,285</u>	<u>134,958</u>
<b>Net assets:</b>					
Invested in capital assets, net of related debt	426,825	320,746	868,504	1,616,075	942,950
Unrestricted	(113,757)	(193,200)	(264,840)	(571,797)	1,977,008
<b>Total net assets</b>	<u>\$313,068</u>	<u>\$127,546</u>	<u>\$603,664</u>	<u>\$1,044,278</u>	<u>\$2,919,958</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EAST BETHEL, MINNESOTA  
 STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 For The Year Ended December 31, 2010

Statement 7

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Ice Arena	Total	
Operating revenues:					
Ice rentals and related revenue	\$ -	\$ -	\$210,742	\$210,742	\$ -
Rentals, signs, lockers and tower	-	-	42,953	42,953	-
Dry floor events	-	-	4,596	4,596	-
Concession revenue	-	-	19,143	19,143	-
Customer charges	33,163	80,247	-	113,410	264,599
Donations/refunds	-	-	15,300	15,300	-
Total operating revenues	<u>33,163</u>	<u>80,247</u>	<u>292,734</u>	<u>406,144</u>	<u>264,599</u>
Operating expenses:					
Wages and fringe	18,651	18,560	-	37,211	17,899
Maintenance and repairs	653	1,304	37,352	39,309	-
Utilities	6,808	10,512	63,080	80,400	-
Professional services	3,370	8,692	85,898	97,960	-
Supplies	3,503	16,288	22,671	42,462	-
Other	-	1,577	1,329	2,906	-
Depreciation	22,195	23,050	82,361	127,606	105,090
Total operating expenses	<u>55,180</u>	<u>79,983</u>	<u>292,691</u>	<u>427,854</u>	<u>122,989</u>
Operating income (loss)	<u>(22,017)</u>	<u>264</u>	<u>43</u>	<u>(21,710)</u>	<u>141,610</u>
Nonoperating revenues (expenses):					
Sale of fixed asset	-	-	-	-	21,665
Interest	(388)	(668)	(907)	(1,963)	5,880
Total nonoperating revenues (expenses)	<u>(388)</u>	<u>(668)</u>	<u>(907)</u>	<u>(1,963)</u>	<u>27,545</u>
Income (loss) before contributions and transfers	<u>(22,405)</u>	<u>(404)</u>	<u>(864)</u>	<u>(23,673)</u>	<u>169,155</u>
Capital contribution	<u>370,173</u>	<u>-</u>	<u>-</u>	<u>370,173</u>	<u>-</u>
Change in net assets	<u>347,768</u>	<u>(404)</u>	<u>(864)</u>	<u>346,500</u>	<u>169,155</u>
Net assets - January 1	<u>(34,700)</u>	<u>127,950</u>	<u>604,528</u>	<u>697,778</u>	<u>2,750,803</u>
Net assets - December 31	<u>\$313,068</u>	<u>\$127,546</u>	<u>\$603,664</u>	<u>\$1,044,278</u>	<u>\$2,919,958</u>

The accompanying notes are an integral part of these financial statements.

CITY OF EAST BETHEL, MINNESOTA  
 STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For The Year Ended December 31, 2010

Statement 8

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Utility	Sewer Utility	Ice Arena	Total	
Cash flows from operating activities:					
Receipts from customers and users	\$31,378	\$81,345	\$321,309	\$434,032	\$264,599
Receipts from other funds	1,693	-	-	1,693	-
Payment to suppliers	(14,039)	(37,965)	(213,670)	(265,674)	(21,486)
Payment to employees	(18,644)	(18,553)	-	(37,197)	-
Payment to other funds	-	(24,159)	(122,032)	(146,191)	-
Advances to other funds	-	-	-	-	(728,681)
Miscellaneous revenue	-	-	15,300	15,300	-
Net cash flows from operating activities	<u>388</u>	<u>668</u>	<u>907</u>	<u>1,963</u>	<u>(485,568)</u>
Cash flows from noncapital financing activities:					
Internal loan	-	-	-	-	(203,668)
Internal interest expense	(388)	(668)	(907)	(1,963)	-
Net cash flows from noncapital financing activities	<u>(388)</u>	<u>(668)</u>	<u>(907)</u>	<u>(1,963)</u>	<u>(203,668)</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-	-	-	-	(518,071)
Proceeds from sale of capital assets	-	-	-	-	21,665
Net cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(496,406)</u>
Cash flows from investing activities:					
Investment income	-	-	-	-	5,880
Net increase (decrease) in cash and cash equivalents	-	-	-	-	(1,179,762)
Cash and cash equivalents - January 1	-	-	-	-	2,113,560
Cash and cash equivalents - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$933,798</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	<u>(\$22,017)</u>	<u>\$264</u>	<u>\$43</u>	<u>(\$21,710)</u>	<u>\$141,610</u>
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	22,195	23,050	82,361	127,606	105,090
Change in assets and liabilities:					
Decrease (increase) in receivables and inventory	(1,785)	1,098	4,965	4,278	6,120
Decrease (increase) in due from other funds	-	-	-	-	(728,681)
Increase (decrease) in accounts payable	295	408	(1,522)	(819)	(9,707)
Increase (decrease) in salaries payable	7	7	-	14	-
Increase (decrease) in due to other funds	1,693	(24,159)	(122,032)	(144,498)	-
Increase (decrease) in deferred revenue	-	-	37,092	37,092	-
Total adjustments	<u>22,405</u>	<u>404</u>	<u>864</u>	<u>23,673</u>	<u>(627,178)</u>
Net cash provided by operating activities	<u>\$388</u>	<u>\$668</u>	<u>\$907</u>	<u>\$1,963</u>	<u>(\$485,568)</u>
Noncash investing, capital and financing activities:					
Contribution of Capital Assets from the Municipality	370,173	-	-	370,173	

The accompanying notes are an integral part of these financial statements.

**Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of East Bethel was incorporated in 1958 and has operated under the State of Minnesota Statutory Plan A form of government since 1974. The governing body consists of a five-member council elected by voters of the City.

The financial statements of the City of East Bethel have been prepared in conformity with generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

**A. FINANCIAL REPORTING ENTITY**

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City of East Bethel (the primary government) and its component units, entities which the City is considered to be financial accountable.

The City has two component units – the Housing and Redevelopment Authority (HRA) and the Economic Development Authority (EDA). The HRA and EDA are considered component units because the governing boards are the same as that of the City and because the City will be in a relationship of financial benefit with each of the entities.

The financial position and results of operations of the HRA component unit is presented using the blended method. This blended component unit, although legally separate entity, is, in substance, part of the City's operations. The component unit include Governmental Funds using the modified accrual basis of accounting, and as such is reported as a Special Revenue Fund. Separate financial statements for the HRA are not prepared. The EDA component unit is not currently active.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Reimbursement grants are considered available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *2005B 207<sup>th</sup> Avenue Service Road Debt Service Fund* accounts for debt service for bonds issued to finance a service road adjacent to Highway 65, the major arterial running through the City. Special assessments to benefiting properties support the debt.

The *2010A Revenue Bond Fund* accounts for debt service for bonds issued to finance water infrastructure, including wells, water tower, and a water treatment plant. Special assessments, connection fees and user fees will be collected from properties benefiting from the improvements.

The *Municipal State Aid Street Improvement Fund* is maintained according to state statutes for the construction of municipal state aid street projects throughout the City.

The *Water Infrastructure Fund* is used to account for the bond proceeds that will be used to finance water infrastructure improvements.

The *Utility Infrastructure Fund* is used to account for the bond proceeds that will be used to finance water and sewer infrastructure improvements.

The government reports the following major proprietary funds:

The *Water Utility Fund* accounts for water service activities to operate the water utility system.

The *Sewer Utility Fund* accounts for sewer service activities to operate the sanitary sewer system.

The *Ice Arena Fund* accounts for operations of the City's ice arena.

Additionally, the City reports the following fund type:

Internal service funds are used to account for the costs associated with employees' compensated absences and to account for the funding of major equipment necessary for City operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary-fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and arena enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for an allowable use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

#### D. BUDGETS

Budgets are legally adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the General Fund and special revenue funds. Budgeted expenditure appropriations lapse at year end. Debt service funds' financial activities are governed by bond covenants. Capital projects funds' expenditures are approved by the City Council before projects are undertaken.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the appropriation, is not employed by the City because it is at present not considered necessary to assure effective budgetary control or to facilitate effective cash management.

#### E. LEGAL COMPLIANCE – BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council reviews the proposed budget and makes appropriate changes.

3. Public meetings are conducted to obtain taxpayer comments.
4. The budget is legally enacted through passage of a resolution on a departmental basis for the General Fund and on a fund basis for other funds and can be expended by each department (or fund) based upon detailed budget estimates for individual expenditure accounts.
5. Interdepartmental, intradepartmental or interfund appropriations and deletions are authorized by the City Council with fund contingency reserves or additional revenues.
6. Formal budgetary integration is employed as a management control device during the year for all funds. Legal debt obligation indentures determine the appropriation level of debt service tax levies for the Debt Service Funds. Amounts annually budgeted for capital funds are consistent with the relevant five-year capital improvement program. A capital improvement program is reviewed annually by the City Council for the Capital Project Funds.
7. The legal level of budgetary control is at the department level for the General Fund and the fund level for other funds. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services; materials and supplies; contractual services; and capital outlay) within each program. All amounts over budget were approved by the City Council through the disbursement process.
8. The City Council may authorize transfer of budgeted amounts between City funds. The City Council made no supplemental budgetary appropriations throughout the year.

#### **F. CASH AND INVESTMENTS**

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Investment income (expense) is allocated to individual funds on the basis of the fund's equity in the cash and investment pool. Funds with negative balances are shown by cash overdrafts as fund liabilities. These overdrafts are eliminated on the government-wide financial statements. Investments are stated at fair value, based upon quoted market prices. Investment income is accrued at the balance sheet date.

For purposes of the statement of cash flows the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

#### **G. RECEIVABLES AND PAYABLES**

Property taxes and special assessments have been reported net of estimated uncollectible accounts. (See Note 1 H, J and M) Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and have not been reported.

#### **H. PROPERTY TAX REVENUE RECOGNITION**

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. Uncollectible property taxes are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 and remitted to the City the following January are shown as unremitted taxes. Taxes and credits not received at year end are classified as delinquent taxes receivable. The portion of delinquent taxes not collected by the City is fully offset by deferred revenue because they are not available to finance current expenditures.

**I. MARKET VALUE HOMESTEAD CREDIT**

Property taxes on residential agricultural homestead property (as defined by State Statutes) are partially reduced by the market value homestead credit (MVHC). This credit is paid to the City by the State in lieu of taxes levied against homestead property; it is remitted through two installments each year. Since these amounts received by the City from the State are for taxes levied, the credit is recognized as property tax revenue by the City at the time of collection. In past years, the State has chosen not to remit a portion of the MVHC back to the City. In effect, the State used City resources to fund a State tax reduction. Consequently, for the years 2003 through 2006, the City was precluded from collecting a portion of its levy amount. In 2007, the State remitted the full MVHC to the City. In 2008 the City received 50% of the credit, in 2009 the City received 28% of the credit and in 2010 received nothing.

**J. SPECIAL ASSESSMENT REVENUE RECOGNITION**

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties. Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are allocated first to the County's costs of administering all tax forfeit properties. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. Uncollectible special assessments are not material and have not been reported.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 and remitted to the City the following January (unremitted taxes) are also recognized as revenue for the current year. Special assessments due to be collected in future years are classified as deferred assessments receivable. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred revenues.

**K. PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**L. CAPITAL ASSETS**

Capital assets, which include property, plant, equipment and infrastructure assets, e.g., roads, bridges, sidewalks, and similar items, are reported in the applicable governmental or business type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of at least \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Pursuant to GASB Statement 34, in the case of the initial capitalization of general infrastructure assets, i.e., those reported by governmental activities, the City chose to include all such items regardless of their acquisition date. These assets are reported at historical cost. The City estimated historical cost for the initial reporting of these assets through back trending - estimating the current replacement cost and utilizing an appropriate price-level index to deflate the cost to the acquisition year. As the City constructs or acquires additional infrastructure assets each period, they will be capitalized and reported at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is capitalized to the value of the assets constructed. For the year ended December 31, 2010, no interest was capitalized in connection with construction in progress. Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives and are capitalized according to the following thresholds:

<u>Assets</u>	<u>Life</u>
Miscellaneous office equipment, copiers, computer hardware, light trucks, mowers, attachments, other light equipment	5 years
Loaders, dump trucks, graders, trailers, other heavy equipment, telephone and radio systems, pumps, generators	10 years
Fire rigs, playground equipment, irrigation systems	20 years
Buildings, park shelters, fences, paved streets, sidewalks, parking lots, signs	25 years
Water trunks, mains, towers; sewer trunks, mains, lift stations; storm drainage trunks, mains, ponds	30 years
<u>Asset Category</u>	<u>Value Threshold</u>
All assets not referenced in this schedule	\$5,000
Parking lots, sidewalks, fencing, park shelters, land improvements	\$25,000
Buildings and building improvements	\$50,000
Infrastructure improvements: water, sewer, storm drainage, streets	\$100,000

#### **M. COMPENSATED ABSENCES**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. At year end, each employee's accrued obligation is expensed to their home department and revenue is recognized in the Compensated Absences Internal Service Fund to fund the City's obligation. It is assumed that these amounts will be payable only upon employees' severance from employment. Vacation and sick leave used during employees' tenure with the City is assumed to closely match the leave earned during that year. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. A liability is recognized in the internal service fund for that portion of accumulating sick leave benefits that is vested as severance pay.

#### **N. LONG-TERM OBLIGATIONS**

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net assets. Bond premiums and discounts, as well as issuance costs, are immaterial and are expensed in the year of bond issuance.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **O. FUND EQUITY**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

#### **P. INTERFUND TRANSACTIONS**

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

#### **Q. FUND EQUITY AND RESTRICTED ASSETS**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not appropriable for expenditure or legally segregated for a specific future use. Debt fund assets are restricted for debt service.

#### **R. USE OF ESTIMATES**

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

## S. INVENTORIES

### GOVERNMENTAL FUNDS

The original costs of materials and supplies have been recorded as expenditures at the time of purchase. These funds do not maintain material amounts of inventories.

### PROPRIETARY FUNDS

Inventories of the Proprietary Funds are stated at cost, which approximates market, using the first-in, first-out (FIFO) valuation methodology.

## Note 2 DEPOSITS AND INVESTMENTS

### DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System. Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- a) United States government treasury bills, treasury notes, treasury bonds;
- b) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- c) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- d) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- e) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc. or Standard & Poor's Corporation; and
- f) Time deposits that are fully insured by any federal agency.

At December 31, 2010, the carrying amount of the City's deposits with financial institutions was insured by FDIC insurance or protected by collateral provided by the financial institution.

### INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligation tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
  - 1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service;
  - 2) any security which is a revenue obligation of any state or local government with taxing

**CITY OF EAST BETHEL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2010

- powers which is rated "AA" or better by a national bond rating service; and  
 3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental entity issued under section 429.091, subdivision 7; 469.178, subdivision 5; or 475.61, subdivision 6.
- Balances at December 31, 2010:

Investment Type	Fair Value	Investment maturities (in years)		
		less than 1 year	between 1 and 5 yrs.	Between 6 and 10 yrs.
External investment pool - 4M Fund	\$21,738,945	\$21,738,945	\$ -	\$ -
		Total investments		\$21,738,945
		Deposits		742,239
		Petty cash		800
		Total cash and investments		<u>\$22,481,984</u>

**INVESTMENT RISK**

The City's investment policy is to follow Minnesota State Statutes as described above which reduces the City's exposure to credit, custodial credit, and interest rate risks. Specific risk information for the City is as follows:

Interest rate risk – The City's investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. The policy also states the City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

Credit risk – As of December 31, 2010, the City's external investment pool investment is with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M fund is an unrated 2a7-like pool and the fair value of the position in the pool is the same as the value of pool shares.

Concentration of credit risk – The City places no limit on the amount the City may invest in any one issuer. 97% of the City's cash and investments are with the 4M fund.

Custodial credit risk – For investments in securities, custodial credit is the risk that in the event of a failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. As of December 31, 2010, all investments of the City were insured, registered and held by City or its agent in the City's name. Investments in mutual funds are not evidenced by securities that exist in physical or book entry form, and therefore are not subject to custodial credit risk.

CITY OF EAST BETHEL, MINNESOTA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2010

**Note 3 RECEIVABLES**

Significant receivables balances not expected to be collected within one year of December 31, 2010 are as follows:

	Major Funds			Total
	General	2005B Debt Service Fund	Nonmajor Funds	
Special assessments receivable	\$ -	\$93,155	\$223,107	\$316,262
Delinquent Property Taxes	94,400	-	-	94,400
	<u>\$94,400</u>	<u>\$93,155</u>	<u>\$223,107</u>	<u>\$410,662</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. The City has no unearned revenues as of December 31, 2010. At the end of the current fiscal year, deferred revenue reported in the governmental funds was as follows:

	Unavailable
Delinquent property taxes receivable (General fund)	\$226,204
Delinquent special assessments (2005B Debt Service Fund)	28,125
Delinquent special assessments (Nonmajor Funds)	1,680
Special Assessments not yet due (General fund)	5,168
Special Assessments not yet due (2005B Debt Service Fund)	112,297
Special Assessments not yet due (Nonmajor Funds)	251,386
Total deferred revenue for governmental funds	<u>\$624,860</u>

CITY OF EAST BETHEL, MINNESOTA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2010

Note 4 CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the government wide statement of net assets. Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decrease	Transfers	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$322,535	\$565,011	\$ -	\$ -	\$887,546
Construction in progress	635,247	3,002,365	(122,708)	(370,173)	3,144,731
Total capital assets, not being depreciated	957,782	3,567,376	(122,708)	(370,173)	4,032,277
Capital assets, being depreciated:					
Buildings and improvements	5,384,775	-	-	-	5,384,775
Park improvements	1,167,557	56,544	-	-	1,224,101
Departmental equipment	2,528,561	518,071	(143,719)	-	2,902,913
Streets	46,395,010	203,584	-	-	46,598,594
Storm sewers	2,012,144	-	-	-	2,012,144
Total capital assets, being depreciated	57,488,047	778,199	(143,719)	-	58,122,527
Less accumulated depreciation for:					
Buildings and improvements	1,745,942	198,259	-	-	1,944,201
Park improvements	366,621	58,994	-	-	425,615
Departmental equipment	1,533,947	179,741	(143,719)	-	1,569,969
Streets	20,158,802	1,775,017	-	-	21,933,819
Storm sewers	588,198	65,396	-	-	653,594
Total accumulated depreciation	24,393,510	2,277,407	(143,719)	-	26,527,198
Total capital assets being depreciated - net	33,094,537	(1,499,208)	-	-	31,595,329
Governmental activities capital assets - net	\$34,052,319	\$2,068,168	(\$122,708)	(\$370,173)	\$35,627,606

CITY OF EAST BETHEL, MINNESOTA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2010

	Beginning Balance	Increases	Decrease	Transfers	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$30,000	\$ -	\$ -	\$ -	\$30,000
Total capital assets, not being depreciated	30,000	-	-	-	30,000
Capital assets, being depreciated:					
Buildings and improvements	1,480,690	-	-	-	1,480,690
Department equipment	25,000	-	-	-	25,000
Utility infrastructure	987,185	-	-	370,173	1,357,358
Total capital assets, being depreciated	2,492,875	-	-	370,173	2,863,048
Less accumulated depreciation for:					
Buildings and improvements	559,823	82,361	-	-	642,184
Department equipment	25,000	-	-	-	25,000
Utility infrastructure	564,544	45,245	-	-	609,789
Total accumulated depreciation	1,149,367	127,606	-	-	1,276,973
Total capital assets being depreciated - net	1,458,775	(127,606)	-	370,173	1,586,075
Business-type activities capital assets - net	\$1,488,775	(\$127,606)	\$ -	\$370,173	\$1,616,075

Depreciation expense was charged to functions/ programs of the City as follows:

Governmental activities:	
General government	\$ 127,803
Public safety	133,624
Public works	1,827,551
Parks and recreation	83,339
Depreciation on capital assets held by governmental internal service activities charged to each function based on use	105,090
Total depreciation expense – governmental activities	<u>\$2,277,407</u>
Business-type activities:	
Water utility	\$ 22,195
Sewer utility	23,050
Arena	82,361
Total depreciation expense - business-type activities	<u>\$ 127,606</u>

CITY OF EAST BETHEL, MINNESOTA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2010

**Note 5 LONG-TERM DEBT**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital items. All of the reporting entity's long-term debt is to be repaid from governmental activities.

**A. GOVERNMENTAL ACTIVITIES**

	Issue Date	Maturity Date	Interest Rate	Original Issue	Payable 12/31/10
Governmental Activities:					
2005A Public Safety Bonds	9/15/2005	2/1/2026	2.95 - 4.30%	1,900,000	1,660,000
2005B GO Improvement Bonds	9/15/2005	2/1/2016	2.95 - 3.80%	495,000	325,000
2010C Taxable GO Bonds	12/15/2010	2/1/2017	3.20 - 3.45%	1,260,000	1,260,000
Total GO Improvement Bonds				3,655,000	3,245,000
2008A GO Sewer Revenue Bonds	5/1/2008	2/1/2029	3.00 - 4.70%	1,715,000	1,665,000
2010 GO Water Revenue Note	2/17/2010	8/20/2029	1.00%	69,190	68,589
2010A Taxable GO Water Revenue Bonds	12/15/2010	2/1/2040	4.50 - 7.00%	11,465,000	11,465,000
2010B Taxable GO Utility Revenue Bonds	12/15/2010	2/1/2040	3.10 - 7.00%	6,100,000	6,100,000
Total GO Revenue Bonds				19,349,190	19,298,589
Total Bonds Payables				23,004,190	22,543,589
Bond Issuance Premium				299,000	299,000
Total City Indebtedness				\$23,303,190	\$22,842,589

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending December 31	Governmental Activities			
	GO Improvement Bonds		GO Revenue Bonds & Notes	
	Principal	Interest	Principal	Interest
2011	125,000	101,044	118,000	777,637
2012	125,000	112,390	123,000	1,199,801
2013	135,000	107,902	148,000	1,195,615
2014	140,000	103,020	153,000	1,190,791
2015	140,000	97,910	158,000	1,185,805
2016	845,000	81,350	228,000	1,179,498
2017	660,000	55,805	263,000	1,170,811
2018	100,000	42,280	369,000	1,158,791
2019	105,000	38,256	394,000	1,143,586
2020	105,000	34,083	514,000	1,124,433
2021-2025	625,000	97,706	1,960,000	5,320,724
2026-2030	140,000	3,010	3,280,589	4,569,981
2031-2035	-	-	5,390,000	3,118,375
2036-2040	-	-	6,200,000	1,119,300
Total	\$3,245,000	\$874,756	\$19,298,589	\$25,455,148

CITY OF EAST BETHEL, MINNESOTA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2010

**B. CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds Payable:					
GO improvement bonds	\$2,100,000	\$1,260,000	\$115,000	\$3,245,000	\$125,000
GO revenue bonds & notes	1,715,000	17,634,190	50,601	19,298,589	118,000
Deferred amount:					
Issuance premium	-	299,000	-	299,000	10,551
Total bonds payable	3,815,000	19,193,190	165,601	22,842,589	253,551
Compensated absences	123,179	11,779	-	134,958	41,866
Total governmental activity long-term debt	\$3,938,179	\$19,204,969	\$165,601	\$22,977,547	\$295,417

**C. REVENUES PLEDGED**

Bond Issue	Use of Proceeds	Revenue Pledged			Remaining Principal and Interest	Current Year	
		Type	Percent of Total Debt Service	Term of Pledge		Principal and Interest Paid	Pledged Revenue Received
G.O. Improvement, 2005B	Street improvements	Special assessments	100%	2006-2015	\$361,815	\$57,693	\$254,268
G.O. Sewer Revenue, 2008A	Acquisition of Sewer System	Utility Revenues Special assessments	86% 14%	2009-2028	\$2,065,725	\$111,970	\$19,500
G.O. Water Revenue Note, 2010	Infrastructure improvements	Utility Revenues	100%	2010-2029	\$75,799	\$680	\$700
G.O. Water Revenue, 2010A (Recovery Zone Economic Development Bonds)	Infrastructure improvements	Utility Revenues Federal credit	70% 27%	2012-2040	\$28,983,114	\$ -	\$ -
G.O. Utility Revenue, 2010B (Build America Bonds)	Infrastructure improvements	Utility Revenues Federal credit	80% 17%	2012-2040	\$13,629,099	\$ -	\$ -
G.O., 2010C	Infrastructure improvements	Utility Revenues	88%	2013-2017	\$1,493,487	\$ -	\$ -

**Note 6 DEFINED BENEFIT PENSION PLANS-STATEWIDE**

**A. Plan Description**

All full-time and certain part-time employees of the City of East Bethel are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF. Members who are employed in a county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers and are directly responsible for the direct security, custody, and control of the county correctional institution and its inmates are covered by the PECF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and PERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for PERF, PEPFF, and PECF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

**B. Funding Policy**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.10% and 6.0%, respectively, of their annual covered salary in 2010. Contribution rates in the Coordinated Plan will increase to 6.25% for 2011. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010. That rate will increase to 9.6% for 2011. PECF members are required to contribute 5.83% of their annual covered salary. The City of East Bethel is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 7.0% for Coordinated Plan PERF members, 14.1.9% for PEPFF members, and 8.75% for PECF members. Employer contribution rates for the Coordinated Plan increase to 7.25% and 14.4% for PEPFF members effective January 1, 2011. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2010, 2009, 2008, 2007, 2006 and 2005 were \$85,451.37, \$85,856.77, \$78,519, \$66,576, \$57,141, and \$49,257, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

**C. Defined Contribution Plan**

Two council members of the City of East Bethel are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the City of East Bethel during fiscal year 2010 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$576	\$576	5.0%	5.0%	5.0%

**D. PENSION PLAN – EAST BETHEL FIRE DEPARTMENT RELIEF ASSOCIATION**

PLAN DESCRIPTION

The City contributes to the East Bethel Fire Department Relief Association (the Association) which is the administrator of a single employer retirement system to provide a defined benefit retirement plan (the Plan) to paid on-call firefighters of the City who are members of the Association. The Association issues a financial report which is available at City offices.

FUNDING POLICY

Minnesota Statutes Chapter 69.772 set the minimum contribution requirement for the City and State Aid on an annual basis. These statutes are established and amended by the state legislature. The Association is comprised of paid on-call City employees; therefore, members have no contribution requirements. The City receives the State aid contribution and is required by state statutes to pass this through as payment to the Association. This transaction, in the amount of \$40,985, is recorded as a revenue and an expenditure in the City's financial statements. A mandatory contribution for \$39,103, as required by state statutes, was made in 2010. The City's annual pension cost for the current year and relation information for the plan is as follows:

Annual pension cost	\$79,206
Contributions Made:	
State Aid	\$40,985
Actuarial valuation date	12/31/2009
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period:	
Normal cost	20 years
Prior service cost	10 years
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return	5%
Projected salary increases	N/A
Inflation rate	N/A
Cost of living adjustments	None

CITY OF EAST BETHEL, MINNESOTA  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2010

Three Year Trend Information

Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	55,355	100%	\$ -
12/31/2009	40,103	100%	\$ -
12/31/2010	79,206	100%	\$ -

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Assets in Excess of (Unfunded) Accrued Liability	Funded Ratio	Pension Benefit Per year of Service
12/31/2007	\$1,161,782	985,140	176,642	117.93%	3,400
12/31/2008	\$718,747	924,416	(205,669)	77.75%	3,400
12/31/2009	\$944,452	975,280	(30,828)	96.84%	3,400

Note 7 INTERFUND RECEIVABLES, PAYABLES, TRANSFERS AND LOANS

Interfund payables and receivables are representative of lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year. Interfund receivables and payables of the City are as follows:

Due From/Due To:	Interfund Receivables	Interfund Payables
Major Funds:		
Municipal State Aid Street Improvement	\$ -	\$153,157
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Recycling Fund	-	1,621
SAFER Grant Fund	-	27,028
Capital Project Fund:		
Improvements of 2003 Fund	-	25,077
Proprietary Funds:		
Water	-	125,543
Sewer	-	203,321
Ice Arena	-	192,934
Internal Service Fund:		
Equipment Replacement	728,681	-
	<u>\$728,681</u>	<u>\$728,681</u>

**CITY OF EAST BETHEL, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2010

Interfund transfers allow the City to allocate financial resources between funds. Interfund transfers were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activities:		
Governmental funds:		
Major Funds:		
General Fund	\$ -	\$763,196
Water Infrastructure	-	863,524
Utility Infrastructure	-	346,245
Nonmajor Funds	<u>2,615,690</u>	<u>642,725</u>
Total governmental funds	<u>2,615,690</u>	<u>2,615,690</u>
 Total governmental activities	 <u>2,615,690</u>	 <u>2,615,690</u>
 Total interfund transfers	 <u>\$2,615,690</u>	 <u>\$2,615,690</u>

On December 31, 2010, one interfund loan is outstanding. In 2010, the 2010A Revenue Bond Fund and the 2010B Utility Revenue Bond Fund borrowed \$150,361 and \$89,639, respectively from the Equipment Replacement Fund to finance bond issuance costs. In accordance with Resolution 2010-74, the loan will be paid back in 10 years with future utility revenues. No interest will be charged.

**Note 8 DEFICIT FUND BALANCES/NET ASSETS**

The City has deficit fund balances/net assets at December 31, 2010 as follows:

<u>Fund</u>	<u>Amount</u>
Governmental activities:	
Municipal State Aid Street Improvement Fund	\$29,759
Improvements of 2003 Fund	25,147

**Note 9 CONTINGENCIES**

**A. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City has no deductible. The City has selected the regular premium option for its coverage. Under this option, the City's premium is calculated based on City payroll, by class. The premium is adjusted by an experience modification factor, which reflects the City's previous loss experience. This option is a "fully insured" option; premium payments are the City's only liability. Property, casualty, and automobile insurance coverage are also provided through a pooled self insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. The City retains risk for the deductible portions. These deductibles are considered immaterial to the financial statements. The City continues to carry commercial insurance for all other risks of loss, including employee health and disability

insurance. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

**B. LITIGATION**

The City attorney has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

The City was required to post a bond with the Anoka County District Court as a surety relating to a case against the Anoka County Housing and Redevelopment Authority. The City deposited \$201,339 with Anoka County District Court on December 2, 2009. Should the City prevail the deposit, plus interest, will be returned to the City. Should the County prevail in this lawsuit, the City would forfeit the bond.

**C. FEDERAL AND STATE FUNDS**

The City receives financial assistance from county and state governmental agencies primarily in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall financial position of the City at December 31, 2010.

**D. CONSTRUCTION COMMITMENTS**

The City has entered into several contractual commitments that are in process at year end for the water and sewer infrastructure project.

**Note 10 DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT**

General obligation bond issues sold by the City are financed by ad valorem tax levies and special assessment bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest. These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2010. Future scheduled tax levies for all bonds outstanding at December 31, 2010 totaled \$2,323,071.

**Note 11 DESIGNATIONS AND RESERVATIONS OF FUND EQUITY**

At December 31, 2010, the City had reserved portions of its various fund equities as follows:

Governmental activities:

Major Funds:

2005B Street Improvement Fund	reserved for debt service	\$ 333,195
2010A Revenue Bond Fund	reserved for debt service	608,730

Non major Funds:

2005A Public Safety Bond Fund	reserved for debt service	160,173
2008A Sewer Revenue Bond Fund	reserved for debt service	46,672
2010 Water Revenue Note	reserved for debt service	20
2010B Utility Revenue Bond	reserved for debt service	358,753
2010C Bond	reserved for debt service	<u>192,228</u>

Total reservations of governmental activities funds \$1,699,771

**Note 12 POST EMPLOYMENT BENEFITS**

In accordance with State Statute, the City provides the opportunity for retired employees to maintain insurance coverage with the City until age 65. The retired employee is responsible for 100% of the cost. The City does not pool insurance costs among employees; all insurance premiums are age-rated. No cross subsidy exists between different age groupings. Consequently, the City has no liability for post employment benefits. No reporting activity is necessary for the City with regard to GASB Statement No. 43 *Financial Reporting for Post Employment Benefit Plans Other Than Pension Plans* or GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pension Plans*.

**Note 13 RECENTLY ISSUED ACCOUNTING STANDARDS**

The City implemented GASB 51, *Accounting and Financial Reporting for Intangible Assets* effective January 1, 2010, which required the City to capital and amortize intangible assets. Pursuant to GASB Statement 51, in the case of initial capitalization of intangible assets, the City chose not to retroactively report permanent easements. The City had already accounted for temporary easement and computer software at historical cost and therefore retroactive reporting was not necessary. The amounts of these assets are not material to the financial statements and therefore, have not been reported separately from other capital assets. The City acquired no intangible assets for the year ending December 31, 2010.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF EAST BETHEL, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2010

Statement 9

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Page 1 of 3</b>				
<b>Revenue:</b>				
Taxes	\$4,612,647	\$4,601,082	\$4,583,900	(\$17,182)
Licenses and permits	142,350	142,350	106,387	(35,963)
Intergovernmental:				
Other aid	212,278	212,278	210,639	(1,639)
Charges for services	87,370	87,370	88,133	763
Fines and forfeitures	58,100	58,100	58,519	419
Investment income	20,000	20,000	3,982	(16,018)
Franchise fees	28,000	28,000	35,945	7,945
Refunds and reimbursements	35,500	35,500	42,960	7,460
Total revenue	<u>5,196,245</u>	<u>5,184,680</u>	<u>5,130,465</u>	<u>(54,215)</u>
<b>Expenditures:</b>				
General government:				
Mayor and council:				
Current:				
Personal services	33,427	33,427	31,275	2,152
Other charges	41,433	42,433	37,539	4,894
Total mayor and council	<u>74,860</u>	<u>75,860</u>	<u>68,814</u>	<u>7,046</u>
Elections:				
Current:				
Materials and supplies	200	200	144	56
Contractual services	11,140	10,940	9,412	1,528
Total elections	<u>11,340</u>	<u>11,140</u>	<u>9,556</u>	<u>1,584</u>
Planning and zoning:				
Current:				
Personal services	187,982	187,982	184,253	3,729
Materials and supplies	11,028	11,028	8,759	2,269
Contractual services	7,990	7,340	4,439	2,901
Total planning and zoning	<u>207,000</u>	<u>206,350</u>	<u>197,451</u>	<u>8,899</u>
Administration/Support:				
Current:				
Personal services	572,760	572,760	573,240	(480)
Materials and supplies	900	900	385	515
Contractual services	34,975	33,870	32,058	1,812
Total administration/support	<u>608,635</u>	<u>607,530</u>	<u>605,683</u>	<u>1,847</u>

CITY OF EAST BETHEL, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2010

Statement 9

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Page 2 of 3</b>				
Expenditures: (continued)				
General government buildings:				
Current:				
Materials and supplies	\$4,300	\$4,300	\$2,503	\$1,797
Contractual services	49,200	49,200	30,203	18,997
Total general government buildings	<u>53,500</u>	<u>53,500</u>	<u>32,706</u>	<u>20,794</u>
Miscellaneous:				
Current:				
Contractual services	243,000	243,000	230,953	12,047
Total general government	<u>1,198,335</u>	<u>1,197,380</u>	<u>1,145,163</u>	<u>52,217</u>
Public safety:				
Fire protection:				
Current:				
Personal services	330,585	330,585	320,754	9,831
Materials and supplies	37,100	37,100	32,828	4,272
Contractual services	204,250	200,550	183,459	17,091
Total current	<u>571,935</u>	<u>568,235</u>	<u>537,041</u>	<u>31,194</u>
Capital outlay	10,000	10,000	-	10,000
Total fire protection	<u>581,935</u>	<u>578,235</u>	<u>537,041</u>	<u>41,194</u>
Police protection:				
Current:				
Contractual services	1,019,790	1,019,790	1,014,037	5,753
Total police protection	<u>1,019,790</u>	<u>1,019,790</u>	<u>1,014,037</u>	<u>5,753</u>
Building inspection:				
Current:				
Personal services	249,622	249,622	244,168	5,454
Materials and supplies	2,850	2,800	3,047	(247)
Contractual services	8,275	5,975	5,052	923
Total building inspection	<u>260,747</u>	<u>258,397</u>	<u>252,267</u>	<u>6,130</u>
Total public safety	<u>1,862,472</u>	<u>1,856,422</u>	<u>1,803,345</u>	<u>53,077</u>

CITY OF EAST BETHEL, MINNESOTA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 For The Year Ended December 31, 2010

Statement 9

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Page 3 of 3</b>				
Expenditures: (continued)				
Public works:				
Street maintenance:				
Current:				
Personal services	\$420,903	\$420,903	\$417,618	\$3,285
Materials and supplies	117,560	117,460	115,786	1,674
Contractual services	240,930	240,130	217,542	22,588
Total street maintenance	<u>779,393</u>	<u>778,493</u>	<u>750,946</u>	<u>27,547</u>
Parks and recreation:				
Current:				
Personal services	288,131	267,063	223,899	43,164
Materials and supplies	41,700	41,400	33,189	8,211
Contractual services	66,790	69,600	57,453	12,147
Total parks and recreation	<u>396,621</u>	<u>378,063</u>	<u>314,541</u>	<u>63,522</u>
Other expenditures:				
Current:				
Materials and supplies	9,500	9,500	10,026	(526)
Contractual services	178,986	176,626	170,648	5,978
Total other expenditures	<u>188,486</u>	<u>186,126</u>	<u>180,674</u>	<u>5,452</u>
Contingency	7,742	25,000	24,378	622
Total expenditures	<u>4,433,049</u>	<u>4,421,484</u>	<u>4,219,047</u>	<u>202,437</u>
Revenue over (under) expenditures	<u>763,196</u>	<u>763,196</u>	<u>911,418</u>	<u>148,222</u>
Other financing sources (uses):				
Transfers out	<u>(763,196)</u>	<u>(763,196)</u>	<u>(763,196)</u>	<u>-</u>
Total other financing sources (uses)	<u>(763,196)</u>	<u>(763,196)</u>	<u>(763,196)</u>	<u>-</u>
Net increase (decrease) in fund balance	<u>\$ -</u>	<u>\$ -</u>	148,222	<u>\$148,222</u>
Fund balance - January 1			<u>1,836,527</u>	
Fund balance - December 31			<u>\$1,984,749</u>	

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND  
SCHEDULES OF NONMAJOR GOVERNMENTAL FUNDS**

CITY OF EAST BETHEL, MINNESOTA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 December 31, 2010

Statement 10

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
<b>Assets</b>				
Cash and investments	\$716,076	\$847,520	\$1,344,484	\$2,908,080
Accounts receivable	-	-	1,530	1,530
Due from other governments	43,146	-	-	43,146
Special assessments receivable	-	180,000	73,067	253,067
<b>Total assets</b>	<b>\$759,222</b>	<b>\$1,027,520</b>	<b>\$1,419,081</b>	<b>\$3,205,823</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts and contracts payable	\$3,018	\$35	\$3,351	\$6,404
Due to other funds	28,649	-	25,077	53,726
Internal loans	-	89,639	-	89,639
Deferred revenue	-	180,000	73,067	253,067
<b>Total liabilities</b>	<b>31,667</b>	<b>269,674</b>	<b>101,495</b>	<b>402,836</b>
<b>Fund balances:</b>				
Reserved	-	757,846	-	757,846
<b>Unreserved:</b>				
Undesignated	727,555	-	1,317,586	2,045,141
<b>Total fund balances</b>	<b>727,555</b>	<b>757,846</b>	<b>1,317,586</b>	<b>2,802,987</b>
<b>Total liabilities and fund balances</b>	<b>\$759,222</b>	<b>\$1,027,520</b>	<b>\$1,419,081</b>	<b>\$3,205,823</b>

CITY OF EAST BETHEL, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2010

Statement 11

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental Funds
Revenues:				
General property taxes	\$ -	\$158,574	\$ -	\$158,574
Special assessments	-	19,500	21,157	40,657
Intergovernmental	395,844	-	289,672	685,516
Investment income	69	408	3,845	4,322
Other	14,341	-	4,756	19,097
Total revenues	<u>410,254</u>	<u>178,482</u>	<u>319,430</u>	<u>908,166</u>
Expenditures:				
Current:				
General government	91,841	-	-	91,841
Public safety	65,002	-	-	65,002
Public works	-	-	191,029	191,029
Parks and recreation	-	-	38,024	38,024
Capital outlay	869,664	-	697,212	1,566,876
Debt service:				
Principal	-	120,601	-	120,601
Interest and fiscal charges	-	128,909	101	129,010
Bond issuance costs	-	120,887	-	120,887
Total expenditures	<u>1,026,507</u>	<u>370,397</u>	<u>926,366</u>	<u>2,323,270</u>
Revenues over (under) expenditures	<u>(616,253)</u>	<u>(191,915)</u>	<u>(606,936)</u>	<u>(1,415,104)</u>
Other financing sources (uses):				
Bond proceeds	-	671,868	69,190	741,058
Transfers in	1,977,851	700	637,139	2,615,690
Transfers out	(642,025)	-	(700)	(642,725)
Total other financing sources (uses)	<u>1,335,826</u>	<u>672,568</u>	<u>705,629</u>	<u>2,714,023</u>
Net increase (decrease) in fund balance	719,573	480,653	98,693	1,298,919
Fund balance - January 1	<u>7,982</u>	<u>277,193</u>	<u>1,218,893</u>	<u>1,504,068</u>
Fund balance - December 31	<u>\$727,555</u>	<u>\$757,846</u>	<u>\$1,317,586</u>	<u>\$2,802,987</u>

Assets	Recycling Fund	Miscellaneous Grants/ Donations Fund	SAFER Grant Fund	HRA Fund	Totals Nonmajor Special Revenue Funds
Cash and investments	\$ -	\$4,586	\$ -	\$711,490	\$716,076
Due from other governments	14,540	-	28,606	-	43,146
<b>Total assets</b>	<b>\$14,540</b>	<b>\$4,586</b>	<b>\$28,606</b>	<b>\$711,490</b>	<b>\$759,222</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts and contracts payable	\$1,026	\$ -	\$1,578	\$414	\$3,018
Due to other funds	1,621	-	27,028	-	28,649
<b>Total liabilities</b>	<b>2,647</b>	<b>-</b>	<b>28,606</b>	<b>414</b>	<b>31,667</b>
<b>Fund balances:</b>					
<b>Unreserved:</b>					
Undesignated	11,893	4,586	-	711,076	727,555
<b>Total fund balances</b>	<b>11,893</b>	<b>4,586</b>	<b>-</b>	<b>711,076</b>	<b>727,555</b>
<b>Total liabilities and fund balances</b>	<b>\$14,540</b>	<b>\$4,586</b>	<b>\$28,606</b>	<b>\$711,490</b>	<b>\$759,222</b>

CITY OF EAST BETHEL, MINNESOTA  
 SUBCOMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR SPECIAL REVENUE FUNDS  
 For The Year Ended December 31, 2010

Statement 13

	Recycling Fund	Miscellaneous Grants/ Donations Fund	SAFER Grant Fund	HRA Grant Fund	HRA Fund	Totals Nonmajor Special Revenue Funds
Revenues:						
Intergovernmental	\$30,721	\$ -	\$63,202	\$301,921	\$ -	\$395,844
Other	9,941	4,400	-	-	-	14,341
Interest Income	-	-	-	-	69	69
Total revenues	<u>40,662</u>	<u>4,400</u>	<u>63,202</u>	<u>301,921</u>	<u>69</u>	<u>410,254</u>
Expenditures:						
Current:						
General government	33,768	997	-	-	57,076	91,841
Public safety	-	1,800	63,202	-	-	65,002
Capital outlay	-	-	-	869,664	-	869,664
Total expenditures	<u>33,768</u>	<u>2,797</u>	<u>63,202</u>	<u>869,664</u>	<u>57,076</u>	<u>1,026,507</u>
Revenues over (under) expenditures	<u>6,894</u>	<u>1,603</u>	<u>-</u>	<u>(567,743)</u>	<u>(57,007)</u>	<u>(616,253)</u>
Other financing sources (uses):						
Transfers in	-	-	-	1,209,768	768,083	1,977,851
Transfers out	-	-	-	(642,025)	-	(642,025)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>567,743</u>	<u>768,083</u>	<u>1,335,826</u>
Net increase (decrease) in fund balance	6,894	1,603	-	-	711,076	719,573
Fund balance - January 1	4,999	2,983	-	-	-	7,982
Fund balance - December 31	<u>\$11,893</u>	<u>\$4,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$711,076</u>	<u>\$727,555</u>

Assets	2005 Public Safety Bonds Fund	2008A Sewer Revenue Bond Fund	2010 Water Revenue Note	2010B Utility Revenue Bond	2010C Bond	Totals Debt Service Funds
Cash and investments	\$160,173	\$46,707	\$20	\$448,392	\$192,228	\$847,520
Special assessments receivable:						
Deferred	-	180,000	-	-	-	180,000
<b>Total assets</b>	<b>\$160,173</b>	<b>\$226,707</b>	<b>\$20</b>	<b>\$448,392</b>	<b>\$192,228</b>	<b>\$1,027,520</b>
<b>Liabilities and Fund Balance</b>						
Liabilities:						
Accounts payable	\$ -	\$35	\$ -	\$ -	\$ -	\$35
Internal loan	-	-	-	89,639	-	\$89,639
Deferred revenue	-	180,000	-	-	-	180,000
<b>Total liabilities</b>	<b>-</b>	<b>180,035</b>	<b>-</b>	<b>89,639</b>	<b>-</b>	<b>269,674</b>
Fund balances:						
Reserved	160,173	46,672	20	358,753	192,228	757,846
Unreserved:						
Undesignated	-	-	-	-	-	-
<b>Total fund balances</b>	<b>160,173</b>	<b>46,672</b>	<b>20</b>	<b>358,753</b>	<b>192,228</b>	<b>757,846</b>
<b>Total liabilities and fund balances</b>	<b>\$160,173</b>	<b>\$226,707</b>	<b>\$20</b>	<b>\$448,392</b>	<b>\$192,228</b>	<b>\$1,027,520</b>

CITY OF EAST BETHEL, MINNESOTA  
 SUBCOMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR DEBT SERVICE FUNDS  
 For The Year Ended December 31, 2010

Statement 15

	2005 Public Safety Bonds Fund	2008A Sewer Revenue Bond Fund	2010 Water Revenue Note	2010B Utility Revenue Bond	2010C Bond	Totals Debt Service Funds
<b>Revenues:</b>						
Property taxes	\$147,354	\$11,220	\$ -	\$ -	\$ -	\$158,574
Special assessments	-	19,500	-	-	-	19,500
Investment income	244	164	-	-	-	408
Total revenues	<u>147,598</u>	<u>30,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,482</u>
<b>Expenditures:</b>						
Debt service:						
Principal	70,000	50,000	601	-	-	120,601
Interest and fiscal charges	66,860	61,970	79	-	-	128,909
Bond issuance costs	-	-	-	111,115	9,772	120,887
Total expenditures	<u>136,860</u>	<u>111,970</u>	<u>680</u>	<u>111,115</u>	<u>9,772</u>	<u>370,397</u>
Revenues over expenditures	<u>10,738</u>	<u>(81,086)</u>	<u>(680)</u>	<u>(111,115)</u>	<u>(9,772)</u>	<u>(191,915)</u>
<b>Other financing sources (uses):</b>						
Bond proceeds	-	-	-	469,868	202,000	671,868
Transfers in	-	-	700	-	-	700
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>700</u>	<u>469,868</u>	<u>202,000</u>	<u>672,568</u>
Net increase (decrease) in fund balance	10,738	(81,086)	20	358,753	192,228	480,653
Fund balance - January 1	<u>149,435</u>	<u>127,758</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,193</u>
Fund balance - December 31	<u>\$160,173</u>	<u>\$46,672</u>	<u>\$20</u>	<u>\$358,753</u>	<u>\$192,228</u>	<u>\$757,846</u>

CITY OF EAST BETHEL, MINNESOTA  
 SUBCOMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 December 31, 2010

	Park Acquisition Fund	Park Trails Fund	Minard Street Fund	Improvements of 2003 Fund
<b>Assets</b>				
Cash and investments	\$32,649	\$124,419	\$17,637	\$ -
Accounts receivable	-	-	-	-
Special assessments receivable:				
Delinquent	-	-	-	927
Deferred	-	-	-	37,207
<b>Total assets</b>	<b>\$32,649</b>	<b>\$124,419</b>	<b>\$17,637</b>	<b>\$38,134</b>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities:</b>				
Accounts payable	201	-	-	70
Due to other funds	-	-	-	25,077
Deferred revenue	-	-	-	38,134
<b>Total liabilities</b>	<b>201</b>	<b>-</b>	<b>-</b>	<b>63,281</b>
<b>Fund balances:</b>				
<b>Unreserved:</b>				
Undesignated	32,448	124,419	17,637	(25,147)
<b>Total fund balances</b>	<b>32,448</b>	<b>124,419</b>	<b>17,637</b>	<b>(25,147)</b>
<b>Total liabilities and fund balances</b>	<b>\$32,649</b>	<b>\$124,419</b>	<b>\$17,637</b>	<b>\$38,134</b>

Street Capital Fund	Park Capital Fund	Utility Improvement Fund	Building Fund	Lunde/Jewell Street Fund	Totals Nonmajor Capital Project Funds
\$1,041,765	\$18,606	\$22,776	\$56,297	\$30,335	\$1,344,484
-	-	1,530	-	-	1,530
715	-	-	-	38	1,680
18,626	-	530	-	15,024	71,387
<u>\$1,061,106</u>	<u>\$18,606</u>	<u>\$24,836</u>	<u>\$56,297</u>	<u>\$45,397</u>	<u>\$1,419,081</u>
383	2,662	-	-	35	3,351
-	-	-	-	-	25,077
19,341	-	530	-	15,062	73,067
19,724	2,662	530	-	15,097	101,495
1,041,382	15,944	24,306	56,297	30,300	1,317,586
1,041,382	15,944	24,306	56,297	30,300	1,317,586
<u>\$1,061,106</u>	<u>\$18,606</u>	<u>\$24,836</u>	<u>\$56,297</u>	<u>\$45,397</u>	<u>\$1,419,081</u>

CITY OF EAST BETHEL, MINNESOTA  
 SUBCOMBINING STATEMENT OF REVENUES,  
 EXPENDITURES AND CHANGES IN FUND BALANCE  
 NONMAJOR CAPITAL PROJECT FUNDS  
 For The Year Ended December 31, 2010

	Park Acquisition Fund	Park Trails Fund	Minard Street Fund	Improvements of 2003 Fund	Street Capital Fund
Revenues:					
Special assessments	\$ -	\$ -	\$ -	\$10,344	\$6,277
Intergovernmental	-	-	-	-	-
Investment income	149	229	54	-	3,099
Other	-	-	-	-	-
Total revenues	<u>149</u>	<u>229</u>	<u>54</u>	<u>10,344</u>	<u>9,376</u>
Expenditures:					
Current:					
Public works	-	-	-	70	190,924
Parks and recreation	8,660	160	-	-	-
Capital outlay	13,637	-	-	-	255,397
Debt service:					
Interest and fiscal charges	-	-	-	101	-
Total expenditures	<u>22,297</u>	<u>160</u>	<u>-</u>	<u>171</u>	<u>446,321</u>
Revenues over (under) expenditures	<u>(22,148)</u>	<u>69</u>	<u>54</u>	<u>10,173</u>	<u>(436,945)</u>
Other financing sources (uses):					
Bond proceeds	-	-	-	-	-
Transfers in	-	62,139	-	-	425,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>62,139</u>	<u>-</u>	<u>-</u>	<u>425,000</u>
Net increase (decrease) in fund balance	<u>(22,148)</u>	<u>62,208</u>	<u>54</u>	<u>10,173</u>	<u>(11,945)</u>
Fund balance - January 1	<u>54,596</u>	<u>62,211</u>	<u>17,583</u>	<u>(35,320)</u>	<u>1,053,327</u>
Fund balance - December 31	<u>\$32,448</u>	<u>\$124,419</u>	<u>\$17,637</u>	<u>(\$25,147)</u>	<u>\$1,041,382</u>

Whispering Aspen Well Fund	Park Capital Fund	Utility Improvement Fund	Building Fund	Lunde/Jewell Street Fund	Totals Nonmajor Capital Project Funds
\$ -	\$ -	\$ -	\$ -	\$4,536	\$21,157
289,672	-	-	-	-	289,672
-	118	64	51	81	3,845
-	-	4,756	-	-	4,756
<u>289,672</u>	<u>118</u>	<u>4,820</u>	<u>51</u>	<u>4,617</u>	<u>319,430</u>
-	-	-	-	35	191,029
-	29,204	-	-	-	38,024
317,459	110,719	-	-	-	697,212
-	-	-	-	-	101
<u>317,459</u>	<u>139,923</u>	<u>-</u>	<u>-</u>	<u>35</u>	<u>926,366</u>
<u>(27,787)</u>	<u>(139,805)</u>	<u>4,820</u>	<u>51</u>	<u>4,582</u>	<u>(606,936)</u>
69,190	-	-	-	-	69,190
-	100,000	-	50,000	-	637,139
-	-	(700)	-	-	(700)
<u>69,190</u>	<u>100,000</u>	<u>(700)</u>	<u>50,000</u>	<u>-</u>	<u>705,629</u>
41,403	(39,805)	4,120	50,051	4,582	98,693
<u>(41,403)</u>	<u>55,749</u>	<u>20,186</u>	<u>6,246</u>	<u>25,718</u>	<u>1,218,893</u>
<u>\$ -</u>	<u>\$15,944</u>	<u>\$24,306</u>	<u>\$56,297</u>	<u>\$30,300</u>	<u>\$1,317,586</u>

CITY OF EAST BETHEL, MINNESOTA  
SPECIAL REVENUE FUND - RECYCLING FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
For The Year Ended December 31, 2010

Statement 18

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$30,000	\$30,000	\$30,721	\$721
Miscellaneous revenues	10,000	10,000	9,941	(59)
Total revenue	<u>40,000</u>	<u>40,000</u>	<u>40,662</u>	<u>662</u>
Expenditures:				
Current:				
Community services	33,612	33,612	33,768	(156)
Total expenditures	<u>33,612</u>	<u>33,612</u>	<u>33,768</u>	<u>(156)</u>
Revenue over (under) expenditures	<u>6,388</u>	<u>6,388</u>	<u>6,894</u>	<u>506</u>
Net change in fund balance	<u>\$6,388</u>	<u>\$6,388</u>	<u>6,894</u>	<u>\$506</u>
Fund balance - January 1			<u>4,999</u>	
Fund balance - December 31			<u><u>\$11,893</u></u>	

CITY OF EAST BETHEL, MINNESOTA  
 SPECIAL REVENUE FUND - MISCELLANEOUS GRANTS/DONATIONS FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For The Year Ended December 31, 2010

Statement 19

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue:				
Donations	\$ -	\$ -	\$4,400	\$4,400
Total revenue	-	-	4,400	4,400
Expenditures:				
Current:				
General government			997	(997)
Public Safety	-	-	1,800	(1,800)
Total expenditures	-	-	2,797	(2,797)
Revenue over (under) expenditures	-	-	1,603	1,603
Net change in fund balance	\$ -	\$ -	1,603	\$1,603
Fund balance - January 1			2,983	
Fund balance - December 31			\$4,586	

CITY OF EAST BETHEL, MINNESOTA  
 SPECIAL REVENUE FUND - SAFER GRANT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For The Year Ended December 31, 2010

Statement 20

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$88,500	\$88,500	\$63,202	(\$25,298)
Total revenue	<u>88,500</u>	<u>88,500</u>	<u>63,202</u>	<u>(25,298)</u>
Expenditures:				
Current:				
Public safety	88,500	88,500	63,202	25,298
Total expenditures	<u>88,500</u>	<u>88,500</u>	<u>63,202</u>	<u>25,298</u>
Revenue over (under) expenditures	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - January 1			-	
Fund balance - December 31			<u>\$ -</u>	

CITY OF EAST BETHEL, MINNESOTA  
 SPECIAL REVENUE FUND - HRA GRANT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For The Year Ended December 31, 2010

Statement 21

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue:				
Intergovernmental	\$ -	\$ -	\$301,921	\$301,921
Total revenue	-	-	301,921	301,921
Expenditures:				
Capital outlay	-	-	869,664	(869,664)
Total expenditures	-	-	869,664	(869,664)
Revenue over (under) expenditures	-	-	(567,743)	(567,743)
Other financing sources (uses):				
Transfers in			1,209,768	1,209,768
Transfers out	-	-	(642,025)	(642,025)
Total other financing sources (uses)	0	0	567,743	567,743
Net change in fund balance	\$ -	\$ -	-	\$ -
Fund balance - January 1			-	
Fund balance - December 31			\$ -	

CITY OF EAST BETHEL, MINNESOTA  
 SPECIAL REVENUE FUND - HRA FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
 For The Year Ended December 31, 2010

Statement 22

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenue:				
Interest Income	\$ -	\$ -	\$69	\$69
Total revenue	-	-	69	69
Expenditures:				
General Government	32,500	72,500	57,076	15,424
Total expenditures	32,500	72,500	57,076	15,424
Revenue over (under) expenditures	(32,500)	(72,500)	(57,007)	15,493
Other financing sources (uses):				
Transfers in	126,058	126,058	768,083	642,025
Transfers out	-	-	-	-
Total other financing sources (uses)	126,058	126,058	768,083	642,025
Net change in fund balance	\$93,558	\$53,558	711,076	\$657,518
Fund balance - January 1			-	
Fund balance - December 31			\$711,076	

CITY OF EAST BETHEL, MINNESOTA  
 COMBINING STATEMENT OF NET ASSETS  
 INTERNAL SERVICE FUNDS  
 December 31, 2010

Statement 23

	Compensated Absences	Equipment Replacement	Total Internal Service Funds
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$126,810	\$806,988	\$933,798
Cash with escrow agent	-	201,339	201,339
Accounts receivable	8,148	-	8,148
Due from other funds	-	728,681	728,681
Interfund loan	-	240,000	240,000
Total current assets	<u>134,958</u>	<u>1,977,008</u>	<u>2,111,966</u>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Machinery and equipment	-	1,214,906	1,214,906
Total capital assets	-	1,214,906	1,214,906
Less: accumulated depreciation	-	(271,956)	(271,956)
Net capital assets	-	942,950	942,950
Total noncurrent assets	<u>-</u>	<u>942,950</u>	<u>942,950</u>
Total assets	<u>134,958</u>	<u>2,919,958</u>	<u>3,054,916</u>
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Compensated absences - current portion	41,866	-	41,866
Total current liabilities	<u>41,866</u>	<u>-</u>	<u>41,866</u>
<b>Noncurrent liabilities:</b>			
Compensated absences payable - noncurrent portion	93,092	-	93,092
Total noncurrent liabilities	<u>93,092</u>	<u>-</u>	<u>93,092</u>
Total liabilities	<u>134,958</u>	<u>-</u>	<u>134,958</u>
<b>Net assets:</b>			
Invested in capital assets, net of related debt	-	942,950	942,950
Unrestricted	-	1,977,008	1,977,008
Total net assets	<u>\$ -</u>	<u>\$2,919,958</u>	<u>\$2,919,958</u>

CITY OF EAST BETHEL, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 INTERNAL SERVICE FUNDS  
 For The Year Ended December 31, 2010

Statement 24

	Compensated Absences	Equipment Replacement	Totals Internal Service Funds
Operating revenues:			
Departmental billings	\$17,899	\$246,700	\$264,599
Total operating revenues	<u>17,899</u>	<u>246,700</u>	<u>264,599</u>
Operating expenses:			
Wages and fringe	17,899	-	17,899
Depreciation	-	105,090	105,090
Total operating expenses	<u>17,899</u>	<u>105,090</u>	<u>122,989</u>
Operating income (loss)	<u>-</u>	<u>141,610</u>	<u>141,610</u>
Nonoperating revenues (expenses):			
Sale of capital assets	-	21,665	21,665
Investment income	-	5,880	5,880
Total nonoperating revenues (expenses)	<u>-</u>	<u>27,545</u>	<u>27,545</u>
Income (loss) before contributions and transfers	<u>-</u>	<u>169,155</u>	<u>169,155</u>
Change in net assets	<u>-</u>	<u>169,155</u>	<u>169,155</u>
Net assets - January 1	<u>-</u>	<u>2,750,803</u>	<u>2,750,803</u>
Net assets - December 31	<u>\$ -</u>	<u>\$2,919,958</u>	<u>\$2,919,958</u>

CITY OF EAST BETHEL, MINNESOTA  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For The Year Ended December 31, 2010

Statement 25

	Compensated Absences	Equipment Replacement	Total Internal Service Funds
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$17,899	\$246,700	\$264,599
Payment to suppliers	-	(21,486)	(21,486)
Advances to other funds	-	(728,681)	(728,681)
Net cash flows from operating activities	17,899	(503,467)	(485,568)
<b>Cash flows from noncapital financing activities:</b>			
Internal loan	-	(203,668)	(203,668)
Net cash flows from noncapital financing activities	-	(203,668)	(203,668)
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital equipment sales	-	21,665	21,665
Capital equipment purchase	-	(518,071)	(518,071)
Net cash flows from capital and related financing activities	-	(496,406)	(496,406)
<b>Cash flows from investing activities:</b>			
Investment income	-	5,880	5,880
Net increase (decrease) in cash and cash equivalents	17,899	(1,197,661)	(1,179,762)
Cash and cash equivalents - January 1	108,911	2,004,649	2,113,560
Cash and cash equivalents - December 31	\$126,810	\$806,988	\$933,798
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ -	\$141,610	\$141,610
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:			
Depreciation expense	-	105,090	105,090
Change in assets and liabilities:			
Decrease (increase) in receivables	6,120	-	6,120
Decrease (increase) in due from other funds	-	(728,681)	(728,681)
Increase (decrease) in accounts payable	11,779	(21,486)	(9,707)
Total adjustments	17,899	(645,077)	(627,178)
Net cash provided by (used) operating activities	\$17,899	(\$503,467)	(\$485,568)

**- This page intentionally left blank -**

**CITY OF EAST BETHEL, MINNESOTA**

**AUDIT MANAGEMENT LETTER**

December 31, 2010



To the Honorable Mayor and  
Members of the City Council  
City of East Bethel, Minnesota

We have completed the 2010 audit of the City of East Bethel, Minnesota and have issued our report thereon. Our Independent Auditor's Report is included in the City's Annual Financial Report.

This Audit Management Letter provides a summary of audit results along with comparisons and trend analysis of financial results.

Thank you for the opportunity to serve the City. We are available to discuss this report with you.

A handwritten signature in black ink that reads "HLB Tautges Redpath, Ltd." in a cursive, slightly slanted script.

HLB TAUTGES REDPATH, LTD.  
White Bear Lake, Minnesota

May 23, 2011

**FINANCIAL STATEMENT ANALYSIS**

The basic financial statements of the City of East Bethel are presented in Statements 1 through 8 of the 2010 Annual Financial Report. The following comments relate to these financial statements.

**Summary of Financial Activity**

The schedule below presents a condensed summary of all funds:

Fund	Revenue and Other Sources	Expenditures and Other Uses	Transfers (Net)	Increase (Decrease) in Fund Balance/ Net Assets	Fund Balance/ Net Assets 12/31/10
<b>General</b>	\$5,130,465	\$4,219,047	(\$763,196)	\$148,222	\$1,984,749
<b>Special Revenue:</b>					
Recycling	40,662	33,768	-	6,894	11,893
Miscellaneous Grants/Donations	4,400	2,797	-	1,603	4,586
SAFER Grant Fund	63,202	63,202	-	-	-
HRA Grant Fund	301,921	869,664	567,743	-	-
HRA Fund	69	57,076	768,083	711,076	711,076
<b>Debt Service:</b>					
2005B Street Improvement	254,932	57,693	-	197,239	333,195
2005 Public Safety Bonds	147,598	136,860	-	10,738	160,173
2008A Sewer Revenue Bond	30,884	111,970	-	(81,086)	46,672
2010A Revenue Bond	801,381	192,651	-	608,730	608,730
2010 Water Revenue Note	-	680	700	20	20
2010B Utility Revenue Bond	469,868	111,115	-	358,753	358,753
2010C Revenue Bond	202,000	9,772	-	192,228	192,228
<b>Capital Projects:</b>					
Park Acquisition	149	22,297	-	(22,148)	32,448
Park Trails	229	160	62,139	62,208	124,419
Minard Street	54	-	-	54	17,637
Improvements of 2003	10,344	171	-	10,173	(25,147)
Street Capital	9,376	446,321	425,000	(11,945)	1,041,382
Whispering Aspen Well	358,862	317,459	-	41,403	-
Park Capital	118	139,923	100,000	(39,805)	15,944
Utility Improvement	4,820	-	(700)	4,120	24,306
Building Capital	51	-	50,000	50,051	56,297
Lunde/Jewell Street	4,617	35	-	4,582	30,300
MSA Street Improvements	206,526	1,168,044	-	(961,518)	(29,759)
Water Infrastructure	12,792,088	1,170,576	(863,524)	10,757,988	10,757,988
Utility Infrastructure	4,858,791	210,292	(346,245)	4,302,254	4,302,254
<b>Enterprise Funds:</b>					
Water Utility	403,336	55,568	-	347,768	313,068
Sewer Utility	80,247	80,651	-	(404)	127,546
Ice Arena	292,734	293,598	-	(864)	603,664
<b>Internal Service Funds:</b>					
Compensated Absences	17,899	17,899	-	-	-
Equipment Replacement	274,245	105,090	-	169,155	2,919,958
Total	<u>\$26,761,868</u>	<u>\$9,894,379</u>	<u>\$0</u>	<u>\$16,867,489</u>	<u>\$24,724,380</u>

**Property Taxes**

Property taxes receivable consist of taxes levied in the previous seven years by the City but not yet collected by the County and remitted to the City. A summary of the activity for 2010 is as follows:

	<u>Property Tax Portion</u>	<u>State Portion</u>
Tax levy	\$5,021,373	\$ -
Less market value homestead credit	<u>(242,919)</u>	<u>242,919</u>
Net tax levy	4,778,454	242,919
Less current collections	<u>(4,613,854)</u>	<u>-</u>
Balance transferred to delinquent	<u>\$164,600</u>	<u>\$242,919</u>
Delinquent tax receivable - January 1, 2010	\$176,032	\$ -
Less delinquent tax collections	<u>(106,247)</u>	<u>-</u>
Subtotal	69,785	0
Add 2010 uncollected amounts	164,720	242,919
Less adjustments/unallotment	<u>(8,301)</u>	<u>(242,919)</u>
Delinquent tax receivable - December 31, 2010	<u>\$226,204</u>	<u>\$0</u>
Collection rate	<u>97%</u>	<u>0%</u>

**Cash Overdrafts**

Several funds had an interfund loan balance at December 31, 2010. These funds with interfund loan balances have in effect “borrowed” from funds with positive cash balances. A schedule of cash balances for all funds is as follows:

Fund	Positive Cash Balances	Interfund Loan	Net Cash Balance
<b>General</b>	\$2,192,757	\$ -	\$2,192,757
<b>Special Revenue:</b>			
Recycling	-	(1,621)	(1,621)
Miscellaneous Grants/Donations	4,586	-	4,586
SAFER Grant Fund	-	(27,028)	(27,028)
HRA Grant Fund	-	-	-
HRA Fund	711,490	-	711,490
<b>Debt Service:</b>			
2005B Street Improvement	333,195	-	333,195
2005 Public Safety Bonds	160,173	-	160,173
2008A Sewer Revenue Bond	46,707	-	46,707
2010A Revenue Bond	759,091	-	759,091
2010 Water Revenue Note	20	-	20
2010B Utility Revenue Bond	448,392	-	448,392
2010C Revenue Bond	192,228	-	192,228
<b>Capital Projects:</b>			
Park Acquisition	32,649	-	32,649
Park Trails	124,419	-	124,419
Minard Street	17,637	-	17,637
Improvements of 2003	-	(25,077)	(25,077)
Street Capital	1,041,765	-	1,041,765
Park Capital	18,606	-	18,606
Utility Improvement	22,776	-	22,776
Building Capital Fund	56,297	-	56,297
Lunde/Jewell Street	30,335	-	30,335
MSA Street Improvements	-	(153,157)	(153,157)
Water Infrastructure	10,962,621	-	10,962,621
Utility Infrastructure	4,392,442	-	4,392,442
<b>Enterprise Funds:</b>			
Water Utility	-	(125,543)	(125,543)
Sewer Utility	-	(203,321)	(203,321)
Ice Arena	-	(192,934)	(192,934)
<b>Internal Service Funds:</b>			
Compensated Absences	126,810	-	126,810
Equipment Replacement	1,008,327	728,681	1,737,008
Total	<u>\$22,683,323</u>	<u>\$0</u>	<u>\$22,683,323</u>

*Financial Statement Analysis*

Several of these interfund loans are long-term in nature. We recommend the City determine if these interfund loans will be repaid. If the interfund loan will not be repaid, we recommend the City determine a funding source and authorize an interfund transfer.

Funds with interfund loan balances at December 31, 2010 were as follows:

<u>Fund</u>	<u>Amount</u>	<u>Comments</u>
Recycling	\$1,621	Temporary deficit
SAFER Grant	27,028	Future revenues will eliminate the deficit
Improvements of 2003	25,077	Future assessment collections will eliminate the deficit
MSA Street Improvements	153,157	Future MSA allotments will eliminate the deficit
Water Utility	125,543	Primarily due to start-up
Sewer Utility	203,321	Primarily due to start-up
Ice Arena	192,934	Future revenues will eliminate the deficit
Total	<u>\$728,681</u>	

**GENERAL FUND**

The General Fund of a city is maintained to account for current operating and capital outlay expenditures common to all cities. These basic services include (but are not limited to) public safety, public works, parks and recreation and general government.

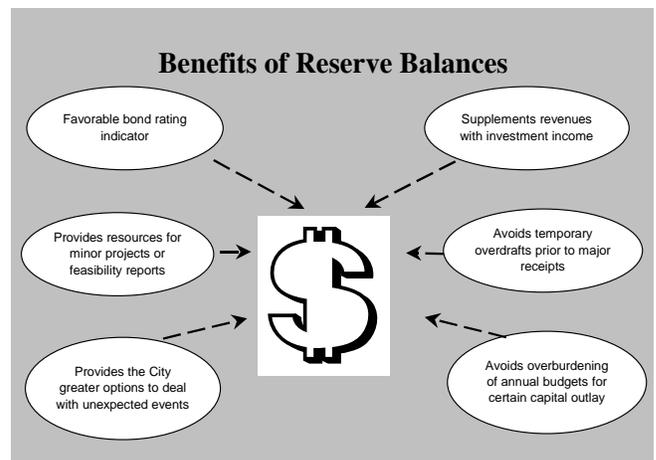
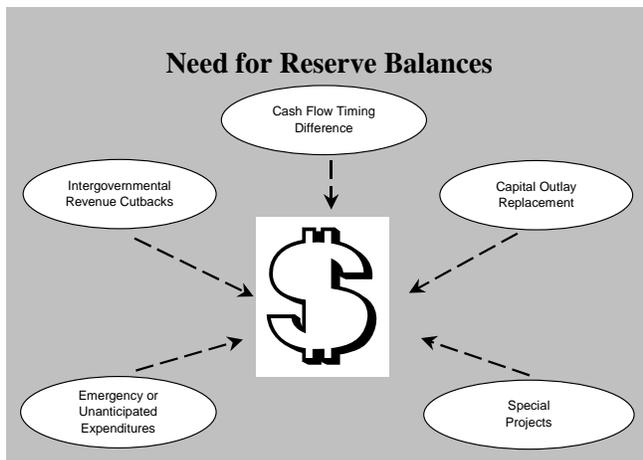
The fund balance of the General Fund increased by \$148,222 in 2010 as follows:

	Final Budget	Actual	Variance
<b>Revenues:</b>			
Property taxes	\$4,601,082	\$4,583,900	(\$17,182)
Licenses and permits	142,350	106,387	(35,963)
Intergovernmental	212,278	210,639	(1,639)
Charges for services	87,370	88,133	763
Fines and forfeitures	58,100	58,519	419
Investment income	20,000	3,982	(16,018)
Franchise fees	28,000	35,945	7,945
Miscellaneous	35,500	42,960	7,460
Total revenues	<u>5,184,680</u>	<u>5,130,465</u>	<u>(54,215)</u>
<b>Expenditures:</b>			
General government	1,197,380	1,145,163	52,217
Public safety	1,856,422	1,803,345	53,077
Street maintenance	778,493	750,946	27,547
Parks and recreation	378,063	314,541	63,522
Other	186,126	180,674	5,452
Contingency	25,000	24,378	622
Total expenditures	<u>4,421,484</u>	<u>4,219,047</u>	<u>202,437</u>
Revenues over (under) expenditures	763,196	911,418	148,222
<b>Other financing sources (uses):</b>			
Transfers out	<u>(763,196)</u>	<u>(763,196)</u>	<u>-</u>
Net change in fund balance	<u>\$0</u>	<u>\$148,222</u>	<u>\$148,222</u>

The City's December 31, 2010 General Fund balance totaled \$1,984,749. The General Fund balance has been as follows for 2000 through 2010:

Year End Fund Balance		
Year	Amount	Increase (Decrease)
2000	\$828,921	
2001	963,522	\$134,601
2002	1,153,580	190,058
2003	1,146,352	(7,228)
2004	1,105,026	(41,326)
2005	1,119,341	14,315
2006	1,389,152	269,811
2007	1,389,372	220
2008	1,710,083	320,711
2009	1,836,527	126,444
2010	1,984,749	148,222

General Fund reserve balances are an important component of City financial management. When evaluating the adequacy of reserve balances, there are a number of important factors to consider. Several areas to consider are illustrated as follows:



The City approved a General Fund unreserved balance policy in 2008 (Resolution 2008-31). The policy is to maintain a balance at 35% of the subsequent year's General Fund tax levy. The required fund balance reserve at December 31, 2010 using the 2008 policy is as follows:

\$4,935,601	2011 General Fund tax levy
x 35%	
<u>1,727,460</u>	Calculated 2010 reserve
<u>\$1,984,749</u>	2010 General Fund balance
<u>\$257,289</u>	Amount of fund balance exceeding policy requirements

**SPECIAL REVENUE FUNDS**

Special Revenue Funds are a classification of funds to account for revenues (and expenditures thereto) segregated by City policy, federal law, or state statutes for specific purposes. The City maintained the following Special Revenue Funds during 2009 and 2010:

Fund	Fund Balance		Increase (Decrease)
	December 31,		
	2009	2010	
Recycling	\$4,999	\$11,893	\$6,894
Miscellaneous Grants/Donations	2,983	4,586	1,603
SAFER Grant Fund	-	-	-
HRA Grant Fund	-	-	-
HRA Fund	-	711,076	711,076
	<u>\$7,982</u>	<u>\$727,555</u>	<u>\$719,573</u>

**Recycling Fund (226)**

This fund was established to account for the collection and disposal of recyclable waste. A schedule of activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues and transfers:			
Intergovernmental grants	\$30,321	\$36,153	\$30,721
Other	10,297	10,649	9,941
Interest income	-	3	-
Total revenues and transfers	<u>40,618</u>	<u>46,805</u>	<u>40,662</u>
Expenditures:			
Recycling	30,817	34,803	33,768
Capital outlay	-	12,501	-
Interest expense	221	-	-
Total expenditures	<u>31,038</u>	<u>47,304</u>	<u>33,768</u>
Net change in fund balance	9,580	(499)	6,894
Fund balance (deficit) - January 1	<u>(4,082)</u>	<u>5,498</u>	<u>4,999</u>
Fund balance - December 31	<u><u>\$5,498</u></u>	<u><u>\$4,999</u></u>	<u><u>\$11,893</u></u>

**Miscellaneous Grants/Donations Fund (227)**

This fund was established to account for miscellaneous grant monies received and expended. A schedule of activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:			
Intergovernmental grants	\$4,800	\$3,700	\$ -
Other	<u>2,806</u>	<u>2,550</u>	<u>4,400</u>
Total revenues	<u>7,606</u>	<u>6,250</u>	<u>4,400</u>
Expenditures:			
General government	3,696	700	997
Public safety	2,000	6,022	1,800
Parks and recreation	<u>455</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>6,151</u>	<u>6,722</u>	<u>2,797</u>
Net change in fund balance	1,455	(472)	1,603
Fund balance - January 1	<u>2,000</u>	<u>3,455</u>	<u>2,983</u>
Fund balance - December 31	<u><u>\$3,455</u></u>	<u><u>\$2,983</u></u>	<u><u>\$4,586</u></u>

**SAFER Grant Fund (231)**

This fund was established to account for a four-year grant agreement with the Department of Homeland Security. The grant, Staffing for Adequate Fire and Emergency Response (SAFER) is a 100% federal funded grant in the amount of \$346,750. A schedule of the activity for 2009 and 2010 is as follows:

	<u>2009</u>	<u>2010</u>
Revenues:		
Intergovernmental grants	<u>\$13,901</u>	<u>\$63,202</u>
Expenditures:		
Public safety	<u>13,901</u>	<u>63,202</u>
Net change in fund balance	0	0
Fund balance - January 1	<u>-</u>	<u>-</u>
Fund balance - December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The funds for the grant are available to be spent by November 6, 2013. We recommend that the City review the budgeted expenditures for the grant so that all expenditures are in accordance with the agreement.

**HRA Grant Fund (220)**

This fund was established to account for grant monies received from the Anoka County HRA. A schedule of the activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues and transfers:			
Intergovernmental grants	\$180,607	\$159,496	\$301,921
Transfer in	-	-	1,209,768
Total revenues and transfers	<u>180,607</u>	<u>159,496</u>	<u>1,511,689</u>
Expenditures and transfers:			
Capital outlay	180,607	159,496	869,664
Transfer out	-	-	642,025
Total expenditures and transfers	<u>180,607</u>	<u>159,496</u>	<u>1,511,689</u>
Net change in fund balance	0	0	0
Fund balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Anoka County HRA reimbursed the City for expenditures related to Public Utilities Planning. Total costs reimbursed for the past three years amounted to \$642,000. Total project costs incurred through 2010 amounted to \$1,209,768 and were reimbursed by a transfer from the Water and Utility Infrastructure Funds in 2010. The HRA revenues received of \$642,000 were transferred to the HRA Fund in 2010.

**HRA Fund (230)**

This fund was established to account for activities of the City's HRA. A schedule of the activity for 2010 is as follows:

	<u>2010</u>
Revenues and transfers:	
Interest income	\$69
Transfer in	<u>768,083</u>
Total revenues and transfers	<u>768,152</u>
Expenditures:	
General government	<u>57,076</u>
Net change in fund balance	711,076
Fund balance - January 1	<u>-</u>
Fund balance - December 31	<u><u>\$711,076</u></u>

The transfers in above were from the City's General Fund of \$126,058, and the HRA Grant Fund of \$642,025.

**DEBT SERVICE FUNDS**

Debt Service Funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than Enterprise Fund debt).

Current governmental reporting standards do not provide for the matching of long-term debt with its related financing sources. Although this information can be found in the City’s financial statements, it is located in several separate sections of the financial statements. The following schedule extracts information from these sections of the 2010 Annual Financial Report to provide an overview analysis of long-term debt and its related funding.

Fund Description	Assets Pledged for Debt Retirement			Outstanding Principal	Scheduled Property Taxes	Final Maturity Date
	Fund Balance	Deferred Revenue <sup>(1)</sup>	Totals			
<b>G.O. Bonds:</b>						
Public Safety Bonds of 2005A (301)	\$160,173	\$ -	\$160,173	\$1,660,000	\$2,264,622	02/01/26
(2) Sewer Revenue Bonds 2008A (308)	46,672	180,000	226,672	1,665,000	56,492	02/01/29
Total G.O. Bonds	<u>206,845</u>	<u>180,000</u>	<u>386,845</u>	<u>3,325,000</u>	<u>2,321,114</u>	
<b>G.O. Special Assessment Bonds:</b>						
Improvement Bonds of 2005B (303)	333,195	140,422	473,617	325,000	-	02/01/16
Total G.O. Special Assessment Bonds	<u>333,195</u>	<u>140,422</u>	<u>473,617</u>	<u>325,000</u>	<u>0</u>	
<b>G.O. Revenue Bonds:</b>						
(2) Revenue Bonds of 2010A	608,730	-	608,730	11,465,000	-	02/01/40
(2) Revenue Bonds of 2010B	358,753	-	358,753	6,100,000	-	02/01/40
(2) Revenue Bonds of 2010C	192,228	-	192,228	1,260,000	-	02/01/17
Total G.O. Revenue Bonds	<u>1,159,711</u>	<u>0</u>	<u>1,159,711</u>	<u>18,825,000</u>	<u>0</u>	
<b>Total - All Debt Service Funds</b>	<u>\$1,699,751</u>	<u>\$320,422</u>	<u>\$2,020,173</u>	<u>\$22,475,000</u>	<u>\$2,321,114</u>	

<sup>(1)</sup>Deferred revenue primarily consists of uncollected special assessments.

<sup>(2)</sup>Funding for these bonds will be from future connection charges.

**CAPITAL PROJECT FUNDS**

The fund balances of the Capital Project Funds were as follows at December 31, 2009 and 2010:

Fund	Fund Balance		Increase (Decrease)
	December 31,		
	2009	2010	
MSA Street Improvement	\$931,759	(\$29,759)	(\$961,518)
Park Acquisition	54,596	32,448	(22,148)
Park Trails	62,211	124,419	62,208
Minard Street	17,583	17,637	54
Improvements of 2003	(35,320)	(25,147)	10,173
Street Capital	1,053,327	1,041,382	(11,945)
Whispering Aspen Well Fund	(41,403)	-	41,403
Park Capital	55,749	15,944	(39,805)
Utility Improvement	20,186	24,306	4,120
Building	6,246	56,297	50,051
Lunde/Jewell Street	25,718	30,300	4,582
Water Infrastructure	-	10,757,988	10,757,988
Utility Infrastructure	-	4,302,254	4,302,254
<b>Total</b>	<b>\$2,150,652</b>	<b>\$16,348,069</b>	<b>\$14,197,417</b>

**Street Capital Fund (406)**

This fund was established to account for street improvement projects including reconditioning and overlay. Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues and transfers:			
Special assessments	\$6,992	\$7,714	\$6,277
Investment income	18,780	5,364	3,099
Other	377	-	-
Transfers in	415,288	334,712	425,000
Total revenues and transfers	<u>441,437</u>	<u>347,790</u>	<u>434,376</u>
Expenditures and transfers:			
Public works	70,926	138,185	190,924
Capital outlay	103,791	56,539	255,397
Transfers out	48,138	-	-
Total expenditures and transfers	<u>222,855</u>	<u>194,724</u>	<u>446,321</u>
Net change in fund balance	218,582	153,066	(11,945)
Fund balance - January 1	<u>681,679</u>	<u>900,261</u>	<u>1,053,327</u>
Fund balance - December 31	<u><u>\$900,261</u></u>	<u><u>\$1,053,327</u></u>	<u><u>\$1,041,382</u></u>

**MSA Street Improvement Fund (402)**

This fund was established to account for street projects funded by Municipal State Aid. Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:			
Intergovernmental:			
MSA construction	\$553,737	\$1,103,073	\$205,038
MN DOT cooperative agreement	-	306,710	-
Other	-	27	1,488
Total revenues	<u>553,737</u>	<u>1,409,810</u>	<u>206,526</u>
Expenditures:			
Projects:			
Klondike first 1/2 mile	33,468	-	-
207th to 209th	105,566	28,614	10,261
187th Lane Condemnation	296	-	-
Jackson Street	22,166	-	-
Davenport/241st overlay	332,144	102,325	-
Wild Rice Drive	26,812	116,121	1,025,774
Aberdeen Street	-	259,612	-
Bataan Street	-	-	84,605
Other	1,235	-	47,404
Interest	3,429	-	-
Total expenditures	<u>525,116</u>	<u>506,672</u>	<u>1,168,044</u>
Net change in fund balance	28,621	903,138	(961,518)
Fund balance - January 1	<u>-</u>	<u>28,621</u>	<u>931,759</u>
Fund balance - December 31	<u>\$28,621</u>	<u>\$931,759</u>	<u>(\$29,759)</u>

The Municipal State Aid funds received in 2009 were for the Wild Rice Drive Project which was completed in 2010.

**Park Acquisition Fund (404)**

This fund was established to account for funds received from developers used for the acquisition/development of major park facilities. Financial activity for 2008 through 2010 is as follows:

	2008	2009	2010
Revenues:			
Investment income	\$611	\$172	\$149
Parks fees	12,500	41,313	-
Total revenues	<u>13,111</u>	<u>41,485</u>	<u>149</u>
Expenditures:			
Parks and recreation	-	-	22,297
Net change in fund balance	13,111	41,485	(22,148)
Fund balance - January 1	-	13,111	54,596
Fund balance - December 31	<u>\$13,111</u>	<u>\$54,596</u>	<u>\$32,448</u>

**Park Trails Fund (410)**

This fund was established in 2004 to account for trail dedication fees designated specifically for park trails. Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues and transfers:			
Investment income	\$46	\$70	\$229
Park trail fees	2,500	8,263	-
Transfers in	-	62,139	62,139
Total revenues and transfers	<u>2,546</u>	<u>70,472</u>	<u>62,368</u>
Expenditures	<u>-</u>	<u>10,807</u>	<u>160</u>
Net change in fund balance	2,546	59,665	62,208
Fund balance - January 1	<u>-</u>	<u>2,546</u>	<u>62,211</u>
Fund balance - December 31	<u>\$2,546</u>	<u>\$62,211</u>	<u>\$124,419</u>

This fund will remain open pending future development.

**Minard Street Fund (411)**

This fund was established to account for street improvements in the Whispering Aspen subdivision. Funding is provided by a fee charged on each building permit issued (\$2,000 per permit). Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:			
Investment income	\$469	\$105	\$54
Street improvement fee	-	-	-
Total revenues	<u>469</u>	<u>105</u>	<u>54</u>
Expenditures	-	-	-
Net change in fund balance	469	105	54
Fund balance - January 1	<u>17,009</u>	<u>17,478</u>	<u>17,583</u>
Fund balance - December 31	<u><u>\$17,478</u></u>	<u><u>\$17,583</u></u>	<u><u>\$17,637</u></u>

**Improvements of 2003 Fund (506/587/588)**

This fund was established to account for special assessments related to street projects.

Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:			
Special assessments	\$11,277	\$11,404	\$10,344
Investment income	-	-	-
Total revenues	<u>11,277</u>	<u>11,404</u>	<u>10,344</u>
Expenditures and transfers:			
Projects:			
Other	692	85	70
Interest	1,479	266	101
Transfers out	3,771	-	-
Total expenditures and transfers	<u>5,942</u>	<u>351</u>	<u>171</u>
Net change in fund balance	5,335	11,053	10,173
Fund balance (deficit) - January 1	<u>(51,708)</u>	<u>(46,373)</u>	<u>(35,320)</u>
Fund balance (deficit) - December 31	<u><u>(\$46,373)</u></u>	<u><u>(\$35,320)</u></u>	<u><u>(\$25,147)</u></u>

The above deficit is anticipated to be funded by future special assessment collections.

The assessment receivable balance was \$10,344 at December 31, 2010.

**Whispering Aspen Well Fund (432)**

This fund was established in 2009 to account for a new well at Whispering Aspen. The well replacement at Whispering Aspen was financed by a grant from the Minnesota Public Facility Authority and also a low interest loan. The project was completed and the Fund was closed in 2010.

	<u>2009</u>	<u>2010</u>
Revenues and transfers	\$ -	\$358,862
Expenditures	<u>41,403</u>	<u>317,459</u>
Net change in fund balance	(41,403)	41,403
Fund balance (deficit) - January 1	<u>-</u>	<u>(41,403)</u>
Fund balance (deficit) - December 31	<u><u>(\$41,403)</u></u>	<u><u>\$0</u></u>

**Park Capital Fund (407)**

This fund was established to account for replacement of park improvements as part of the City's five-year plan. Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues and transfers:			
Investment income	\$2,212	\$462	\$118
Transfers in	<u>112,000</u>	<u>100,000</u>	<u>100,000</u>
Total revenues and transfers	<u>114,212</u>	<u>100,462</u>	<u>100,118</u>
Expenditures:			
Cedar Creek	6,679	9,585	39,450
Maynard Peterson Park/Booster Trail	82,554	10,984	-
Hidden Haven	-	44,479	-
Whispering Aspen tennis court repair	-	21,870	-
Booster Park parking lot	-	-	84,199
Other	<u>3,557</u>	<u>39,282</u>	<u>16,274</u>
Total expenditures	<u>92,790</u>	<u>126,200</u>	<u>139,923</u>
Net change in fund balance	21,422	(25,738)	(39,805)
Fund balance - January 1	<u>60,065</u>	<u>81,487</u>	<u>55,749</u>
Fund balance - December 31	<u><u>\$81,487</u></u>	<u><u>\$55,749</u></u>	<u><u>\$15,944</u></u>

This fund has been financed primarily by transfers from the General Fund.

**Utility Improvement Fund (408/409)**

This fund was established to account for SAC and WAC charges to provide for future improvements to the utility system. Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:			
Investment income	\$388	\$99	\$64
SAC charges	-	-	-
WAC charges	3,644	4,170	4,756
Total revenues	<u>4,032</u>	<u>4,269</u>	<u>4,820</u>
Expenditures and other uses:			
Other	1,623	48	-
Transfers out	311,047	-	700
Total expenditures and other uses	<u>312,670</u>	<u>48</u>	<u>700</u>
Net change in fund balance	(308,638)	4,221	4,120
Fund balance - January 1	<u>324,603</u>	<u>15,965</u>	<u>20,186</u>
Fund balance - December 31	<u>\$15,965</u>	<u>\$20,186</u>	<u>\$24,306</u>

Future SAC revenues will be recorded in the 2008 bond fund. Expenditures in 2007 and 2008 relate to the radium issues in the Whispering Aspen development. The transfer out in 2008 was to the 2007 Temporary Bond Fund.

**Building Fund (401)**

This fund was established to account for general capital projects involving City facilities. Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues and transfers:			
Investment income	\$ -	\$ -	\$51
Other	4,288	-	-
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Total revenues and transfers	<u>54,288</u>	<u>50,000</u>	<u>50,051</u>
Expenditures:			
General government	4,788	-	-
Capital outlay:			
City Hall	-	-	-
Interest expense	<u>2,184</u>	<u>211</u>	<u>-</u>
Total expenditures	<u>6,972</u>	<u>211</u>	<u>0</u>
Net change in fund balance	47,316	49,789	50,051
Fund balance (deficit) - January 1	<u>(90,859)</u>	<u>(43,543)</u>	<u>6,246</u>
Fund balance (deficit) - December 31	<u><u>(\$43,543)</u></u>	<u><u>\$6,246</u></u>	<u><u>\$56,297</u></u>

The deficit in this fund was financed by a transfer from the General Fund in 2009 and 2010.

**Lunde/Jewell Street Fund (502)**

This fund was established to account for the Lunde/Jewell Street projects. Financial activity for 2008 through 2010 is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:			
Special assessments	\$6,598	\$7,052	\$4,536
Interest	355	123	81
Total revenues	<u>6,953</u>	<u>7,175</u>	<u>4,617</u>
Expenditures:			
Streets and highways	<u>61</u>	<u>78</u>	<u>35</u>
Net change in fund balance	6,892	7,097	4,582
Fund balance - January 1	<u>11,729</u>	<u>18,621</u>	<u>25,718</u>
Fund balance - December 31	<u><u>\$18,621</u></u>	<u><u>\$25,718</u></u>	<u><u>\$30,300</u></u>

The assessment receivable balance was \$15,062 at December 31, 2010.

**Water Infrastructure Fund (433)**

This fund was established to account for the water infrastructure. Financial activity for 2010 is as follows:

	<u>2010</u>
Revenues:	
Investment income	\$128
Bond proceeds	<u>12,791,960</u>
Total revenues	<u>12,792,088</u>
Expenditures and other uses:	
Project costs	943,471
Bond issuance costs	227,105
Transfers out	<u>863,524</u>
Total expenditures and other uses	<u>2,034,100</u>
Net change in fund balance	10,757,988
Fund balance - January 1	<u>-</u>
Fund balance - December 31	<u><u>\$10,757,988</u></u>

**Utility Infrastructure Fund (434)**

This fund was established to account for the sewer infrastructure. Financial activity for 2010 is as follows:

	<u>2010</u>
Revenues:	
Bond proceeds	<u>\$4,858,791</u>
Expenditures and other uses:	
Project costs	126,097
Bond issuance costs	84,195
Transfers out	<u>346,245</u>
Total expenditures and other uses	<u>556,537</u>
Net change in fund balance	4,302,254
Fund balance - January 1	<u>-</u>
Fund balance - December 31	<u><u>\$4,302,254</u></u>

**ENTERPRISE FUNDS**

The City maintains three Enterprise Funds. A summary of each fund is as follows:

**Water Utility Fund**

This fund was established in 2004.

	<b>Water Utility Fund</b>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating revenues	\$34,951	\$30,536	\$33,163
Operating expenses	<u>(41,478)</u>	<u>(48,265)</u>	<u>(55,180)</u>
Net income (loss) from operations	(6,527)	(17,729)	(22,017)
Nonoperating revenues (expenses):			
Capital contribution	-	-	370,173
Interest expense	<u>(3,246)</u>	<u>(730)</u>	<u>(388)</u>
Change in net assets	<u><u>(\$9,773)</u></u>	<u><u>(\$18,459)</u></u>	<u><u>\$347,768</u></u>

**Sewer Utility Fund**

This fund was established in 2004.

	<b>Sewer Utility Fund</b>		
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating revenues	\$58,687	\$59,859	\$80,247
Operating expenses	<u>(117,638)</u>	<u>(75,514)</u>	<u>(79,983)</u>
Net income (loss) from operations	(58,951)	(15,655)	264
Nonoperating revenues (expenses):			
Interest expense	<u>(5,265)</u>	<u>(1,364)</u>	<u>(668)</u>
Change in net assets	<u><u>(\$64,216)</u></u>	<u><u>(\$17,019)</u></u>	<u><u>(\$404)</u></u>

**Ice Arena Fund (615)**

A comparison of operations for the prior three years is as follows:

<b>Ice Arena Fund</b>			
	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating revenues	\$252,029	\$248,732	\$292,734
Operating expenses	<u>(265,999)</u>	<u>(296,378)</u>	<u>(292,691)</u>
Net income (loss) from operations	(13,970)	(47,646)	43
Nonoperating revenues (expenses):			
Interest expense	(9,666)	(2,016)	(907)
Insurance recovery/loss on sale	<u>75,498</u>	<u>-</u>	<u>-</u>
Change in net assets	<u><u>\$51,862</u></u>	<u><u>(\$49,662)</u></u>	<u><u>(\$864)</u></u>

A summary of cash flow is as follows:

	<u>2008</u>	<u>2009</u>	<u>2010</u>
Operating activities	\$55,387	(\$15,321)	\$122,939
Internal interest expense	(9,666)	(2,016)	(907)
Sales of capital asset	2,500	-	-
Subtotal	<u>(7,166)</u>	<u>(2,016)</u>	<u>(907)</u>
Net cash flow	<u><u>\$48,221</u></u>	<u><u>(\$17,337)</u></u>	<u><u>\$122,032</u></u>

As shown above the Arena had positive cash flows for 2008 and 2010. The negative cash flow in 2009 was mainly related to maintenance and repairs.

**INTERNAL SERVICE FUNDS**

Internal Service Funds are used to account for the financing on a cost reimbursement basis of goods or services provided by one department to another department within the City.

During 2010, the City maintained the following Internal Service Funds.

Fund	Cash Balance December 31,		
	2008	2009	2010
Equipment Replacement	\$2,018,467	\$2,004,649	\$806,988 *
Compensated Absences	101,245	108,911	126,810
Total	<u>\$2,119,712</u>	<u>\$2,113,560</u>	<u>\$933,798</u>

\* The equipment replacement fund also has a cash balance held with escrow agent in the amount of \$201,339 not included in this balance for 2009 and 2010.  
\*\*In addition for 2010, the fund has outstanding loans to other funds of \$728,681.

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of East Bethel, Minnesota (the City) as of and for the year ended December 31, 2010, and have issued our report thereon dated May 23, 2011. Professional standards require that we provide you with the following information related to our audit.

**Significant Audit Results**

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 to the financial statements. The City implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* in 2010. GASB No. 51 had no affect on the financial statements. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimation on the depreciation of capital assets. We evaluated the key factors and assumptions used to

*Communication with those Charged with Governance*

---

develop the depreciation of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We proposed no correcting entries for 2010.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 23, 2011.

*Communication with those Charged with Governance*

---

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

GASB Statement No.54 is effective for the year ending December 31, 2011. This standard changes the reporting of fund balance from the current categories of reserved, designated and unreserved/undesignated to five categories based on the constraint imposed on the use of the resources. We recommend that the City prepare for implementation of this standard by reviewing the current fund balance policy to ensure that the following are addressed:

- Minimum fund balance
- Flow assumptions
- Delegation of authority to assign
- Fund balance commitment

*Communication with those Charged with Governance*

---

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The Governmental Accounting Standards Boards (GASB) recently approved the following statements which were not implemented for these financial statements, but may affect the City in future years:

**Statement No. 54** *Fund Balance Reporting and Governmental Fund Type Definitions.*

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.

**Statement No. 57** *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

**Statement No. 59** *Financial Instrument Omnibus.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.

---

*Communication with those Charged with Governance*

---

**Statement No. 60** *Accounting and Financial Reporting for Service Concession Arrangements.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

**Statement No. 61** *The Financial Reporting Entity Omnibus – An Amendment of GASB No. 14 and No. 34.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012.

**Statement No. 62** *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011.

The effect these standards may have on future financial statements is not determinable at this time.

Internal Control

In planning and performing our audit of the financial statements of the City as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned

*Communication with those Charged with Governance*

---

functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

Closing

This information is intended solely for the information and use of management and members of the City of East Bethel, Minnesota's City Council, and is not intended to be, and should not be, used by anyone other than these specified parties.



REPORT ON COMPLIANCE WITH MINNESOTA LEGAL  
COMPLIANCE AUDIT GUIDE FOR POLITICAL SUBDIVISIONS

To the Honorable Mayor and  
Members of the City Council  
City of East Bethel, Minnesota

We have audited the basic financial statements of the City of East Bethel, Minnesota, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 23, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions* promulgated by the State Auditor pursuant to Minnesota Statutes Section 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions* covers six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements and miscellaneous provisions. Our study included all of the listed categories.

The results of our tests indicate that for the items tested, the City of East Bethel, Minnesota complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of management and members of the City of East Bethel, Minnesota's City Council and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "HLB Tautges Redpath, Ltd.", with a checkmark to the right.

HLB TAUTGES REDPATH, LTD.  
White Bear Lake, Minnesota

May 23, 2011



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 4.0 B

\*\*\*\*\*

**Agenda Item:**

Anoka County Sheriff 2012 Contract Proposal

\*\*\*\*\*

**Requested Action:**

Information Item

\*\*\*\*\*

**Background Information:**

The City's current contract with the Anoka County Sheriff's Department (ACSD) for law enforcement services for 2011 is \$1,029,218. The attached proposal for a District Concept agreement could result in significant savings over our current contract with the ACSD. Staff will be seeking direction from Council regarding options for the 2012 ACSD contract.

**Attachment(s):**

ACSD District Concept Proposal for law enforcement services for 2012

\*\*\*\*\*

**Fiscal Impact:**

To be determined

\*\*\*\*\*

**Recommendation(s):**

Discussion only at this time

\*\*\*\*\*

**City Council Action**

Motion by:\_\_\_\_\_

Second by:\_\_\_\_\_

---

---

---

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_



# Office of the Sheriff

Anoka County

Sheriff James Stuart

---

13301 Hanson Boulevard NW, Andover, MN 55304-4009 (763)323-5000 Fax (763)422-7503

May 16, 2011

Jack Davis, Administrator  
City of East Bethel  
2241 - 221st Ave NE  
East Bethel, MN 55011

Doris Nivala, Administrator  
City of Ham Lake  
15544 Central Ave NE  
Ham Lake, MN 55304

Mark Korin, Mayor/Administrator  
City of Oak Grove  
1600 Sims Road  
Oak Grove, MN 55011

**Re: 2012 Law Enforcement Contract**

Dear Administrators Davis, Nivala, and Korin:

As your Sheriff, I have expressed my commitment to providing premium services to our communities while remaining cognizant of the financial challenges faced by us all.

As was previously discussed, the Anoka County Sheriff's Office has reviewed our processes, pricing and overall services with the goal being to provide improved efficiency and better services. I assigned four of our Command Staff members to a task force to conduct this review. The team's assigned task was to analyze *options* and potential modifications for our cities 2012 contracts. They were specifically to identify potential improvements that may serve to better meet the needs of our contract cities while being mindful of our economic climate. They compared metro sheriff's office's methods and pricing for contracted services. They also compared numerous local police departments that were comparably sized to our individual communities.

The team's findings were significant. We found that the Anoka County Sheriff's Office provides:

- 1) More personalized services including assigned city liaisons, Deputies and Investigators etc.;
- 2) Better overall value and;



- 3) An ability to ensure that calls for service are handled more efficiently through economy of scale (especially when compared to police departments).

Although our study found that we provided excellent services at an excellent price, we *still* put our team to the task and pushed for improvements. We identified one final potential cost saving option that we are referring to as “District” coverage.

### **The “District” Concept**

The concept behind the district coverage is expanded collaboration and cost sharing methods while not deviating from our public safety standards. This can be accomplished through the sharing of resources by two or more cities that are *able* to see flexibility in coverage based on current staffing levels. The overall *partnership* MUST maintain an *average* of minimum coverage standards for public safety as set forth by our office.

Unfortunately, *at this time* not all cities that contract services through the Anoka County Sheriff’s Office have flexibility in their current coverage in order to be eligible for this partnership. Based on our review, the cities of East Bethel, Oak Grove and Ham Lake possessed the flexibility in coverage to consider entering into a “District partnership”. We began discussing the implementation viability with these cities.

The “District” provides many benefits including improved collaboration and overlap of resources which results in a reduction in overall expense. Additionally, as future growth needs develop, this allows participant cities to *share* the cost of necessary expansion rather than each city needing to absorb the brunt of the cost on its own.

We recognize that the expense apportionment will vary for participating cities depending on the cost sharing model selected by the participant cities. We provided examples based on current coverage, calls for service, population etc. We also recognize that there will likely need to be separate contracts for Community Service Officer coverage in the event that not all participating cities desire this type of coverage.

As with many compromises, there are negative factors to be considered. Specifically, there will be a reduction of self sufficiency and personalized services for each city. However, it will continue to be our goal to meet the needs of our contract cities to the best of our ability. It is important to note that the Anoka County Sheriff’s Office will maintain all operational management and responsibility for scheduling, coverage, and role assignment, etc.

I want to express to you that I appreciate the cooperation and effort put forth during my meetings with the representatives of East Bethel, Oak Grove and Ham Lake. I firmly believe that open communication is necessary for us to find successful outcomes that will continue to benefit everyone involved, especially the citizens that we all serve.

As of this date, it is my understanding that the three cities have had a chance to further discuss the “District” concept that we have proposed, and that it was seen as a viable, and

*May 16, 2011*

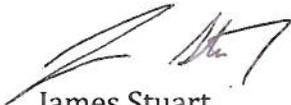
*Page 3*

acceptable way to meet everyone's needs. I am writing to you to seek your confirmation that your city has come to an agreement related to contract services provided by my office.

The total 2012 district coverage for the East Bethel, Oak Grove and Ham Lake District is in the amount of \$2,156,919. The participant cities have the flexibility to decide amongst themselves how the total is apportioned for payment to the county. Please see the attached contract proposal for your review. We will be forwarding formal contracts for your signatures upon receipt of participation and financial obligation amounts being confirmed by each city.

Please do not hesitate to contact my office should you have any questions or if you need any clarification. Thank you again for your commitment to public safety.

Sincerely,

A handwritten signature in black ink, appearing to read 'James Stuart', written over a horizontal line.

James Stuart  
Sheriff

JS/klh

Enclosures

**I. PERSONNEL**

<b>A. Sworn Deputy Sheriff</b>		
1.)	17.00 Deputies at \$5,316 /month	1,084,403
2.)	7 Overtime (Average hours/month per Deputy)	65,690
<b>B. Non-Sworn C.S.O.</b>		0
<b>C. Benefits for Sworn and Non-Sworn Personnel</b>		
	P.E.R.A. (Sworn)	165,613
	P.E.R.A. (Non-Sworn)	0
	FICA	0
	Medicare	16,676
	Severance Allowance	29,279
	Unemployment Compensation	1,725
	Life Insurance	714
	Health Insurance	238,187
	Dental Insurance	8,109
	Long Term Disability Insurance	2,530
	Worker's Compensation	17,366
	Uniforms	16,150
	<i>Total Benefits</i>	496,350
<b>TOTAL PERSONNEL COSTS</b>		<b>\$1,646,443</b>

**II. VEHICLE**

<b>A. Police Equipped Vehicles</b>	5 Squads	142,500
<b>B. C.S.O. Vehicle</b>	0 Vehicle	0
<b>C. Maintenance Costs</b>		
1.)	Vehicle	163,200
2.)	Emergency & Communications Equipment & replc/maint fees	14,360
3.)	Emergency Vehicle Equipment replc. Fee	2,500
4.)	Insurance	13,500
5.)	Cellular Telephone	6,300
	<i>Total Maintenance Costs</i>	199,860
<b>TOTAL VEHICLE COSTS</b>		<b>\$342,360</b>

**III. Administrative Costs**

Administrative, Clerical,+ substation computer lines charges, Etc.	<b>\$168,116</b>
--	------------------

**IV. TOTAL COST TO CONTRACTING MUNICIPALITY**

*Less Amount Received From State for Police State Aid	115,140
<b>NET COST TO CONTRACTING MUNICIPALITY</b>	<b>\$2,041,779</b>

\*This figure is determined by the State and is subject to fluctuation.

The latest estimate is \$5,700 per Deputy. Revenue received is for previous year Deputy hours hired prior to August 1

**State aid would be reduced next year due to reduction in FTE**



**Payments for Council Approval June 1, 2011**

Bills to be Approved for Payment	\$831,567.29
Ehlers Invoice Held From 5/18/11 Mtg for Review	\$1,757.50
Electronic Payments	\$25,500.60
Payroll City Council - May 26, 2011	\$1,361.07
Payroll City Staff - May 26, 2011	\$36,986.90
<b>Total to be Approved for Payment</b>	<b>\$897,173.36</b>

# City of East Bethel

June 1, 2011

## Payment Summary

Department	Description	Invoice	Vendor	Fund	Dept	Amount
215-221st East 65 Service Rd	Architect/Engineering Fees	27949	Hakanson Anderson Assoc. Inc.	402	43125	8,089.25
Arena Operations	Auto/Misc Licensing Fees/Taxes	413731	MN Dept of Health	615	49851	35.00
Arena Operations	Gas Utilities	282525761	Xcel Energy	615	49851	899.26
Arena Operations	Refuse Removal	1436464	Walters Recycling, Inc.	615	49851	28.11
Arena Operations	Refuse Removal	1436461	Walters Recycling, Inc.	615	49851	156.31
Bataan Street Project	Architect/Engineering Fees	27948	Hakanson Anderson Assoc. Inc.	402	43124	945.40
Building Inspection	Motor Fuels	1908514	Lubricant Technologies, Inc.	101	42410	379.69
Building Inspection	Telephone	332373310-114	Nextel Communications	101	42410	17.52
Central Services/Supplies	Office Supplies	563046507001	Office Depot	101	48150	48.14
Central Services/Supplies	Office Supplies	564444131001	Office Depot	101	48150	17.70
Central Services/Supplies	Office Supplies	564026931001	Office Depot	101	48150	12.38
Central Services/Supplies	Office Supplies	563046531001	Office Depot	101	48150	28.42
Central Services/Supplies	Office Supplies	563188617001	Office Depot	101	48150	24.57
Central Services/Supplies	Office Supplies	563046530001	Office Depot	101	48150	21.31
Central Services/Supplies	Telephone	8315558	Integra Telecom	101	48150	221.32
Civic Events	Professional Services Fees	3074	Mosquito Productions	227	45311	635.91
Civic Events	Professional Services Fees	RG 0945627	Swank Motion Pictures, Inc.	227	45311	343.87
Engineering	Architect/Engineering Fees	27950	Hakanson Anderson Assoc. Inc.	101	43110	180.00
Engineering	Architect/Engineering Fees	27947	Hakanson Anderson Assoc. Inc.	101	43110	374.08
Engineering	Architect/Engineering Fees	27950	Hakanson Anderson Assoc. Inc.	101	43110	540.00
Engineering	Architect/Engineering Fees	27950	Hakanson Anderson Assoc. Inc.	101	43110	89.76
Engineering	Architect/Engineering Fees	27950	Hakanson Anderson Assoc. Inc.	101	43110	141.70
Engineering	Architect/Engineering Fees	27950	Hakanson Anderson Assoc. Inc.	101	43110	142.50
Engineering	Architect/Engineering Fees	27950	Hakanson Anderson Assoc. Inc.	101	43110	180.00
Finance	Dues and Subscriptions	134845	Gov't. Finance Officers Assn.	101	41520	190.00
Fire Department	Gas Utilities	282525761	Xcel Energy	101	42210	830.36
Fire Department	Motor Fuels	1887053	Lubricant Technologies, Inc.	101	42210	513.93
Fire Department	Motor Fuels	1908514	Lubricant Technologies, Inc.	101	42210	604.03
Fire Department	Motor Fuels	1908513	Lubricant Technologies, Inc.	101	42210	505.82
Fire Department	Personnel/Labor Relations	186994	LexisNexis Occ Health Solution	101	42210	339.00
Fire Department	Refuse Removal	1436462	Walters Recycling, Inc.	101	42210	39.83
Fire Department	Repairs/Maint Machinery/Equip	95626	Ready Watt Electric	101	42210	4,905.82
Fire Department	Telephone	8315558	Integra Telecom	101	42210	138.35
Fire Department	Telephone	332373310-114	Nextel Communications	101	42210	103.62
General Govt Buildings/Plant	Gas Utilities	282525761	Xcel Energy	101	41940	307.28
General Govt Buildings/Plant	Refuse Removal	1436465	Walters Recycling, Inc.	101	41940	28.11
Mayor/City Council	Professional Services Fees	-638868	North Suburban Access Corp	101	41110	120.00
Park Maintenance	Clothing & Personal Equipment	470644090	Cintas Corporation #470	101	43201	48.35
Park Maintenance	Clothing & Personal Equipment	470647528	Cintas Corporation #470	101	43201	41.40
Park Maintenance	Equipment Parts	228746	S & S Industrial Supply	101	43201	3.90
Park Maintenance	Equipment Parts	OI24208	Turfwerks	101	43201	267.14
Park Maintenance	General Operating Supplies	307716	Ham Lake Hardware	101	43201	21.27
Park Maintenance	Lubricants and Additives	03 3046698	Isanti County Equipment	101	43201	12.81
Park Maintenance	Motor Fuels	1908513	Lubricant Technologies, Inc.	101	43201	972.73
Park Maintenance	Motor Fuels	1887053	Lubricant Technologies, Inc.	101	43201	988.34
Park Maintenance	Motor Fuels	1908514	Lubricant Technologies, Inc.	101	43201	517.74
Park Maintenance	Motor Vehicles Parts	03 3046706	Isanti County Equipment	101	43201	114.79
Park Maintenance	Other Equipment Rentals	44529	Jimmy's Johnnys, Inc.	101	43201	52.87
Park Maintenance	Park/Landscaping Materials	34970	Menards Cambridge	101	43201	179.98
Park Maintenance	Small Tools and Minor Equip	411218-IN	Beacon Athletics	101	43201	78.00
Park Maintenance	Telephone	8315558	Integra Telecom	101	43201	50.71
Park Maintenance	Telephone	332373310-114	Nextel Communications	101	43201	70.08

# City of East Bethel

June 1, 2011

## Payment Summary

Department	Description	Invoice	Vendor	Fund	Dept	Amount
Payroll	Insurance Premium	4621461	Delta Dental	101		925.35
Payroll	Insurance Premium	24145020	Medica Health Plans	101		7,161.25
Planning and Zoning	Architect/Engineering Fees	27947	Hakanson Anderson Assoc. Inc.	927		1,189.72
Planning and Zoning	Architect/Engineering Fees	27947	Hakanson Anderson Assoc. Inc.	862		340.00
Planning and Zoning	Filing Fees	2021866	Anoka County Property Records	101	41910	46.00
Planning and Zoning	Filing Fees	2021590	Anoka County Property Records	101	41910	46.00
Planning and Zoning	Legal Notices	IQ 01784947	ECM Publishers, Inc.	101	41910	46.13
Planning and Zoning	Office Supplies	564444131001	Office Depot	101	41910	156.27
Planning and Zoning	Professional Services Fees	209772	Anoka County Treasury Dept	101	41910	1,614.60
Planning and Zoning	Telephone	332373310-114	Nextel Communications	101	41910	17.52
Recycling Operations	Gas Utilities	282525761	Xcel Energy	226	43235	89.06
Recycling Operations	Other Equipment Rentals	44529	Jimmy's Johnnys, Inc.	226	43235	52.86
Recycling Operations	Refuse Removal	1436463	Walters Recycling, Inc.	226	43235	270.74
Risk Management	Automotive Ins	36766	League of MN Cities Ins Trust	101	48140	11,982.00
Risk Management	Bonding Insurance	36766	League of MN Cities Ins Trust	101	48140	426.00
Risk Management	General Liability Ins	36766	League of MN Cities Ins Trust	101	48140	30,587.00
Risk Management	General Liability Ins	36767	League of MN Cities Ins Trust	101	48140	10,199.00
Risk Management	Machinery Breakdown	36766	League of MN Cities Ins Trust	101	48140	1,789.00
Risk Management	Property Ins	36766	League of MN Cities Ins Trust	101	48140	29,175.00
Risk Management	Property Ins	36766	League of MN Cities Ins Trust	101	48140	4,901.00
Sewer Operations	Architect/Engineering Fees	27955	Hakanson Anderson Assoc. Inc.	434	49451	7,328.78
Street Maintenance	Bldgs/Facilities Repair/Maint	470644090	Cintas Corporation #470	101	43220	26.50
Street Maintenance	Bldgs/Facilities Repair/Maint	470647528	Cintas Corporation #470	101	43220	26.50
Street Maintenance	Clothing & Personal Equipment	470647528	Cintas Corporation #470	101	43220	46.24
Street Maintenance	Clothing & Personal Equipment	470644090	Cintas Corporation #470	101	43220	46.24
Street Maintenance	Gas Utilities	282525761	Xcel Energy	101	43220	281.02
Street Maintenance	Motor Fuels	1887053	Lubricant Technologies, Inc.	101	43220	2,451.10
Street Maintenance	Motor Fuels	1908513	Lubricant Technologies, Inc.	101	43220	2,412.38
Street Maintenance	Motor Fuels	1908514	Lubricant Technologies, Inc.	101	43220	224.35
Street Maintenance	Motor Vehicles Parts	1539-469070	O'Reilly Auto Parts	101	43220	17.06
Street Maintenance	Motor Vehicles Parts	1539-469275	O'Reilly Auto Parts	101	43220	68.83
Street Maintenance	Motor Vehicles Parts	1539-469046	O'Reilly Auto Parts	101	43220	109.95
Street Maintenance	Personnel Advertising	IQ 01784818	ECM Publishers, Inc.	101	43220	80.00
Street Maintenance	Refuse Removal	1421489	Walters Recycling, Inc.	101	43220	305.84
Street Maintenance	Repairs/Maint Machinery/Equip	R241031787	I State Truck Inc.	101	43220	292.50
Street Maintenance	Street Maint Materials	118300	City of St. Paul	101	43220	1,420.91
Street Maintenance	Street Maint Materials	38164	Menards Cambridge	101	43220	201.30
Street Maintenance	Telephone	8315558	Integra Telecom	101	43220	50.71
Street Maintenance	Telephone	332373310-114	Nextel Communications	101	43220	136.99
Water Utility Capital Projects	Auto/Misc Licensing Fees/Taxes	303323140007	Anoka County Property Tax	433	49405	273.59
Water Utility Capital Projects	Architect/Engineering Fees	27955	Hakanson Anderson Assoc. Inc.	433	49405	7,328.79
Water Utility Capital Projects	Improvements other than Bldgs	Pay Est #1	S. R. Weidema	433	49405	50,473.59
Water Utility Operations	Gas Utilities	51611	CenterPoint Energy	601	49401	94.69
Sewer Utility Capital Projects	Improvements other than Bldgs	Pay Est #1	S. R. Weidema	434	49455	69,994.94
Sewer Utility Capital Projects	Due From MCES	Pay Est #1	S. R. Weidema	434		552,866.91
Whispering Aspen Well Project	Architect/Engineering Fees	27956	Hakanson Anderson Assoc. Inc.	432	43200	8,394.62
						<b>\$831,567.29</b>

# City of East Bethel

June 1, 2011

## Payment Summary

Department	Description	Invoice	Vendor	Fund	Dept	Amount
	<b>Electronic Payments</b>					
	PERA					\$5,587.47
	Federal Withholding					\$6,141.63
	Medicare Withholding					\$1,666.50
	FICA Tax Withholding					\$5,976.45
	State Withholding					\$2,469.18
	MSRS					\$3,659.37
						<b>\$25,500.60</b>





# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 6.0 A-J

\*\*\*\*\*

**Agenda Item:**

Consent Agenda

\*\*\*\*\*

**Requested Action:**

Consider approving Consent Agenda as presented

\*\*\*\*\*

**Background Information:**

Item A

Bills/Claims

Item B

Meeting Minutes, May 18, 2011 Regular City Council

Meeting minutes from the May 18, 2011 Regular City Council Meeting are attached for your review and approval.

Item C

Meeting Minutes, May 12, 2011 Work Meeting

Meeting minutes from the May 12, 2011 Work Meeting are attached for your review and approval.

Item D

Meeting Minutes, May 17, 2011 Work Meeting

Meeting minutes from the May 17, 2011 Work Meeting are attached for your review and approval.

Item E

Ehlers Invoice

Attached is an invoice from Ehlers in the amount of \$1,757.50 for approval for payment. Ehlers provided a second opinion of the defeasance costs for the Landform Project I Phase 1 Feasibility Study. Also attached is the letter of engagement for the defeasance analysis.

Item F

Approve Gambling Permit – Bingo – East Bethel Seniors – Booster Day

The East Bethel Seniors have applied for a one day permit to conduct excluded bingo on July 16, 2011, Booster Day at the Community Center. The application form has been submitted and is complete. Staff is recommending Council approve the one day permit for the East Bethel

Seniors to conduct excluded bingo on July 16, 2011 at the East Bethel Community/Senior Center.

Item G

Schedule Work Meeting – Wednesday, June 22, 2011 at 6:30 PM

Staff is recommending City Council schedule a work meeting for Wednesday, June 22, 2011 at 6:30 PM to review the Great River Energy CUP.

Item H

Appoint East Bethel Member to Connect Anoka County Governance Group

Based on interest expressed from a number of the organizations in the Connect Anoka County Project, the county has formed a Governance Group. The county formally authorized the Governance Group in Anoka County Resolution #2011-36. An initial meeting has been scheduled Thursday, June 16, 2011, at 10:00 a.m. in Master Conference Room #772, at the Anoka County Government Center, 2100 3rd Ave., Anoka, MN. The first meeting will consist of a project update and include a discussion about the role of the Governance Group. Each organization that has at least one site as part of the Connect Anoka County Project can have one member serve on the Governance Group. The member can be an elected person, appointed person, or a staff member. If no Council member is interested in serving on this group, it is recommended that Wendy Warren be designated the City's representative.

Item I

Temporary Appointment of Lieutenant to Fire Department

Lieutenant Bill Hunt was appointed to his Officer position effective January 1, 2011. Lieutenant Hunt was forced to take a six month personal leave of absence on March 1, 2011 due to working out of town. Lieutenant Hunt's absence has left a void in the structure of the Fire Department. Fire Fighter Adam Arneson, who was a candidate and the runner-up for the original position, has demonstrated an ongoing interest in a leadership position within the Fire Department. After review of his qualifications, experience, and training the Fire Chief is recommending, with the assistance of the Station One Officers, that Fire Fighter Arneson be appointed acting Lieutenant of Station One until the return of the permanent appointee.

Item J

Booster East Trail Fence

As part of the Booster East Trail Connection to 224th Avenue Project the City was obligated to install fencing along the trail per the easement agreement with Tim Oney. Due to an increased work load within the Public Works Department, City personnel will not have the time to install this fence in a timely manner. Three bids were obtained for this project and Top Notch Fence was the low bidder with a price of \$10,900 for labor and materials. Staff is recommending the award of this bid to Top Notch Fence to expedite this project.

**Fiscal Impact:**

As noted above.

\*\*\*\*\*

**Recommendation(s):**

Recommend approval of the Consent Agenda as presented.

\*\*\*\*\*

**City Council Action**

Motion by:\_\_\_\_\_

Second by:\_\_\_\_\_

\_\_\_\_\_

---

---

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_

## EAST BETHEL CITY COUNCIL MEETING

May 18, 2011

The East Bethel City Council met on May 18, 2011 at 7:30 PM for their regular meeting at City Hall.

MEMBERS PRESENT: Bill Boyer                      Bob DeRoche                      Richard Lawrence  
                                 Heidi Moegerle                      Steve Voss (7:35 PM)

ALSO PRESENT: Jack Davis, Interim City Administrator  
                                 Mark Vierling, City Attorney  
                                 Craig Jochum, City Engineer

Call to Order    **The May 18, 2011 City Council meeting was called to order by Mayor Lawrence at 7:30 PM.**

Adopt Agenda    **Boyer made a motion to adopt the May 18, 2011 City Council agenda. DeRoche seconded; all in favor, motion carries.**

Sheriff's Report    Lieutenant Orlando gave the April 2011 report as follows:

### **DUI Arrests:**

DWI Arrests: There were four DWI arrests for the month of April. One DWI arrest came as a result of a suspicious vehicle being called in by a citizen. This arrest was at 12:05 p.m. and the male reported having to drink Crown Royal, at his doctor's request for a sore throat.

One DWI arrest was a result of a neighbor hitting another neighbor's car on his way home, and not stopping but continuing into his house. Deputies arrived and the neighbor who had struck the other neighbor's car was found to be intoxicated.

### **Thefts:**

There were 8 theft from vehicle reports for the month. One vehicle was parked at a local business and had an iPod stolen. The rest of the vehicles were parked in driveways and the thefts occurred overnight. One of our deputies did stop a suspicious vehicle and recovered several items that had been taken from vehicles in the area, resulting in clearing 3 of the theft cases. With the weather warming up and school about being done, we see increases in this type of activity. This is a good time to remind you to not leave any type of valuables in your car, in your driveway. Large numbers of GPS units are taken, along with cash, iPods, and checkbooks. Even if you lock your vehicle, suspects do break windows to gain entry and it's best to take all valuables into your residence or park your vehicle in your garage.

Also, with the weather turning warmer we see an increase in thefts from boats, either docked on lakes, or parked in driveways. Trolling motors, tackle boxes and fishing rods are items that get taken.

### **Miscellaneous Info:**

Lt. Orlando would like to remind you to buckle up and make sure to properly restrain your child in a booster seat until they are 4'9" or 80 pounds. Just last week a 3 year old girl died as a result of being improperly buckled in a child safety seat. The child was ejected when the vehicle rolled. If you are in need of a child safety seat, please contact Laura Landes with the Sheriff's Office. She can also check your child seat to make sure you are installing it properly.

Law Enforcement agencies throughout the state will begin the May Mobilization campaign, which is focused on buckling up. Agencies will be conducting overtime patrols, in search of unbuckled motorists. One of the reasons we enforce this law so strongly is the impact seat belts play in surviving a crash, without injury or having less severe injuries. Wearing a seat belt reduces the risk of fatal injury to front seat passenger occupants by 45% in a car and 60% in a light truck. In a crash, odds are six-times greater for injury if a motorist is not buckled up. The group that is most likely to not buckle up and die are young drivers. Each year, motorists ages 15-29 account of 45% of all unbelted deaths and 55% of all unbelted serious injuries – this group only represents 25% of all licensed drivers. Traffic crashes are the leading cause of death for 16-19 year olds. When adults set the example of buckling up, it can have a positive impact on their kids. Remind your kids to buckle up before they take the car. It could save their life.

Boyer said thank you for getting back to him so quick about the East Bethel Deputy Car being in Wyoming, he was glad it was nothing untoward, as he mentioned it was an unfortunate place to pull over on the road.

Moegerle asked when will we have the dog bite report in, she thinks this incident happened last Friday. Lieutenant Orlando said the report should be in. Davis said we haven't received a police report yet, but we have received a verbal report from the CSO. Council Member Voss arrived.

Presentation -  
Tim Landborg  
– For Service  
on Planning  
Commission

Lawrence said Tim Landborg served the City of East Bethel as a Planning Commission member from 2007 until 2011. For this we are very appreciate for his service, it takes real dedication to volunteer for the City and be part of it and we appreciate your help. Lawrence presented Landborg with a plaque thanking him for his service to the City.

Presentation -  
Edward  
Reynoso, Met  
Council  
Representa-  
tive

Lawrence said Edward Reynosa is the new Met Council Representative for East Bethel (District 9). Reynosa thanked Council and the residents for having him. He said he thought it important to come and introduce himself to the Council and residents. Reynosa said he is a resident of Ham Lake, and he and his family come to East Bethel for many family activities. He said the Met Council has a big project in East Bethel, he is eager to see the site and take a tour of the City. Reynosa said he also looks forward to working with you on various other issues. He said he wants to make sure the Met Council has a good relationship with the City, not only on transportation and sewer issues, but also on planning, long term planning. Reynosa said he looks forward to working with you and your residents. He said he looks forward to listening, hearing your concerns, your residents' concerns, and he looks forward to working with you on these issues and various other issues. Reynosa said his goal is to leave this place a better place than when he started, when his tenure is done. Moegerle asked what environmental and transportation issues do you see yourself working on. Reynoso said for environmental of course it would be the sewer and water project and for transportation he sees a need for growth in our system. He said we get excited when we see that gas prices is not close to \$4.00, but when you think long term, it is only a matter to time when it will be \$5.00 a gallon so he would like to see transit, whether it is light rail transit or bus transit. Reynoso said his day job is as a the public director and special projects coordinator for the International Brotherhood of Teamsters Joint Council 32 and he is very concerned about the proposed cut to Met Council and how it would affect transit issues. He said it would stifle growth in transit, not to mention what we offer now. Reynoso said it is going to be a battle; there is obvious room for growth in transit. Boyer said we are fortunate

compared to gas prices worldwide. Reynoso said you are absolutely right, when you look at the price of fuel in Europe, but the European countries have transit that ours doesn't even compare to. Reynoso said he looks forward to working with you guys, there is a learning curve, he is willing to listen.

**Public Forum** Lawrence opened the Public Forum for any comments or concerns that were not listed on the agenda.

Tom Ronning of 20941 Taylor St. NE said at the last meeting a lot of discussion about a contractor wanting relief on fuel prices. He said he thinks the bid was \$4.12 a gallon on fuel prices has anyone seen his bid on prices. Moegerle said we have not seen his bid, but that is not to say staff hasn't. Ronning said so he purchased gas for \$4.12, 235,000 gallons. Davis said the contractor has supplied documentation on his costs when the project was bid and when he locked in on the fuel. Ronning said went to the state site and the state tax is reimbursable, 27 1/2 cents for 2010 and 2011 is 28 cents and federal is 24 cents for 2010 he doesn't have the 2011. He asked will he get reimbursed at the end of the year, we pay him full price and then he gets reimbursed. Ronning said that is just some questions, he doesn't think anyone has the answers. Lawrence said he doesn't think this was the price of fuel. Voss said 4/12 was the date he locked in, not the price. Moegerle said on 4/12 the price of fuel was \$3.77, but still the point is right, if there is another 50 cents he is going to get back this is a little disingenuous. She said this is a good point. Ronning said also, at the last meeting there was a complaint about an officer being in the room, he pays taxes and doing this does not bother him at all. Lawrence said we will look into the fuel rebate; we will look closer and see what comes up on this.

There were no more comments so the Public Forum was closed.

**Consent Agenda** **Moegerle made a motion to approve the consent agenda except pull from item A) Bill List the Hollywood Pyrotechnics and Gratitude Farm bills for discussion. Voss said he will second, but would also like the following items pulled: G) Bids for Picnic Shelter; H) Dorsey & Whitney LLP Engagement Agreement; I) Ehlers Invoice; and J) Approve Agreement with Kristin Pechman, Desktop Impressions for Website Services.**

**For clarification Moegerle's motion is to approve A) Approve Bills (all but Hollywood Pyrotechnics and Gratitude Farms); B) Meeting Minutes, May 4, 2011 Regular Meeting; C) Meeting Minutes, April 27, 2011 Town Hall Meeting; D) Res. 2011-15 Approving Application for Raffle Permit for Minneapolis Police Activates League at Fat Boys Bar & Grill on June 11, 2011; E) Res. 2011-16 Accepting Donation from Eckberg, Lammers, Briggs, Wolff & Vierling, PLLP; F) Approve One Day Temporary On Sale Liquor License For Alliance for Metropolitan Stability at Blue Ribbons Disc Golf Course on June 11, 2011. Voss seconded; all in favor, motion carries.**

**Approve Bills – Hollywood Pyrotechnics and Gratitude Farms** Moegerle asked what is the Hollywood Pyrotechnics bill for. Davis said for the fireworks for Booster Day. He said the contract was signed about a month ago. Davis said this needs to be booked in advance to secure show for those dates, we did get three bids, it is less than \$5,000, we issued a purchase order and this practice has been going on since 2003 or 2004. He said this was budgeted under Civic Events, \$5,000 was allocated. Moegerle said so this practice has been going on for quite some time. Davis said yes. Moegerle said and we can revisit this at budget time. Davis said yes. Moegerle said for the Gratitude Farms bill do you know how many animals this covers. Davis said he doesn't know how many exactly. He said he does know there was an extenuating factor in this bill. Davis said there was an animal that had to be rescued from Coon Lake, was in very bad shape and eventually it had to be euthanized and this added about \$300 to the bill.

Voss said for this item, the bids for picnic shelter roof, he didn't see a recommendation in the write-up, there was no resolution that went with this. Davis said the Parks Commission recommended we go with a sheet metal roof, we had one bid and he attached it, we thought it would be about \$20,000, but it was \$28,000. He said there was such a cost differential that the metal roof was just not justified. Davis said he is recommending the low bid from Ricks Roofing in the amount of \$5,200 on page 32. He said we had originally hoped to replace these with the metal roof, but the cost was too great. DeRoche said this was the bid from Vogel for \$28,000. Davis said correct.

**Voss made a motion to approve the bid for the picnic shelter roofs from Rick Roofing not to exceed \$5,200. Boyer seconded.** Davis said we don't know the condition of the decking underneath the roof, so we have requested up to \$1,200 to repair the decking if needed. **Voss amended his motion adding an allowance of \$1,200 in case there is any structural repairs needed. Boyer seconded the amendment, all in favor, motion carries.**

Dorsey &  
Whitney LLP  
Engagement  
Agreement

Voss asked can we get a presentation on what this is about. Davis said what we are requesting is we have several million dollars in bond funds that are surplus and there are questions on how they can be spent. He said we have contacted Springsted and they don't want to give us advise us on this, they don't feel comfortable with this. Davis said they have suggested we contract with Dorsey and Whitney who were the attorneys on the original bond counsel, there are different rules on each one and there are some tax implications on this. He said what we are seeking is to get a tax opinion on these and what the bonds can be used for. Voss asked did Springsted say why they didn't want to do this. Davis said they said it was beyond their realm to do the tax counseling on these and they recommended we contact Dorsey and Whitney on this. Voss said so we are not replacing Springsted. Davis said that is correct, we are not replacing Springsted. Voss said it is just addressing this one issue. Davis said that is correct. Boyer asked what is the amount of this. Davis said the amount is \$5,000 to \$6,000 to have them give us an opinion on how these funds can be used, it is something we have to be careful with and we want to make sure if they are expended that they are expended properly.

**Moegerle made a motion to approve the Dorsey & Whitney LLP Engagement Agreement not to exceed \$6,000. DeRoche seconded; all in favor, motion carries.**

Ehlers Invoice

Voss said he would like a little explanation of what this is about. Davis said this as he understands it, was part of the Landform study. He said Schunicht contacted them to get information on defeasance of bonds, due to the magnitude of this it was thought there needed to be a second opinion. Davis said Ehlers was contacted to provide an analysis. Voss asked was this something that the City directed or Landform directed. Davis said he does not know, this is an invoice that Schunicht had requested be placed before Council for payment. Boyer said he could be wrong but he does not remember directing them to do this. Voss said one of the questions he has is this is on Landform's letterhead and it seems like this was subcontracted by Landform, why are dealing with an invoice that was subcontracted by Landform. He asked he remembers seeing part of Landform's invoice have they been paid their full amount yet. Davis said as far as he knows Landform has been paid for their services. Voss asked and they didn't have this on their invoice. Davis said no, they didn't have this on their invoice. Voss asked do we know if we had any dealing with Ehlers on this issue. Davis said not to his knowledge.

Moegerle said the bill is directed to the City of East Bethel on page 38. She said she understands there is a cover letter on 39 and 40, and that would be within the amount that the interim city administrator could have contracted for, so without having Dave here, she knows that she recalls hearing the name of Ehler's during Landform's presentation. Moegerle said she understood it was 9 million to get rid of this project and because that was Schunicht's calculation he wanted to double check it, because it was such a large amount. She said that was the justification she

recalled hearing during the presentation. Voss said he remembers him stating he talked to bond counsel about this he doesn't remember him stating it was Ehlers, he didn't know it wasn't Springsted. He said but his point he is making is if this is something Landform needed to do to perform their contract then this is their bill. Voss said what we don't have is how Ehler's was engaged. He said Ehler's should have something from the City engaging them in these services, whether it is an e-mail or letter or something. Davis said we can see if they have that, as he understood this, David had authorized this to be done.

**Boyer made a motion to table the Ehler's Invoice to the next regular bill pay until staff can do further research on this item. Voss seconded.** Voss said again, there should be a paper trail to engage Ehler's. Lawrence asked Davis to dig that up for us. Davis said he will see what we can find. Boyer, Lawrence and Voss, aye; DeRoche and Moegerle, nay; motion carries.

**Approve Agreement with Kristin Pechman, Desktop Impressions for Website Services**

Voss said again, he just wants an explanation of what this is about. Davis said this is just part of the process of updating our website and this is a lady that came highly recommended to us. He said we had an interview with her about a week ago. Davis said she gave us a presentation on updating our website. He said she gave us information on getting a new template and coordination in improving the effectiveness of our website. Davis said she has done extensive work for several other cities and comes highly recommended and we felt her services would be very effective in accomplishing our goal. Voss said at the last meeting we were talking about changing our platform. Moegerle said we were not changing from GovOffice. Voss said he says this because what he has heard is everyone is moving from GovOffice. Moegerle said our current template is no longer supported by GovOffice and the advice we received is we should upgrade to a new free template, reorganize and then eventually when our EDA and branding issue is done, move up to a purchased template. She said this would transition us to the modern age, but this will not be any duplicate costs. Voss said so all we are doing right now is a stop gap. Moegerle said reorganizing will get us to the modern age of website utility.

**Voss made a motion to approve the agreement with Kristin Pechman, Desktop Impressions for Website Services to update the website, not to exceed \$1,500. Moegerle seconded; all in favor, motion carries.**

**Park Comm. Minutes**

Davis explained that the April 13, 2011 Park Commission unapproved meeting minutes are provided for your review and information.

**Road Comm. Minutes**

Davis explained that the April 12, 2011 Road Commission unapproved meeting minutes are provided for your review and information.

**Code Enforcement Report**

Davis explained that the code enforcement report is presented for your review and information.

**EDA Funding Sources**

Davis explained that on April 28, 2011, the EDA discussed the structure of an active EDA Board. It was unanimously decided by the EDA to move forward as an active EDA with HRA powers per Resolution 2008-53, A Resolution Providing for the Creation of an Economic Development Authority with all the powers of a Housing Redevelopment Authority. The resolution has been attached for your review (attachment #2).

To become an active EDA Board, funds will be needed to pursue marketing, professional services such as legal and consulting, and staffing. A best case funding scenario would be to discontinue the HRA levy and approve an EDA levy. The maximum allowed as part of an EDA levy is 0.1813% and the maximum HRA levy is 0.185%. The maximum levy pay for 2012 would be \$163,830 based on a property valuation of \$903,639,400. 2012 levied funds would not be available until July 2012.

If the EDA would like to move forward on projects in 2011 funds need to be allocated to meet these needs. The best option for a funding source would be for the EDA to obtain an interest free interfund loan through the HRA. The current HRA account is approximately \$700,000. The current HRA funds can only be used for HRA type projects that address the shortage of decent, safe, and sanitary dwelling accommodations available to persons with low to moderate income and to address substandard, slum, or blighted areas that could not be redeveloped without government assistance. At this time, there are no HRA projects that are being considered.

The interfund loan could be paid back once EDA levy funds become available in July 2012 or the EDA could pay back the loan over a certain time frame. Because of the projection of EDA activities, staff suggests the loan be paid back over a time period. Paying back the loan in full in July 2012 would cause insufficient EDA funds for the 2012-13 year.

If the EDA were to obtain an interfund loan, staff suggests the loan be a minimum of \$158,240. The loan would cover the following operating expenses (a formal EDA budget would need to be approved by City Council):

Liability Insurance:	\$1300
Legal Notices: (Publication)	\$200
Professional Services: (Legal and Consulting)	\$50,000
Staff: (includes ALL benefits)	\$56,000
Membership Fees:	\$240
Conferences/Training:	\$500
Contingency: (Future Projects)	\$50,000

If City Council makes a motion to consider an EDA levy, staff seeks direction by the City Council for the following:

1. to begin the process of establishing a taxing district per MN Statute 275.067 to be brought forward to City Council on June 15, 2011, and
2. to begin the process of establishing an interfund loan from the HRA to the EDA, payable over five (5) years (as part of the process, City Council must approve the interfund loan and acknowledge the EDA anticipated levy to establish the HRA account by July 2016). Staff intention is to bring this forward to City Council on June 15, 2011.

Davis what we are essentially saying here is if we want the EDA to do some projects we need some EDA funds. Boyer said he believes the time for an appeal by Anoka County has not passed. Vierling said the appeal to Supreme Court would be 60 days, that will take us into June. Voss said we are looking at June 15<sup>th</sup> when we will take it up. Moegerle said we are looking at staff costs of \$56,000, we are not hiring new staff, just allocating to this existing staff. Davis said this takes a significant amount of staff time from the city planner and administrative assistant, so it would be allocated to those two staff members salaries, charge their time to this. Voss said so this is just a funding source for staff. Moegerle asked

for conferences and training is anything being looked at or is this just generally to get education. Davis said no, this is just generally that might be pertinent to what we are going to undertake. Moegerle asked for liability insurance, are we looking at this from the League of Minnesota Cities. Davis said that is correct.

Moegerle said if we begin the process of establishing the taxing district, in advance of the HRA conclusion, we could stop if the appeal goes through, we wouldn't be committed. Davis said we are just asking if you want us to go ahead and get ready. Boyer said he thinks there might be another issue; it would put his mind to rest to have the city attorney examine how the resolution of the structure of the EDA as formed in 2008. He said this was one of the subjects of litigation, was originally dismissed by county, we did not get real good advice from our original consultant. Boyer said he would like to make sure all our ducks are in a row before we go too far down this line and he thinks we could do that before the 15<sup>th</sup> so he thinks the wisest course of action might be to put this off until the 15<sup>th</sup>. Moegerle said she disagrees if that is the deadline to get this done, if we get this started we can just pull the plug on it. Boyer said he is concerned about whether this was done properly by the consultant and that is the basis of his concern. He said and if in theory we would be transferring money to an improperly formed body just seems to muck things up. Boyer said he would like to have the city attorney look at it and see if it was formed properly. Davis said we could do all that concurrently, get city attorney's opinion, and certainly then have the issue of the appeal concluded and then consider all this at on the 15<sup>th</sup>.

**Moegerle made a motion to consider an EDA levy and begin process of establishing a taxing district per MN Statute 275.067 and to begin the process of establishing an interfund loan from the HRA to the EDA, payable over five (5) years to be brought forward to City Council on June 15, 2011. DeRoche seconded.** Boyer asked for clarification, this is an EDA levy in lieu of an HRA levy. Moegerle said yes. Boyer said we are not talking about double taxing people. Moegerle said we are not double taxing. **All in favor, motion carries.**

EDA  
Composition  
of Metro  
Municipalities

Davis explained that At the April 28, 2011 EDA work session; the existing composition of the EBEDA was discussed. Staff was directed to conduct additional research as to what the composition of other active EDA boards was in metro communities. The findings have been attached for your review (attachment #1). Of the sixteen (16) metro communities researched, seven (7) communities' EDAs are comprised of the City Council, eight (8) communities are comprised of a majority of business owners with at least one (1) City Council member on the board, and one (1) community (Shakopee) has an Economic Development Advisory Committee that advises the EDA and City Council of EDA projects.

In a majority of the communities with an EDA comprised mostly of business owners, the EDA is only empowered with the authority that the City Council has granted them through the by-laws. If the EBEDA composition is to change, City Council should begin to discuss the authority of the EDA so staff can incorporate this into the EDA By-Laws.

The composition could remain as is with five (5) City Council members, or possibly change to two (2) City Council members and five (5) citizens.

If City Council makes a motion to change the EDA member composition to include more citizens, staff seeks direction by City Council for the following:

1. to begin the amendment process of the existing EDA by-laws to incorporate

2. to begin advertisement for the vacancies for these positions.

Boyer said his personal position is we are right in the middle basically so he doesn't see any reason to change, but if Council wants to add one or two more people so be it. DeRoche said he thinks we need add more diversity from the businesses, other than five Council Members, he is not sure what everyone's background is, but he thinks it is pretty crucial that we get people that have been involved in this, make it a little more diversified and get more ideas. Voss said we have three non-Council Members now, right, from the school district, a business members and a resident. Lawrence there is a real benefit to having five residents and two Council Members on the EDA. Voss said what is that. Lawrence said if you have something that is moving along, because you don't have a quorum, you don't have to call for a special meeting. Voss said the EDA still has to be advertised.

Davis said the benefit he sees he sees in having more business members if you structure this right, have someone with a financial background, realtor background, construction background and education background, you can diversify your board a little bit more. He said the one thing that he knows has been addressed, is we would need to modify the by-laws; this EDA could have no authority to set the tax limits, that would still rest with City Council. He said one of the ways other cities have done that is any issue that comes up that is about taxing or any issue to raise money automatically goes to City Council. Davis said or if any Council Members that are on that committee object to anything it automatically becomes a council issues. Moegerle if the EDA voting membership is going to be the Council and the three we have now, who bother with the EDA. She thinks that is a disservice, it limits brainstorming, it limits creativity and we have a situation where we need input, creativity and brainstorming outside of a Council meeting. Moegerle said she welcomes that input from those professionals that what is going on in the financial community of East Bethel and she thinks we could study, but it is a lot different hearing it from the outside than hearing it from a professional that deals with it on a day to day basis.

Voss said he doesn't have a problem at all with adding more business members to the EDA. Moegerle said but do you believe it should still be all five Council members. Voss said what is the reason for not having all the Council Members on the EDA. Davis said once you get more than seven members on a committee it gets unwieldy and hard to work with. He said he thinks seven is kind of an ideal number. Voss said there are two scenarios, one scenario done the we have an active EDA and we have been doing this for a few years, 4 years down the road, that is one scenario. He said the second scenario is we are trying to develop, right now this is all new, and to him it is important that the Council is engaged in what the EDA is doing so we have an active understanding. Voss said so when recommendations come from the EDA to this Council, it is not then a learning process of everything. He said if the concern is leadership on the EDA, he doesn't have a problem if it is a business leader on our EDA.

DeRoche said seeing how the EDA parties if not on City Council will not be making any decisions financially or otherwise without the City Council who represent the people who put them in office, the more City Council members you have the less diversity we can get here. He said we are in a situation where we need to develop, we need ideas. DeRoche said whatever has gone on in the past it has got to change, we need ideas brought up, we have to develop. Voss said we haven't even started, that is his point. DeRoche said that is

unfortunate, because now we are in a situation where we are up against a wall. Voss said he is talking about the communication between the EDA and City Council. He said if any of us is not on the EDA and we get a report, we didn't get any of the development that went into the proposal. DeRoche said he doesn't recall there being no Council Members on there, he heard there was going to be maybe two. Boyer said he think the point Voss is trying to make is you make the same argument twice. He said because whatever Council Members are on there, if there is going to be two, there are three that aren't.

Boyer said there are two big disadvantages, one the point Voss made and two, the EDA cannot promise anything because they would not have a majority of Council Members. Moegerle said she understands that, but what happens is if it is done that way is two different sets of people look at it and the EDA has truly have to believe in it because they have to convince three more Council Members on this issue. She said they have to do a presentation; they have to provide that documentation that is going to put the burden on the EDA. Moegerle said if they want something, it is not going to be a frivolous thing, it is going to be something they have weighed and considered and something they can present to us with all seriousness and documentation about why this is something we should do. She said and then it gets looked at twice.

Moegerle said she thinks we get into a risk of group think, and the idea of saying oh well that is down the road, to get the EDA going quickly and right away, this 3 to 4 year warm up would be a significant disservice to the success of our municipal water project. Voss said he wasn't saying 3 to 4 years. He said he was saying we are trying to restructure something that hasn't gotten started. Voss said that is the two scenarios, the startup and once we got our legs under us. He said just said five years as an example. Voss said you made a point of streamlining, and the point he is trying to make is if all Council is involved in what is being approved at the EDA it will be approved at Council a heck of a lot faster. Moegerle said so we will have shorter Council meetings is that your argument.

Voss said you point was decision making and we have this with our other commissions, once in a while they will bring something up and now they have to educate what they may have been working on four or five meetings, now we have to be educated on it, it is a back and forth process. He said the reason we had all five Council Members on the EDA to start with was so there is buy-in from the get go. Moegerle said she thinks that decision and that back and forth is important. Voss said you were just critical of the time frame or sorry, maybe it was Lawrence, but this is a way to get things going, to get things done quicker. Lawrence said but he doesn't think you achieve the diversity you are going to get out of five separate people, with five separate backgrounds coming together and discussing this. Moegerle said we can always have joint meetings if there is something that critical that we think we need to have the buy in, in advance. She said she thinks you are going to have an unwieldy group.

Moegerle said if you want the EDA to work they have to be able to articulate to the Council why a particular action, expenditure should be approved. She said so that gives it a second review. Voss said isn't it easier, and not passing up the public presentation, but if all five of us are on the EDA and something passes at the EDA, won't it pass at Council without much discussion as opposed to going back and forth with Council. He said he honestly doesn't see the objection of having more than two Council members. Voss said he doesn't understand the objection. Lawrence said all we are trying to do is bring in more diverse people to the group. Voss said we are all for that. Lawrence said if there are all five of us and just the three more members, they might not even show up. Boyer we just said bring in two more to the group. Lawrence said so you want a bigger group, you want a group of ten. Voss said

why not. Lawrence said according to Davis after seven you kind of loose control of the meeting. Voss said you look at St. Paul they have 135, see how that goes. DeRoche said St. Paul is a little bigger than East Bethel. Davis said there is no magic number for a committee size, he said seven seems to be a real workable number, sometimes when you go past that you gave good luck and sometimes you don't.

Voss said along those lines and he absolutely agrees, having the business community input is critical to the success of the EDA. He said but to him having all the Council there while those discussions are going on, and hearing all that perspective from the folks that are living it every day, he thinks that is nothing but good. Voss said it is one thing if three of the five try to interject and change something that is one thing, he us taking from the aspect of involvement it should be the decision makers that do this. Moegerle said there are commission and task force reports, there would be EDA reports. Voss asked what is the objection to having the full Council being part of the EDA, he still hasn't heard that. He said you are thinking it is not going to work, it hasn't even been tried. Voss said if it doesn't work we can change it.

DeRoche said five people have been on the EDA for how many years now and where has it gotten. He said he hasn't heard any ideas. Boyer said by the way, the EDA was formed less than three years ago. Lawrence said since it is just getting started and just getting some legs to it, why don't you just have two Council members and five community members, have them get started and then if they have something and they feel they need to draw other people in from the Council or the City, then they can. He said we are looking for fresher ideas and bigger things, because we don't all have the degrees. Boyer said some of us do. Voss said he is not disagreeing with that, that is why he is saying it would be a good idea to have the business and the financial community involved in the EDA, absolutely.

Moegerle said she thinks when you have bigger groups you don't have the ability, the brainstorming, you don't have the give and take that she thinks we need to have to have the vigorous and well considered discussion, because here, even now, we are having this discussion and it is unwieldy with five. Boyer said perhaps we should just have one. Moegerle said certainly it has been here since 2008, it has been five people, nothing has been done and it has been dormant. Voss said it has been eight and it hasn't been active. He said we formed the EDA in anticipation of sewer and water. DeRoche said he hates to beat a dead horse, but maybe some action should have happened prior to this sewer and water going through so that we have something to get connections to help pay for this thing. Voss said a statement like that is why we need professionals from the business community involved in the EDA. DeRoche said exactly.

**Moegerle made a motion add two business/community members to EDA. Voss seconded; all in favor, motion carries.**

Voss asked the city attorney if this is a change to the by-laws. Vierling said yes. Voss asked fi that would have to go to public hearing. Vierling said he suspects it will.

**Moegerle made a motion that the EDA composition be limited to two City Council Members. Lawrence seconded.**

Voss asked again, what is the reason to remove three members of the City Council from the EDA. Lawrence said just because you are not a member doesn't mean you cannot show up and be there. Voss said he can show up for anything that is a public meeting. Moegerle said

the point is that we don't want to dilute the input from the community members. She said the City Council will have ample opportunity for their input at the City Council meeting when the EDA presents proposals. Voss said explain to me how you dilute input. Moegerle said it is simple math; it is 50% to 50% if there are five community members and five Council Members, but if there are five community members and only two Council Members than the input from the community members is going to be more significant to the conversation.

Voss said so the input from any additional members, whether it be a benefit or not is diluting the input. Moegerle said she thinks there should be more free conversation from the community members to impact that. She said the Council will get their shot at the Council meetings. Voss said you are trying to make it exclusive and he is trying to understand why you are making it exclusive. Moegerle said not at all. She said she is trying to make the EDA mobile and effective. Voss said you are excluding Council Members from the EDA, that is excluding. Moegerle said that is not the purpose that is your choice to look at it that way, it is the half full or half empty.

Voss asked then why are you excluding the Council Members from the EDA. Moegerle said she is not excluding them. She said the point is to get the input from the community members. Voss said which will happen anyway, the EDA as a body will get that input. Lawrence said he doesn't see it that way with the Council on the EDA, because if you have any controversy come up and you have the three or four Council members that don't like it, the whole thing is mute then. Voss said he thought this whole thing was to promote growth and you are stifling. Lawrence said there is no stifling. Voss said you are excluding. Lawrence said no one is being excluded.

Moegerle said we are relieving you of one meeting. Voss said you are relieving you of one meeting. Boyer said it sounds like they have already decided who is on this committee; from the choice of personal pronouns it is very apparent. Lawrence said he thinks Voss would be excellent on the EDA. Voss said he wouldn't do it without the full Council being there, he tells you that, absolutely not 100%. He said all you are going to do is make it less effective. Moegerle said apparently Big Lake did not agree with you, Forest Lake does 2 Council Members, and this is not representative of cites the size of East Bethel, which she sent an e-mail to the city planner and city administrator about. Voss said 8 of the 16 have full Council's on their EDA's. Moegerle said there are large cities that do it this way. Lawrence said North Branch does it this way.

Voss said if things don't work he can understand changing them, but change just to have change, does no one any good. DeRoche said he doesn't think that what came out was this was a change just to have change; he thinks there was some reasoning behind it. Voss said what is the reasoning for excluding three Council Members from the EDA. Moegerle said asked and answered. Boyer said he hasn't heard. Voss said it will be smoother, based on what, how many meetings you have been to. Lawrence said based on having the citizens of East Bethel active in the EDA. Boyer said you aren't giving them any authority so how are they being further engaged, this is the argument he hasn't heard, they have no authority. Lawrence said they have the authority to make a presentation to the City Council on an idea they have come up with. Boyer said so does anybody in the Public Forum. Lawrence said it is hardly the Public Forum, you are talking the EDA. Boyer said his point is. Lawrence asked your point is what. Boyer said what are you going to talk over me, are you going to make me shut up. Vierling said gentlemen one at a time please. Boyer said just as citizens have made proposals to City Council in the past that City Council has acted upon and

funded, a recent water project on Coon Lake was the most recent one, he fails to see your point, if you are not going to give authority to citizen members of the EDA, you are collecting their input one way or another.

DeRoche said that was your concern a month or so back when we had this discussion was you didn't want the EDA to have any kind of voting rights or authority, you wanted input from them. He said and now you are worried about not having enough authority. Boyer said no, obviously he does not feel unelected representatives should have taxing authority over the citizens of East Bethel that is why we hold elections. Moegerle said and they are not going to. Boyer said right and that is exactly his point, so why then are we excluding the Council Members from a board. Moegerle said in that case why don't we just eliminate the EDA and do it as Council, that is what you are telling us. Boyer said no, because he also feels it is valuable to have the citizen input as a recent vote taken about three minutes ago. Moegerle said but that is what a Public Forum is for, input. **DeRoche, Lawrence, Moegerle, aye; Boyer and Voss, nay; motion carries.**

Pay Estimate #2 – Municipal Well 1 & 2 – Traut Wells

Jochum explained that attached is a copy of Pay Estimate #2 to Traut Wells, Inc. for the Construction of Municipal Well No. 1 and No. 2. The major pay items for this pay request include the construction of a second test well, the pilot hole for Municipal Well No. 1, and the water testing and gamma logs. The Pay Estimate includes payment for work completed to date minus a five percent retainage. We recommend partial payment of \$22,721.86. A summary of the recommended payment is as follows:

Total Work Completed to Date	\$39,880.50
Less Previous Payments	\$15,164.61
Less 5% Retainage	<u>\$ 1,994.03</u>
Total payment	\$22,721.86

Staff recommends Council consider approval of Pay Estimate #2 in the amount of \$22,721.86 for the Construction of Municipal Well No. 1 and No. 2. Payment for this project will be financed from the bond proceeds. Funds, as noted above, are available and appropriate for this project.

**Boyer made a motion to approve Pay Estimate #2 in the amount of \$22,721.86 to Traut Wells, Inc. for construction of Municipal Well No. 1 & 2. Lawrence seconded; all in favor, motion carries.**

Water Treatment Plant Engineering Services

Davis explained that at the April 20, 2011 City Council meeting the Council considered a number of options for the future water treatment system. The Council approved Option 5, which consisted of constructing a water treatment plant that would remove iron and manganese with pressure filters. T

Staff is recommending that Council consider two options for the engineering services. Option 1 would include developing a request for proposals (RFP) for the engineering services and Option 2 would include authorizing the City Engineer to provide the engineering services.

The City Engineer would provide the scope of services as outlined above for a not-to-exceed cost of \$130,000 in accordance with the September 3, 2008 City Engineering Services Agreement. The not-to-exceed cost of \$130,000 is 9.3% of the estimated project cost of \$1,400,000. The City Engineer's proposed project schedule is included as Attachment 2.

At the December 15, 2010 City Council meeting the Council approved a not-to-exceed amount of \$1,135,000 for construction services and start-up costs. To date, a total of \$590,000 has been approved for the piping infrastructure, wells and water tower. The remaining amount from the previously approved not-to-exceed cost is therefore \$545,000.

Staff is recommending that the Council authorize the City Engineer to prepare plans and specifications for the Water Treatment Plant or direct staff to prepare a RFP for Council consideration.

**Boyer made a motion to direct staff to prepare an RFP for the Water Treatment Plant for council consideration. Voss seconded.**

Moegerle said her concern with this is the RFP going to be a not to exceed at 1.4 million. She said we have gotten the five options from our city engineer and we have approved the 1.4 million option and it is her understanding that our city engineer had something specific in mind in how that cost could be met and kept minimal, and if we go out for RFPs we are going to delay, which is one issue and the second issue is we may have difficulty getting a bid under 1.4 million. Davis said the option 5 that the city engineer provided, the 1.4 million is his estimate and he would not be bound by that if we go out for RFPs. He said it could be higher it could be lower. Voss said that is construction costs. Davis said that is the project cost. Voss said it has to be bid either way.

Moegerle said if we have it re-engineered it might be more of a taj mahal than what Mr. Jochum was suggesting and he said it could be done for 1.4 million dollars. Davis said he thinks the issue there is it wouldn't be a taj mahal, you could see some variation possibly in the price of the project. Boyer said we might see a better design; there are any numbers of possibilities. Davis said there are a number of possibilities, the only thing that we know is a given is we have a 1.4 million baseline. Boyer said you could put that in the RFP. DeRoche said wouldn't that entice them to try to come in under the 1.4 million and then we run into the problems because it doesn't work. Voss said that is not the engineering costs, by the time we get to bid the price of materials might double that is the price of the plant; we are talking about the design of the plant. DeRoche said he understands that but, Hakanson Anderson the city engineer designed this with that figure, you bring someone that else in.

Voss said it isn't designed, that was this is about, getting it designed. He said what Jochum has provided is conceptual, right. Jochum said he did quite a bit of background on developing this. DeRoche said the same argument was made for Bolton and Menk, that they had to be brought back in because of all the knowledge of what they designed and if Jochum has already put the time in this, and a bunch of figures, then you want to go out and as you put it, waste some more time and money. Voss said he wants to make sure you understand functionally what is going on. DeRoche said he understands perfect. Voss said no, you are not, because of costs and you are referring to design. He said on page 78 is the schedule and in that schedule is roughly 2 ½ months to develop plans and specs, that is all your detail design, that is where a lot of that effort is, correct. Jochum said correct. Voss said that is what \$130,000, part of the engineering services to the get the design, it is not the 1.4 million. He said if we go out to the bid it could come in at 1 or 2 million it is whatever bid costs come in at. DeRoche said he understand the 1.4 is the building costs, he didn't fall off the truck yesterday, he understands there is a separation there. He said same thing as when there was a separation with Bolton and Menk and the sewer plant. DeRoche said what he is saying is Jochum has already designed it, that is why he came out with the five options, okay, that

the City had.

Voss said he is not going to speak for Jochum. He asked Jochum is this designed at this point. Jochum said it is not completely designed, but he has done a lot of background and research. Voss said it is not ready to go out to bid. Jochum said no, it is not ready to go out to bid. Voss said that is what we are talking about. DeRoche said he understands that, but you want to start that all over again. Boyer said he doesn't think it is appropriate to let a contract for \$130,000 without putting it out for public bid, how about that. Voss said that is his point.

Moegerle asked Jochum how close he is to having a final plan for this, let her clarify, time wise, the issue to her is time. Jochum said with any plant like this, he wouldn't recommend doing it without a pilot study, we will build a mini treatment plant on the site and treat the water, see what chemicals should be added, optimize that, that will take a couple weeks to get in place. He said otherwise it is fairly simple, building 40 x 40, pretty simple design, after that six weeks have a preliminary design, present to Council exterior decisions and such, so probably a couple months.

Moegerle asked Davis how long it would take to send out an RFP and get back bids. Davis said approximately 30 days to accomplish, to have them in. Moegerle asked to get response back. Davis said to advertise and get response back. He said we can set it up for as quick as you want, sometimes the more time you give the better response you get, but he would say we would have to have a minimum of 30 days on that. Moegerle said and additional time would be better. Davis said yes, say up to 6 weeks.

Voss asked Jochum what is our target date for getting this system operational. Jochum said we would hope to have it bid so they could put the foundation in this winter. He said operational next June or July, 2012 so it could be used for startup of the other facilities. Voss asked when will Met Council have their plant ready. Davis said in the summer of 2013. He said we are going to be finished with our portion of the project maybe up to a year before they are. Jochum said but they have told us, they are open for service as soon as the City is. He said but the piping system will need water in July 2012 and water tower in August. Jochum said most of the power is coming from the water, so the water treatment plant has to be done and operational. Voss said he is asking because it looks like you have 10 months for construction of treatment plant, seems kind of long. Jochum said we thought to give them the most time as possible to the get the best bids as possible, yet get it done before we needed it. Voss said if we shifted it by a month or two we would not change the end point. Jochum said you might, unless you are going to put footings in in the winter. Boyer said you have until October 1<sup>st</sup> basically. Jochum said there are requirements for advertising, 30 days, have to go to Planning Commission, have to go to Council, once, and maybe twice. **Boyer and Voss, aye; DeRoche, Moegerle, Lawrence, nay; motion fails.**

**Moegerle made a motion to authorize the City Engineer to prepare plans and specifications for the water treatment plant not to exceed \$130,000. Lawrence seconded.** Voss asked in your motion you are also referring to the scope of engineering services included here, not just design, it is start to finish basically. Moegerle said yes. She said and again her rationale is this is time sensitive, we are putting in footings in October, it is Minnesota weather and she doesn't want to lose a building season and she feels that is what is at risk at this point. Boyer said so this motion is to approve a \$130,000 contract without putting it out to bid. Moegerle asked the city attorney for his opinion on this. Vierling said this is not a bid. He said we don't bid services, that is an RFP process, the question was

whether to approve this without going out for an RFP and that is what he understands the motion is. **DeRoche, Lawrence, Moegerle, Voss, aye; Boyer, nay; motion carries.**

Fire Dept  
Reports

Davis explained that the April Fire Department reports are provided for your review and information.

Relief  
Association

Davis explained that the Fire Relief Association President, Troy Lachinski is running late, so Mark DuCharme, Fire Chief, is here to make a presentation.

Mark DuCharme, Fire Chief said the Fire Relief Association would like to make this more of an annual presentation of what shape it is in and make it more of a partnership of between Council and the Fire Relief Association. He said Mark Prachar, captain on the fire department and trustee of the Fire Relief Association is here and will go over the presentation in the absence of Troy Lachinski.

Prachar thanked Council for allowing them to go through the presentation with them. He said this is informational; we are going to go over the 2011 Fire Relief Analysis. This is an overview of the Relief Association, the Relief Association Goals, the reason for the Relief Association, the current status, the City contribution for 2012 & beyond, the Relief Benefit levels, the Relief Association – Requests goals reason for the relief association, benefit levels and request.

Prachar said the Relief Association Overview is to provide a monetary benefit to members who have met the requirements. The pension is payable upon retirement when: Member achieves 10 Years Of Service; Member attains age of 50; and the funds are currently managed by Harmon & Hartman.

Prachar said the Goals of the Relief Association and Trustees are to provide pension benefit that attracts and retains volunteer firefighters, to maintain a fully-funded pension plan, to provide retirees with accurate and timely payment of benefits, to monitor investment performance and to communicate effectively with members and City Council with no surprises!

Prachar explained that the Relief Association Short Term Goal is to be self-sufficient with a 110% funded plan and Long Term Goal is payout of \$100,000 after 20 years of service with a benefit level of \$5000/per year of service. He said and the last numbers he looked at, we are definitely on task for our short term goals.

Prachar explained our Strategy to Achieve Our Goals is we have a healthy investment strategy, prudent yet competitive benefit levels for our fire fighters, contributions from the State (long term) and City (short term) and partnership with the City of East Bethel (that is what we are trying to create here) and the relief association.

Prachar said the Reason for the Volunteer Fire Relief Association is to pay a pension to volunteer firefighters, provide benefits if a fatality occurs, recruit and retain volunteer firefighters, maximize fire training investment, requires 10 year of service for benefit (60% of allotment) and requires 20 years of service for 100% vesting.

Prachar explained Experienced Firefighter Retention. He said retention is important to EBFD & City of East Bethel. EBFD RA has 14 members that are vested. Prachar said this includes 40% of the department quite a bit is vested already, this includes over 251 years of

experience and this includes 70% of the total department Years of Experience. He said this includes numerous key leadership positions, which also includes 66% of the department officers. Prachar said it takes about 3 years for new recruits to be fully trained and experienced enough to operate confidently at emergency situations, very intense learning experience, takes a lot of time to get confident. He said this limits the ability to use new recruits to cover shifts as their confidence levels aren't there yet.

Prachar said we have a chart here with history of relief fund numbers. He said these date back to 1997. Prachar said it lists the dates, assets, liabilities, and then fund amount, deficit or surplus. Funding ratio or benefit level. He said you can see what we try to maintain is at least 110%. Prachar in 2002 after 911 we did drop below 110%, but not enough to require a City contribution. There were also two years we were at 131% and 146%, in 2004 and 2005, the stock market bounced back quite well for us and we did look for an increase in benefit in those years and therefore the next year we dropped down to 125%. Prachar explained then in 2008 when the stock market did drop out, we dropped below the funding levels and that is when we starting dropping below our funding levels, down to 78% and that is when we starting needing City contributions to get up to the contribution level. Moegerle asked him to explain the actuarial accrued assets and actuarial accrued liabilities what those mean. Prachar said the actuarial assets that is what is in our account and the liabilities that is based on if everyone said right now, they wanted out, what we would have to pay. Boyer asked you have a date of 12/30/2011 is that with the city investment. Prachar said he is not sure. DuCharme said yes, it does, both state and City.

Boyer asked it was his understanding that there was proposed legislation to lower or cut the state contribution, did that fail. DuCharme said yes that has been removed. Boyer said there is still no guarantee. DuCharme said you are right early in February that had been on the table, it has since been removed thanks to a little bit of lobbying on our part. DeRoche asked what happens to the benefit if someone leaves the department do they carry that with them, do you lose it how does that work. Prachar said if they are vested, they would have to wait until the age of 50, and then they could pull it out. DeRoche said but everything stops, say they have seven years and they decide to leave. Prachar said they do not get anything. DuCharme said Prachar is right, they would not be vested so they would not be due a retirement fund, or benefit, however, we have an individual that went out on leave very recently and they have four years of service, what we do per state law is freeze that account for five years in case he comes back because if he comes back there is a way to reenter the service time, but state statute covers that.

Prachar showed a graph with the history of results and accrued liabilities and net assets, would like to see a nice even flow where assets are at least 10% above liabilities  
Prachar, history of results, see dip of results.

Prachar showed a comparison to other cities as far as benefit level. He said we are kind of middle of the road, very hard to compare benefit levels, 9 other cities above our level and 12 that are below.

Prachar showed a graph on sources of revenue of relief associations, overall, not just for East Bethel Fire. He said as you can see most of it comes from investment earnings, then state fire aid, then municipal contributions.

Prachar then showed a graph of revenue sources for relief associations compared to East Bethel and as you can see they match up pretty well.

Prachar said the next graph is comparing state aid to city contributions 1997 forward and you can see state aid trended upward, then they had an accounting correction and it ended up going down. DeRoche asked the difference between state fire aid and supplement state fire aid. DuCharme said state fire aid is what for years we have called the 2% money. He said what that means is every fire insurance policy that everyone in this room pays there is a 2% tax on that and that 2% tax at one time, all of it used to go back to the fire relief association. DuCharme said now it is more like 1 3/4 % that comes back to the relief association, he doesn't know what happened to the other 1/4%. He said the supplemental income, there is a state law provision, when an individual retires from a fire association and collects a fire pension benefit, they can also collect an additional \$1,000 to help pay the taxes on that, but they collect that and they relief association can be refunded by the State of Minnesota. DuCharme said it goes back 40 or 50 years ago when fire pensions were taxable. Prachar said the municipal contribution trended up and then in 2006 and 2009 we did not receive a municipal contribution and a small amount for 2007 and 2008. He said in 2010 and 2011 that was the mandatory contribution to get us up to our funding levels we needed to be at.

Prachar said our Summary for 2011 is to achieve our goal of 110% Funded status and to maintain this goal, we need: Healthy Investments, Prudent yet competitive Benefit Levels and Consistent City Contributions.

Prachar said our Summary of Requests is we are requesting a City contribution of \$17,500 to the relief fund (\$500 / firefighter), we are requesting the Council approve a 3% raise in benefit level now that we are back to 110% Funded status, contingent on ratifying and updating Relief Association bylaws to Raise Benefit from \$3400 to \$3500 / YOS, we are planning for the future, later this year after the Legislative session to make sure their aren't any changes we need to take into account.

Prachar said the Fiscal Impact is we are requesting a City contribution of \$17,500 to the relief fund (\$500 / firefighter). He said the recent City Contributions in 2010 = \$39,103, in 2011 = \$28,315, and in 2012 = \$17,500 (requested by RA). Prachar said this is a 55% decrease from 2010 \ 38% decrease from 2011. He said our benefit level in 2011 is 111% and projected assets are \$1,242,000 and projected liabilities is \$1,092,000 and surplus deficit is \$150,000, and would leave us at 114% .

Boyer asked to have his memory refreshed on the state mandated funding formula on relief associations wasn't it 110%. DuCharme said the mandatory contributions kick in at 97 or 95%. He said he believes what the relief association is trying to convey to Council is that sometime in the future they are going to be coming forward and asking for an increase in benefit of \$100 per service year from \$3,400 per year to \$3,500 per year. He said and they are going to ask for a contribution of \$17,500 on an annual basis to kind of even everything out. DuCharme said some of the theory is if the relief association can kind of figure out what the income is going to be on a level period of time it is easier to look at what benefits should be and easier to manage the account, to keep it at a healthy 110% fund.

Boyer said what he was getting at was he thought the State Auditor's Office has set a healthy percentage for funding of relief associations and he thought the 110% was related to that. He asked is he correct in that or not. DuCharme said he can research this and get it to the city administrator for the update. He said that would be a really important piece of information. Boyer said he is no expert on pensions, but it seems to him that a 100% of accrued liability is a large margin. DuCharme said that is why the relief association wants to maintain 110%,.

unfortunately when 2008 came the relief association took a pretty hard hit. He said it took this long to climb out of the hole and climbing out of the hole was also the participation of the City and he is sure they appreciate that also.

Voss said what he recalls from a few years ago, it was actually a quite a few years ago and he does remember that a cap or something that the auditors would have a problem if you exceed a certain amount and he thinks that is what Boyer is alluding to. Boyer said he thinks that is what happened when they hit 146% and that is why there wasn't a City contribution one year. DuCharme said we would be more than happy to consult with the State Auditor's Office. Voss said it is more out of curiosity than anything. DuCharme said again, think tonight was right now the fund is healthy, which is good, but now the department and the City itself is in the 2012 budget cycle, drafting that and it was important for them to let you know this will be coming.

Moegerle asked for them to go back to the last slide on Fiscal Impact, and her question is we make the contribution of \$17,500 and but the projected assets don't increase but the liability does, and she doesn't understand how that occurs with the contribution. DuCharme said actually what this slide shows with a \$3,500 benefit with the current assets, this increases the liability but will still set the fund at 111%. He said so in other words, if right now, this year, the fund would finish up at 111% fund if the proposed \$3,500 benefit was in effect. Moegerle and we didn't do the \$17,500 contribution. DuCharme said correct, absolutely right.

Employment  
Contract for  
City  
Administrator

Davis explained that as part of the motion that approved my hiring as the City Administrator on May 4, 2010 was the approval of an employment agreement that would be satisfactory to both the City and the Administrator.

The City Administrator Employment Agreement was reviewed by the City Attorney and was provided to Council as a separate attachment.

The salary in this agreement is \$21,588 less than the budget amount approved for this position for 2011 and does not include an additional \$2,792 in deferred compensation that was included in the 2011 budget for this category. The overall impact of this agreement for the City Administration budget is a reduction of \$24,380, not including any of the reduced fringe benefit costs associated with the salary.

**Boyer made a motion to approve the City Administrator Employment Agreement as provided. DeRoche seconded.** Vierling said for the benefit of the Council and the public the Council will approve the rate at which the administrator will be hired and there are a couple other items obviously in an employment agreement, a couple other features. He said one is the severance agreement which is typical for city administrators to have a severance in the event of a discharge. Vierling said in this particular agreement the city administrator has requested a six month severance. He said there is also the issue of benefits, in this particular instance the benefits are largely going to be following the existing pay scale and benefits that you have for the existing employees and also cost of living increase as well. Vierling said so in many respects those flush out the added features that are over and above, the bullet points that you had in your last packet. He said if there are any questions on those or any issues on those, now is the time to raise them. Moegerle said with regard to the employment agreements that were approved by Council, not the ones that were ultimately signed by the employees, was there a COLA in those. Vierling asked for the other employees of the City. Moegerle said yes. Vierling said he has not reviewed other than the past city administrators

and the past assistant city administrators, you have union contracts with some of your staff and those usually have features for automatic cost of livings as part of the contract as well. He said they periodically come up for negotiation, he is not sure if you are on a two or three year with those folks. Davis said three year. Moegerle asked what happens if the cost of living is dropping, she thinks it currently is, what is the effect on the contract. Vierling said it depends on how you tie this to the feature to a CPI/CPU scale if that goes down obviously the cost of living goes with it. Boyer said it is the month or two months before the contract expires. Davis said that is correct, it falls towards the end of the year. Vierling said so it goes with that. Voss asked are we referring to proposed contract or existing contract. Boyer said he was referring to the Teamsters. Voss said from what he recalls the cost of living was taken out of the employment agreements because those are budgeted positions. Davis said there is no guaranteed COLA in the employment agreements. Vierling said this contract says in January of each year a cost of living as determined by the City Council. Davis said this would not be automatic, would be determined by the City Council. Lawrence said since we just received this information, he would like some more time to go over it and review it to make sure everything is what Davis wants. He said he knows we have a motion and seconded, but he would like more time to review this and make sure it is a good solid contract.

**Lawrence made a motion to table the City Administrator Employment Agreement.**

**Voss seconded.** Voss said he is seconding this only because he didn't receive the agreement. He said he might not have seen the e-mail. **Boyer withdrew his motion.** Davis said he wants everyone to be able to review this and be comfortable with it. **All in favor, motion carries.** Boyer said he assumes we are tabling this to the next Council meeting. Lawrence said yes. Voss asked can you put this in this week's update. Davis said yes. Moegerle asked do we want to get a couple of Council Members to go over this point by point, she thinks this is a very important thing to do and the proper procedure particularly, she was one of those people that complained when the employment agreements went through last year and she would rather make sure we are all comfortable and all on the same page and she is thinking that this might be the wise use. Voss said we will all review it and all bring our comments back to the next Council meeting. DeRoche said he agrees with that.

Council  
Report –  
DeRoche

DeRoche said the old ambulance is on MN Online Bid, auction is up Monday, \$2,100 is the current bid. He said the Fire Department is participating in as school bus extrication this Saturday with other Anoka County fire departments. DeRoche said driving and pumping class is starting this week for the fire fighters; the cost of this class is being reimbursed by the state fire training board.

DeRoche said he did happen to attend the Deployment for the Troops on Sunday. He said there were six soldiers from East Bethel that are being deployed to Iraq. DeRoche said they were heading to Camp Ripley and then to North Caroline and they will be gone for at least a year. He said it was kind of an eye opening event, times have changed from the old days, and it was good to see the outpouring from the crowd even if they didn't have a soldier being deployed. DeRoche said there is a program called Beyond the Yellow Ribbon that he would like to see the City of East Bethel get involved with. He said it deals with troops that are currently deployed, and when they come back there are numerous issues for those that have been through it. DeRoche said other than that; if you know someone that is deployed help them out. He said he called the veteran's service to try to get some names to try to extend his help, go cut the lawn, do whatever. DeRoche said so if you know someone that is deployed, give up a little time, help them out, because that is probably one of the toughest things he went through when he was deployed, that was many years ago, not only the troops go through it, but the families, friends, and he can't imagine the worry a sibling or son or daughter over in Iraq, there is so much worry. He said the

lady in veteran's services was afraid to give him the names because people are running scams. So if you know someone that is deployed, help them out.

Council  
Report -  
Moegerle

Moegerle said the website meeting has been very productive and we should be pressing the green button very soon, as soon as we can get Kristin on board. She said there will be some changes, it will be in process for a while, we will put "Under Construction" but this will be a temporary fix, we are very excited, we have chosen some color schemes, very excited to have a website where we can do some good searches.

Moegerle said the other thing she has with regard to GRE is she took some time to take the GRE matrix and she ranked their data, 1-13 because there are 13 routes, to look and see weighting and how those ranked and how those individual ranks add up. She said so we have some very interesting review about the quality of the routes and which have the least impact on the wetlands and the environment. Moegerle said and so we are going to supply this data to Larry Schedin and see if that will help us prevail in regard with the GRE issue.

Council Report  
- Voss

Voss asked last week went through the interview process with city engineer and city prosecutor and he thought that was going to be on the agenda. Davis said that will be on June 1<sup>st</sup>. DeRoche said he is sorry, but that was the city attorney. Voss said did he just say the city engineer. Davis said that is scheduled for June 1<sup>st</sup>. He said when we left the meeting there were some questions and some items, information that was requested, one was the flat rate for one of the firms and a couple points of clarification from one of the firms so we have that information and it will be on the June 1<sup>st</sup> agenda.

Council Report  
- Lawrence

Lawrence said been doing quite a bit of things around the City. He said he sees donations are coming in from firms, he appreciates this.

Closed  
Meeting –  
MBI & Land  
Acquisition

Vierling said the Council will adjourn to closed session per MN Statute 13.D to review a matter between the City and MBI Contract relative to the water system, as that matter is closed per attorney/client privilege and it will not be a recorded item. He said however, once that closed session is over, if any particular action is taken by the Council we will come back into open session and announce any action specifically taken. Vierling said the second item deals with items of potential land acquisition, MN Statute 13.D.05 requires Council identify the parcels to be discussed for possible acquisition and they are 1562 and 1644 Viking Blvd. NE; and Service Road issue properties; PID # 08 33 23 13 0001; 08 33 23 42 0004; 08 33 23 12 0006; 08 33 23 44 0001; 08 33 23 41 0005; 08 33 23 14 0002; & 08 33 23 11 0003, those will be tape recorded as required by law, tape will be maintained for the period of time as required by statute and again, relative to any action taken by council, if there is any action taken by Council, when we come back into open session a summary of any action will be announced into the record.

**DeRoche made a motion to adjourn to closed session. Moegerle seconded; all in favor, motion carries.**

Vierling said for purposes of the record and benefit of the public we would note that the Council has concluded the closed sessions on the two matters they had originally adjourned to. He said the first matter MBI dealing with the contract dispute, all Council Members were present in closed session as was city administrator, city engineer and myself. Vierling said the Council received input from City staff regarding the dispute reviewed strategy and gave staff direction, but took no formal motions.

Vierling said on the other matter with regard to the land acquisitions for review under MN Statute 13.D.05, Council review the two parcels at 1562 and 1644 Viking Blvd. NE and determined to take no action with regard to those at this time. He said with regard to the service

road parcels which were read into the record the Council gave staff instruction with regard to strategy and other negotiation issues, but took no actions and made no motions. Vierling said that is the conclusion of the closed sessions. He said all Council Members were present for the discussion of both real estate matters as well.

Adjourn **Boyer made a motion to adjourn at 10:29 PM. Voss seconded; all in favor, motion carries.**

Attest:

Wendy Warren  
Deputy City Clerk

DRAFT

## EAST BETHEL CITY COUNCIL WORK MEETING

May 12, 2011

The East Bethel City Council met on May 12, 2011 at 6:00 PM for a work meeting at City Hall.

MEMBERS PRESENT: Bob DeRoche Richard Lawrence Heidi Moegerle  
Steve Voss

MEMBERS EXCUSED: Bill Boyer

ALSO PRESENT: Jack Davis, Interim City Administrator

Call to Order The May 12, 2011 City Council work meeting was called to order by Mayor Lawrence at 6:00 PM.

Adopt Agenda **Voss made a motion to adopt the May 12, 2011 Work Meeting Agenda. Moegerle seconded; all in favor, motion carries.**

Interview for Civil and Prosecution Services  
Smith & Glaser, LLC

Kurt Glaser from Glaser & Smith said he is going to tell you about himself personally first. He said other than hiring a city administrator the city attorney is a personal relationship, you need to be able to talk about logic and give good advice, how to run as a City and good community standards, both from an official standpoint and community standards. Glaser said he never wears a suit, but of course he is wearing one tonight. He said he is the product of a Marine Corp. family. Glaser said he does for the cities of Lexington and Centerville and has to be available 24/7, he is for their officers, and would be for your sheriff's officers. He said when people see me as prosecutor and as the city attorney as well, he wants them to know he takes his duties seriously. Glaser said he has two personalities one as a prosecutor and one as a civil attorney. As a prosecutor, stern, fair and measured. As a civil attorney he rarely talks unless he is spoken too. Glaser said you work is usually done before you walk into Council Chambers, you talk to City staff, send out memos; give good city advice, etc. He said he doesn't think a good city attorney should weigh in on value advice.

Glaser said his mentor Dennis Smith taught him that he is not here to be a politician. He said he has been asked by elected officials and citizens what he really thinks, but that should not be a matter of public record. Glaser said the way his staff works is Sami Stenger, paralegal is more than average, she has legal training and the way he runs his office is Sami does a lot of the leg work. He said she puts the cases together for him, work that a current attorney does for prosecution and city attorney, he does rely on staff a lot more. Glaser said he is going through a time that he is changing roles, he is looking forward to serving in more city attorney roles, he would like to only be a city attorney and move his practice out of Minneapolis closer to Anoka, closer to his home. He said he enjoys working with citizens; there is a nice feeling that comes from that. Glaser said he divides his work between being a city attorney and city prosecution work.

Glaser said the firm you have for prosecution is a good bunch of folks. He said we would work differently; they rely on billing per hour, \$35 per hour for assistants and \$40 an hour for complaints. Glaser said there is a cost difference with a firm using attorneys to do all the work, but if you have staff doing some of the work, that makes his work more efficient and reasonable. He said he is a techy nerd; he and Doug Johnson from Coon Rapids are working on making the prosecution more computer friendly. Glaser said we are using the

databases from Anoka County; pass that data to create documents, to create notices, and to contact deputies. He said but the reality is we still need boots on the ground and lawyers in court. Glaser said and he is not doing divorce law or other areas of practice. He said Christopher Keyser will be helping me with prosecution and he would be here tonight, but he is off at Jag School. He is new. He said what you are going to get with Chris and myself is he will do arraignments and pretrial hearings. Glaser said I will do the contested hearings and jury trials and have been doing this for 20 years. He said he has either been a prosecutor or working criminal defense, and then he met his mentor and went into to civil law.

Glaser said he would offer to do this at a flat rate of \$80,000 annually. He said all the prosecution work that needs to be done for the next three years at this rate. He said this does not include code compliance work or criminal appeals, but he only saw one of those in the last couple years when he revised the cities records. Glaser said what you paid in 2009 was \$90,800, 2010 was \$88,977 and 2011 so far was \$32,736 for a projected \$130,944, we are proposing a fixed rate you can budget and bank on. Voss asked is this for both civil and prosecution. Glaser said no, just prosecution. He said we think you are paying more than you should. Glaser said we think we are more efficient.

Glaser said lets move on to civil work. He said there is a bridge between the two when you have someone doing both, someone that understands the standards of community it works better. Glaser said when you are the city attorney doing the civil work, you get a better feel for the community standards. He said on the civil side, you would almost always see me, you would only see Chris if I was sick or on vacation. Glaser said for the civil attorney work, he would be here to give good logical work, he has been working in this county having been a civil attorney for 10 years, you get his historical knowledge on what has been going on for the last 10 years, it is good that he knows what has been going on here. He said such as the Anoka County Connect contract, we went to the county and said you have to revise this or you would have lost your franchise fees. Glaser said we had to pull in the other city attorneys and form a group to get the agreement changed. He said with the fiber optic agreement we had to pull in some commissioners and impress on them that the changes were very important. Glaser said there still going to be rough changes with that agreement. He said the mix he gives you is the combination of prosecution and civil.

Moegerle said you talked about history, so explained why when East Bethel has a contract with the Anoka County Sheriff to issues tickets, we contract with a prosecutor to issue fines, and then the fines go to the state, she doesn't understand the process and it seems like a big rip-off. Glaser said this is statutory framework; you are too big of City to use the county attorney. Moegerle asked because we are a third class City. Glaser said yes. He said fine revenue started this. Glaser said when he started this fine revenue completely paid for his prosecution services and part of the police services. He said there is a simple there has been erosion of the system, the state has come in need a little more here and a little more there of the money. Glaser said it is like a pie chart with massive little splinters. He said it started out a third, third and third, City, county and state unless you contracted with the sheriff for services. Glaser said and now, if people don't pay tickets you can't throw them in jail for not paying anymore. He said the short answer is to try to have administrative fines so we aren't sending these things to court. Glaser said he and the other cities attorneys need to take on St. Paul, the legislator. He said we have a county attorney's group; we want to go to St. Paul and lobby them to get the fines collected, not to just send the ones that aren't collected to la-la land. Glaser said so administrative fines. Moegerle asked would we have to change our ordinances. Glaser said this would be up to your prosecutor. He said staff has to be involved; sheriff's department has to be involved. Glaser said this is another set of administrative

tickets; the sheriff would have a problem writing those tickets even if you adopt those.

DeRoche asked what kind of experience you have working with unions. Glaser said he worked with them an awful lot and then stopped when he became a city attorney. He said he uses Paul Floyd and here is why. Glaser said if he is working on a grievance and they don't like the outcome, then he has to work with that city staff person next week and they don't work with him well. He said he is capable of doing the work, but he thinks it is better for him not to do it. Glaser said he has worked well with the unions and worked well against them. Moegerle asked looking at some of our ordinances, if we say this ordinance is not sufficient, how you would go about this, getting the information, short of interviewing us. Glaser said first would be getting input from Council, at least a little of what you want. He said then he would see what else is out there, he is not going to reinvent the wheel. He said five years ago he went through revamping the Centerville code. Glaser said but it really comes from consensus from Council, he would present redlines with alternatives to reflect the ideas of different members.

Voss said on the prosecution side probably our biggest task we have had is dealing with blight in the City, and knowing Centerville and Lexington you have probably dealt with this, how do you deal with that. Glaser said Lexington has a greater problem. He said he uses the City approach in Lexington, criminal charges. Glaser said but If you don't start by asking you are never going to get anywhere. He said he deals with the property owner and sometimes that is an absentee owner or the banks. Glaser said you can't just send off letters from City Hall and expect everyone to comply. He said he will start with a friendly phone call and if that doesn't work then start using civil statutes. Glaser said it is easier to get the property owner to clean it up. He said when you have blighted property, lots of times you have bad tenants, so we can go after the landlord.

DeRoche how asked how do you handle plea bargains. Glaser said folks that have committed offenses that have a victim, if you have hurt someone you need to atone for that. He said we have to deal with the problem. Glaser said when it is lighter types of charges, community issue. Glaser said it can depend on the economic situation.

DeRoche asked what your stance on innocent until proven guilty is. He said he knows it sounds funny, but if someone is set up, how aggressive are you to find out that someone is not set up. Glaser said he questions the police officer to make sure they have investigated to make sure it has been investigated thoroughly. He said he feels strongly that there are easy cases out there to get, to send a message to society that is we are going to get it wrong, innocence is a freedom. DeRoche said some people don't take that this serious, but this depends on the prosecutor, some think my police would never get this wrong, some rubber stamp things. Glaser said he trusts his officers implacably, but they are human, they can get things wrong. He said the worst, the toughest, is a domestic case. DeRoche what do you do when you have two neighbors arguing with each other and technically you can get charged with 5<sup>th</sup> degree assault. Glaser said send them to mediation services. He said because they are trained in this, they do a great job.

Moegerle asked what do you think about these charges lately for terrorist threats. Glaser said the way our system is built is for the one case that is real. He said he has been through this, one of his childhood friends had this done to them and most prosecutors have this happen to them. Glaser said if it is a question about public safety; go on the side of public safety.

Moegerle asked about his experience with economic development issues. Glaser said he has had quite a bit of experience. He said Centerville had worked up a development for downtown, but had to draw it down. Glaser said he had to draw it down, worked with the developers, grant fund agencies, architects and bond counsel. He said he had a lot of experience in real estate, but kind of served as the person to bring them all together. Glaser said he did the developers agreements. He said we are in the midst of this with Lexington rezoning their blighted areas. He said they have an old elementary school that they used to use for City Hall and they are trying to attract development to that. DeRoche asked have you had any malpractice claims against you. Glaser said he was sued by a client in 1998 and the courts threw it out. He said unfortunately it comes with the territory. Glaser said he was sued by a criminal defendant in Lexington because the police took his knife and car.

DeRoche asked if Glaser had any questions for them. Glaser asked to be straight about it, how you guys are getting along. Lawrence said we have a diverse thinking of minds around here. Glaser said as long as you don't take it out on your city attorney that is not bad. He asked you just hired a city attorney in January why are you going out again. Voss said we didn't hire an attorney, we just appointed them. He said now we are going through the process. Glaser said you have only had your current prosecutor for 2 years and now going out for RFPs, why. Voss said it is just part of the process. Glaser said and now Mr. Davis is permanent. Davis said he was the flavor of the month and now he is permanent. Glaser said the reason he asks is he realizes that after becoming the city attorney, there would be like a trial period. He said but after that period if you thought it was a good fit, would you be interested in signing a contract for 2-3 years. Lawrence said yes, we would. Moegerle asked would you be interested in just the prosecution services. Glaser said he is interested in doing more civil attorney services, but yes.

Davis asked what your general response time is. Glaser said he is usually pretty quick; he tries to return every phone call really quick. He said prosecution work comes first because of public safety. Glaser said but his office staff can help. He said but with text messaging, his response can be right when he is in court. Moegerle said if you got the prosecution work, would you try to get the calendar changed so Lexington and Centerville and East Bethel were all on the same day. Glaser said if the court was willing to do that, but it would take 6 months. Lawrence said we would hope whoever we land with would stay for longer than a year or two. Glaser said that makes sense both way, he likes to hear that.

Knaak &  
Associates

Fritz Knaak of Knaak & Associates said this is his chance to see you while you see me. Knaak said he has been practicing for 32 years and his primary practice has been public law for 30 years. He said in his course of 30 years he has never been fired. Knaak said he has ended a couple relationships with cities for all the right reasons. Knaak said he would love to be your city attorney, this is what he likes to do, and part of what keeps him going as lawyer, the fact that what he does when representing a City is a public service in the every meaning of the sense. He said he had gone to law school with people that are in the profession the get overly specialized and burnout. Knaak said with civil service there is something different going on every day; it is very different, different clientele with a broad array of City problems. He said this practice has changed over last 30 years, thankfully we don't have to do the many things anymore, such as the litigation that LMC does.

Knaak said he is a litigator; he is not shy about courts and is not shy about prosecuting. He said he will tell you that he means it when he says he welcomes the opportunity to represent East Bethel as their lawyer, you are a smaller town. Knaak said If you choose me as your lawyer you would be comfortable with me and over time confident with me. He said with

me is Don Kohler, he has been practicing municipal law for about a dozen years, and he has known him since we were kids. Knaak said he wants to be around people he is comfortable with. He said Kohler is primarily responsible for prosecution. Knaak said that requires day to day ongoing management. He said staying on top of it administratively.

Lawrence said we are doing some construction and growing, and some of our legal questions are coming from our contractors, are you familiar in handling this. Knaak said he doesn't represent any large contractors, he has represented rapidly developing cities, Lake Elmo and Afton, and he is familiar with that. He said we have the templates and everything we need in our office to deal with those kinds of questions.

Moegerle asked do you have experience dealing with economic development. Knaak asked where you want to start, he has been very involved with economic development and authorities. He said he was the city attorney in Newport, involved with the city of Fridley HRA and Medtronic's development. Knaak said he deals on a regular basis with economic development and authorities, if on the cusp of it the fun part; it is a lot of effort to develop it. Moegerle asked have you read the opinion regarding the Anoka HRA and East Bethel HRA and do you have an opinion. Knaak said he is aware of it. Moegerle said and it was affirmed. Knaak said we had a similar position in the city of Fridley and Anoka County backed off. Moegerle asked did your HRA pre-date the Anoka County HRA. Knaak said yes.

DeRoche asked what your background in prosecution is. Knaak said he has prosecuted since 1982 and also defended. He said he has a general practice, it keeps him sane. Knaak said he has done felony trials. He said he has prosecuted misdemeanors and gross misdemeanors, but now he mostly does the civil side. Knaak said Kohler does the prosecution. He said what immediately comes to mind is a zoning case, those always generate the heat and we had a case down on 65, a Chiropractor that built an \$85,000 sign, flashes and everything, incredibly illegal. Knaak said we took it to court, his way of provoking, and the plaintiff to it to the local American Legion and well respected citizens and his first use of sign was waving American flag, but we did cite him for illegal signage. He said we won the case and took it up on appeal and won it again. Knaak said this stuff only can happen to you if you are a city attorney.

Kohler said practicing law is a second career for him, he was a truck driver and injured his back and went back to school. He said they ended up sharing office space and ended up working together. Kohler said he wrote the brief for the case that Fritz was talking about. Kohler said while he was in law school he did an internship with the Ramsey county office, and then did general law. He said he has probably have tried 10-20 cases, civil or administrative. Kohler said most criminal cases do settle. Kohler said when working for the Ramsey County public defenders office they told him they were all guilty of something. He said they said if you don't get them with what they are charged with, they will plea to a lesser offense. Kohler said we have worked on several cases together, represented both sides of fence.

Knaak was reminded of a case where we successfully challenged the discretion of the city of Saint Paul. He explained the case. Knaak said he likes to have regular staff meetings, it is the only time he had a room full of staff members. He said he would be the city attorney and Kohler the assistant; he is the person that would be focusing on managing prosecution. Knaak said we proposed in our proposals a fixed fee arrangement, that used to be unheard of but now it is becoming more common, that way there is no disincentive for the city to use us.

He said we try to be on target, that way there is no disincentive for the staff to call for a question, there is no such thing as a stupid question, if people are prepared to do that, and what got me to do that is he likes to meet with staff. Knaak said in his monthly staff meeting all the staff questions get answered and it tends to avoid problems. He said see he has an additional hourly rate for more than 10 hours when there is litigation that goes beyond 10 hours. Knaak said the last time that happened in the city of Fridley was 6 years ago. He said that is designed to be there in case we have a major case. Knaak said we would expect given our practice we never see that. He said we don't charge you for copies, there is occasionally a filing fee, but very rare.

Davis asked describe your response to staff, time. Knaak said when you call you are going to get me. He said today he talked to two city administrators, one two times, the other three times. He said his job, the benefit of experience is to give you an answer, and you are probably going to get the answer right away. Knaak said and 90% of the time you are going to get an answer right at the meeting. He said he shows up with a computer so he is able to do research here. Knaak said if he doesn't have the answer right now, he will have the answer tomorrow, he wants people to ask the question.

Lawrence asked what cities are you currently working with. Knaak said Newport and Fridley. He said he does conflict work for others. He said he had Maplewood, but they are just big enough to need someone, but not quite, to almost need someone in house. Knaak said in this particular case, his partner at the time was there all time; he set up an office there, so he finally said to him, why are we pretending you are here so he is now the in house city attorney for Maplewood. He said in the case of Lake Elmo, he was in politics at the time, was a former legislator, they were doing an annexation, and he offered support, and a campaign brochure came out that he was working for them and it was skewed and he withdrew from working for them. Knaak said these are two cases where he has had to withdraw from representation.

Moegerle asked how much of your time do you consider educating council on the pro and cons on the wording of a provision in an ordinance that needs to be changed. Knaak said if this is a Council directive, one thing he has learned is it is hard not to enter yourself into the picture, cardinal rule it is not your City. He said sometimes if you have been a city attorney for a long, long, time you have to resist that. Knaak said when you talk about merits or demerits of a position, you have to talk objectively of the ordinance, he does this for clients all the time, and this is part of his job.

Knaak said he likes what he sees; he is comfortable, that is important to him. He said some of what he does is a gut feel. Knaak said this City has a good reputation, you are growing. Issues are different, development fights, and new people. He said he grew up in the city of White Bear Lake and that fight was going on there in the 50's. Knaak said ultimately what matters is if the Council is positive and forward looking.

Moegerle asked if it should happen that we split prosecution and civil do you have a preference. Knaak said we would like to do both. He said but it is up to you. Knaak said if there is someone you like better for prosecution, which is your call. He said he likes doing prosecution, he loves doing civil.

Lawrence said for this city, which is smaller than what you have been handling, but would provide something interesting for your background, he wants to make a statement from the group. He said we are five members who have diverse thinking and it makes for interesting

discussion, hopefully we are progressing forward at an even rate. Lawrence said normally our council meetings are on Wednesdays, is that a problem for you. Knaak said not for him now. He was relieved when he learned your meetings were on Wednesday nights. Knaak said because of what he does and so many cities he does not schedule things on Wednesdays, so they are free.

DeRoche asked for his take on domestic abuse. Kohler said those are some of the most heinous crimes, violence against another person. He said people make mistakes as they go through life, domestic situations, tend to escalate if they are not dealt with severely. Kohler said he doesn't know if they have victim advocates in Anoka County, but where we are now, we get input from victim advocates.

DeRoche asked how about neighbor against neighbor, 5<sup>th</sup> degree assault. Kohler said neighbors have some friction between them. He said he had a neighbor personally, his tree branches were on his side of fence and he cut them and threw them over the fence. Kohler said alcohol is usually involved. He said after people are arrested and charged they are usually contrite, we will do a lesser offense if they remain law abiding. Kohler said on the other hand we have a situation in Newport that it is constant and one party takes offense at anything neighbor does so we are judicious about our time, because it is just one neighbor just complaining every time. Kohler said he thinks his experience in his career prior to becoming an attorney is helpful; you can cut through the BS.

Moegerle asked she has been learning through the Anoka County attorney that they write citations, then we hire a prosecutor, then we get fines in place but not much comes back here. She asked what can we do about this. Kohler said there are a couple ways to get more revenues to come back to the City. He said in Washington county there is a hearing officer, we gave them guidelines for settlement, the majority of the fine comes to the City and then the ticket doesn't go on the license. Knaak said the LMC has been trying to increase the amount of revenue to the City. He said the cities collectively have been talking about how do we get around this. Knaak said the courts however are pushing back. He said you can work out an agreement, but the Judge will look you in the eyeball and say glad you are amenable and will give them this, but guess what we are going to split this. Knaak said cities everywhere and their attorneys are conspiring to see some of that revenue. Moegerle asked we can't add an ordinance to add a fee. Knaak said it doesn't work to do this. He said you absolutely can't do this with traffic cases. He said you need to understand there is a lot of pressure from the forces out there.

Lawrence asked when you take on a new city, what kind of timeline are you looking at. Knaak said we are looking for a contract. He said you are a city, so if you hire me, by statute you can fire me next week. Lawrence asked how long of a contract. Knaak said that would be up to the Council, but he would encourage Council to do a review every year. He said he would like them to be candid for fairness so we both know what the shortcomings are, it needs to be stated. Knaak said he has had long relationships, 16 years in Fridley and 30 years in Newport. He said he has good relationships with his clients and if he is doing something they don't like he hears about it.

Voss said we set a policy to go through this process every so many years. Davis said every five years. Knaak said five years if fairly common, it is a good idea, that way you are not feeling pressure.

Speltz, senior associate who is actively prosecuting your accounts along with Spring Lake Park. He said he is proud of what she has done for our firm and our accounts. Clelland said we represent eleven cities and Brooklyn Center is the largest. He said we have enjoyed working for you; we were selected as your prosecutor in 2008. Clelland said one of the things he about in selecting the prosecuting attorney, is it is not just experience and technical skill, but what he would think is a good fit, you fit better with some than others, some are more responsive. He said he hopes we have been addressing concerns on a legal and practical basis. Clelland said he thinks when you assess our fees; our fees are the lowest of the Twin Cities attorneys. He said we do work effectively and competently. Clelland said we are the only ones that have applied for just prosecution services. He said sometimes there are concerns about just doing prosecution and not sharing with the civil. Clelland said almost all the work we do would never go to your civil attorney. He said it is rare that each of us are working on part of a problem, but if so, we would be careful to allocate the responsibilities so we don't duplicate the responsibilities, such as with Randall. Clelland said he hopes you recognize you work well with us. He said he has been before this council on license actions, and he has worked personally on problem properties.

Speltz said she knows you heard from three others. She said as far as the prosecution side, prosecution for Hennepin and Anoka counties is like apples and oranges. Speltz said it is like walking into a new place, Anoka likes to be different, and she thinks there is a lot of value you receive from having an attorney that has experience in Anoka County. She said the judges trust me. Speltz said it is not cost effective to litigate every case. She said she has a good relationship with the public defender, had only one jury trial in the two years she has done this with East Bethel. Speltz said we are working to increase the prosecution costs back to the cities, to make sure you see the money back. She said she has gotten a good response from the bench. Clelland said everyone is fighting about the money. Speltz said in Anoka County you don't pay for the jail time, if it is prosecution cost it goes to the city. She said we have to be careful to say this, instead of court cost, and then it goes to the county. Speltz said we are trying to get more money for you.

Voss said back in 2008 the big focus when you were interviewed was addressing blight, in the few years you have been doing this for City, have you seen improvements, settling cases, getting resolutions. Clelland said for budgetary, we have not been asked to do much recently. He said your staff identifies these and we recover nuisance costs. He said you don't have a housing maintenance code that deals with the maintenance of homes. Clelland said Brooklyn Center has this and he thinks that would benefit you in the future. He said we can remediate any problem property if they are identified with enough specificity. Clelland said City staff are good, until they realize they can't get any further. He said by the time we get to court we have the high road. Clelland said it is a little more difficult now with people abandoning properties to foreclosures, people getting elderly. He said he strongly believes in the broken window theory, and if there is a broken window there is another broken window, you need to keep curb appeal to make people think this is a nice community. He said he is not sure if it is a change of focus, economic, etc. Speltz said in court once they realize how serious it is they take care of it, they comply.

Moegerle asked do we have ordinances we need to tweak. Speltz said we work a lot of out of the Appendix A, Brooklyn center is more specific. You are more like Corcoran and Greenfield. She said she knows you have large properties out here. Clelland said the court distinguishes between building and maintenance; the contractors need to know that rules won't change from one community to another, need to know we aren't going to be big brother and knocking on doors and looking in windows. He said but It can happen by

accident or you can use the hazardous building act, you have to find out if the building is not habitable. Clelland said if the family is dysfunctional, then we are looking to social services. Moegerle said staff is working on that ordinance now is he working with you on that. Clelland said no, but because he came from Brooklyn Center, he has a lot of large cities to look at.

DeRoche said you have been in the business for a long time, he ran into a gentleman that has a dead horse on a hill on a property, is there something to cover this. Speltz said she thinks she knows this property. Clelland said there is a statute that covers this, public nuisance. He said if there are several neighbors that are affected by the smell of decay, is it attracting vermin. Clelland said also, you might find a county health ordinance, they may have ordinances there that deal with a specific situation, dogs and cats are regulated under Chapter 347, but horses might be covered under Chapter 346. He said he assumes he can bury them or burn them. Voss said we had this issue about 10 years ago, a different place and we went in and buried the horse.

Clelland said he feels he knows you, he hopes we can retain our contract with you and go forward. He said we work for many cities doing civil and criminal, Brooklyn Center, Spring Lake Park, Long Lake, Corcoran, Hanover, Greenfield, East Bethel and others. Moegerle asked would you visit us more than once a quarter. Clelland said yes. He said we provide and update on the outcome of court cases to the sheriff and we would be happy to send this to the city administrator. Speltz said we also do this on the code enforcement, send an update. Davis said he would like to see that. Speltz said she is in court every Thursday and every other Friday. She said combining the calendars for Spring Lake Park and East Bethel is good for you. Speltz said if she goes there for four hours each is being billed for two.

DeRoche asked is there an increase in DWIs. Speltz said there are some grants out there, Safe and Sober. Clelland said there are over 40,000 DWIs in Minnesota. Voss said one of the reports we got, analysis of prosecution costs to the city and offset of fines, do you now offhand what the budget is. Davis said \$58,000 is what we got back in, about 65 cents on the dollar. Voss asked has that changed, prior to 2008. Davis \$48,000 in 2007. Speltz said if you get a speeding ticket, she does this all in prosecution costs. She said it allows them to keep it off their record and then they don't go to court. Speltz said this is the difference between her and Randall. Davis asked does this go to the state first. Speltz said goes directly to the City. She said unfortunately with the economy, a younger bench, there has been a reduction of fines; they are giving community work service. Clelland said frankly he has some respect for people that say they are willing to work it off; they are at least paying their penalty.

DeRoche said with this economy do you see increase in burglaries and such. Speltz said we don't see felonies. Clelland said a lot of this is drug driven. Speltz said we do tend to see the frequent offender list. She said this is the benefit of having someone that has worked with you city is they know these frequent offenders.

Eckberg,  
Lammers,  
Briggs, Wolff  
& Vierling,  
PLLP

Mark Vierling of Eckberg, Lammers, Briggs, Wolff & Vierling, PLLP said he brought a good sampling of his staff along tonight. He said he brought Sean Stokes, Amanda Prutzman, Jennifer Nodes, Wendy Murphy and Tom Weidner. Vierling said our firm has been around since 1946 and has 14 attorneys. We have a significant focus in the municipal field and service the cities/villages of Woodbury, Hugo, Oak Park Heights, Bayport, Lakeland, Lake St. Croix Beach, St. Mary's Point, Birchwood, Marine on St. Croix, Grant,

May Township, Mahtomedi, Wyoming, Lake Elmo, Somerset and Hammond.

Vierling said we can offer you value, we suspect we are one of the higher ones in hourly rate, because of the experience we offer, we can turn things around faster and provide you with a response faster than most. He said they took a look at what we have done for you since January this year. Vierling said you averaged about 27 hours a month. He said also if you opt for the hourly rate, we don't bill you for hourly time. He said some firms will bill you for Westlaw research, there are no enhancements for out of pocket, no administrative fees, we do not charge for phone calls. Vierling said we don't bill for electronic copies and technology, we have most of our clients that want their product electronically. He said we own a title company, FSA, so we can turn this work around faster and cheaper now because of this. Vierling said no firm is going to be able to handle everything, but our firm has the depth that can handle most everything. He said we do all our appellate work. He said we have the resources and connections that firms that are metro wide need to do what we need to do. Vierling said we have offered you two different options for billing, hourly or \$3,200 per month.

Vierling said we are interested in doing both the civil and criminal. He said we have found in communities where we do that they are better served. Vierling said more important is with the issues we own it 100%, we have the problem, community has the problem and we are going to get you the solution you are looking for. He said for instance, when you have a problem with the blight issue, you might need to go the civil route to get something done. Vierling said we have gone the paperless route in Washington county. He said we have offered you a reasonable rate on prosecution services, and we think it is lower than what you are paying now. Vierling said we are familiar with the judges in Anoka County; they are the same as Washington.

Sean Stokes said he is partner at the law firm and he has been a criminal prosecutor for 15 years now. He said he began his practice in the Sherburne County attorney's office, and for about 5 years we were short judged, in Sherburne, Anoka and Washington we had the same judges. Stokes said Anoka would rotate a judge to Sherburne every week. He said he got to know the judges fairly well. Stokes said he is also in private practice and has quite a number of cases in Anoka County. He said what distinguishes Eckberg Lammers is the team approach.

Stokes said what we have found over the many years we have represented cities is the need to be a crossover of the civil and criminal services. He said there are cases where criminal is the approach and cases where a hybrid is what you need. Stokes said really when we look at representing our clients we look at public safety and quality of life in the community and to meet those needs and how they want them afforded under the law. He said this is a significant benefit to the City. Stokes said because we have been doing this for so long at Eckberg, Lammers, we have two full time support staff that only supports prosecution staff; one has been with us for over 15 years, which is unusual for a prosecution law firm. He said if you need something during the day we have someone that will assist you. Stokes said we are effective in what we do. He said we enjoy trying cases.

Stokes said there are a lot of attorneys that say these cases as not worth going to trial. He said you can not meet your public safety in your community if you are not willing to go to trial, it allows us to maximize public safety objectives that the client has. Stokes said If we end up with the opportunity to serve, he would be the primary prosecuting attorney. He said you would need to have a primary contact, and that would be him. Stokes said we have an excellent team. He said he has reviewed your city ordinance as far as problem properties; it

needs to be what is the best tool, sometimes abatement action, sometimes enforcement through the criminal system, sometimes others. Stokes said Vierling mentioned we have innovated a paperless system for current municipal clients, this insures things are done in a timely manner; we would look to implement this for you as well.

Moegerle asked in your review of our code, did you find any wholes in places or any places we need to strengthen. Stokes said in your code you state that violations are misdemeanors, such as under Solid Waste provisions and it says them can be charged as a crime, this is most of your code provisions. He said but your nuisance section is one exception to that. Stokes said your code does an excellent job of defining a nuisance, but what is not there is a violation of the nuisance code is a misdemeanor. He said we could get around that and could do that as a violation of state statute, but would rather do this under your code. Stokes said most lawyers think that any violation of city code is a misdemeanor but that is not true. He said he thinks you need to amend this.

DeRoche said he has an issue where three people approached him where a neighbor dumped three dead horses in his property, how can you deal with this. Stokes said statute 609.745, public nuisance dangerous to someone's health, loud noises, odors, he would need to review the specific provisions of code, would need to review your code, and solid waste provisions, but that would deal with it. Weidner said Prutzman is one of our experts on animals and he knows she knows about some changes with horses being categorized as livestock that might affect this. Prutzman said yes, horses were just moved into the category as livestock and with regard to livestock, there is no requirement to remove livestock. Stokes aid under Chapter 26 the Code Enforcement Officer could issue a clean up order, we may have conflict with state order, and it would be an interesting case. Vierling said you just never know what comes up in communities, it is one of the benefits of having had 17 communities we have done a lot of clean up, perennial problems.

Lawrence asked what do you do about a cat issue. Vierling said you can have an ordinance; it comes up to what your community will tolerate. He said we have had some issues with this, if doing damage you can usually do something about this.

Moegerle asked what your experience with economic development is. Vierling said he has worked with communities that have been on the high growth mode, Woodbury, Hugo, there are fiscal opportunities that cities are offering, tax increment, bonding that you have available, tax abatement where tax increment is not available, community if the school district will sign on this, it is a big significant value to get a business in, the tax increment world is getting bigger and bigger all the time. Moegerle asked is this just for the industrial or for big box entities. Vierling said if you get everyone on board, you can do it with anyone. He said it is a very competitive market for businesses and they are always looking to squeeze the extra dollar out.

DeRoche asked how you deal with domestic abuses cases, from assaults to felonies. Stokes said we are limited to misdemeanors and gross misdemeanors, the county attorney's office would deal with any felonies. He said as far as domestic violence we take that very seriously, we partner with domestic advocacy groups out there. Stokes said with misdemeanor crimes you have non-alcohol driving crimes, to domestic abuse crimes. He said when someone drives without a license or no insurance this pales compared to a domestic abuse case. Stokes said as a family attorney he has a lot of experience with this and he takes these matters extremely seriously, offenders need to be held accountable and victims need to be protected.

DeRoche asked how do you go from that to two neighbors fighting with each other and a cop shows up and all of a sudden it is a 5<sup>th</sup> degree assault. Stokes said the statutes are very broad on 5<sup>th</sup> degree assault. He said the first part of this is someone commits an act with intent to cause fear in another of immediate bodily harm or death and the second part is someone intentionally inflicts or attempts to inflict bodily harm upon another, the intent to cause harm. Stokes said the deputy will likely issue a ticket on the second part the intent to cause harm. He said this is something you need to have a lot of experience on to understand. Stokes said crimes of domestic violence happen behind a curtain, it is very rare you will have a third party. He said with a misdemeanor case you don't have bodily injury, they are tough cases. Stokes said it is the objective of a city prosecutor is to insure community safety and quality of life. He said sometimes there are false acquisitions; it requires a lot of experience.

DeRoche asked how do you deal with plea bargains. Stokes said this is the nature of our business and plea bargains are a necessary thing. He said if we didn't do this, law enforcement would sit in the hallway of the courthouses and wait for cases to be called, they would never be out on the streets. Stokes said repeat offenders need to be treated differently and we need to look at the severity of offense. He said having prosecutors that are experienced is key; we make plea bargains that are appropriate and fair. Stokes said we say based on what you have done and what we know, this is what you are going to get, if you don't want to do that we will take your case to trial.

Weidner said Murphy just put a person in jail for stealing a tuna sandwich, put him in jail for 45 days he was a repeat offender, but you can't handle each case equally just because of the charge. Weidner said as prosecutors, it is almost adult parenting. He said you find out from experience. Vierling said another thing you need to consider. He said the last thing you need in a court house is attorney du jour. Vierling said our people talk to each other, talk to the courthouse staff and talk to your staff. He said we try to stay consistent with how things are handled. Vierling said the last thing you want is a defense bar looking for a different attorney to move their case to on a different day because they think they will get a different outcome. He said if the community wants a value they want impressed on a certain type of offense, we want to hear that.

Stokes said it is somewhat like parenting, these people are acting in a somewhat antisocial manner. He said we need to get behavior modification. Lawrence said on an average, do you know how many cases are done on a plea bargain versus trial. Stokes said plea bargain is all you need sometimes. He said most cases are not tried. Stokes said plea and stand behind principles, there is not always a bargain with it. He said we do a flat fee prosecution because we don't want to spend our time with administrative fees and recording every document that goes out. Stokes said some say you have no incentive to go to trial, but we like to try cases. He said it gives us the reputation that we will not fold early on. Stokes said we have almost 4,000 cases a year, we believe in what we do. He said you have to try cases to back up what you are talking about.

Lawrence asked as far as spending time in the Anoka County courts, how often have you been there. Stokes said he spends a lot of time there in his current practice. He said he personally knows the judges there very well. Stokes said one was his former boss. He said he is quite familiar with the court; he has a number of cases there as we speak. Stokes said Washington County just got Judge Hoffman, he was a judge here for many years and he just transferred over there. He said Anoka County has a well deserved reputation for a very strict bench it is considered to be a county you don't want to commit a crime in because the

judges will hold you accountable. Stokes said he would be excited to come back and prosecute in Anoka County, because the judges hold you accountable.

Moegerle asked about ordinances we need to tighten up on City side. Vierling said he had some comments on the personnel policy, he had sent a memo to the former city administrator. He said and Ms. Nodes is also working with the fire chief on some personnel issues.

Moegerle asked do you have an opinion on the Anoka County HRA versus East Bethel HRA case. Vierling said he was sitting in his office at Woodbury and the administrator came in and you sure have made a ripple effect. He said the Washington County HRA is wanting the administrator to sign on the HRA there. Vierling said as he suggested to the Council, the only resolution that will come to the county is they will try to get legislation passed regarding this, and we will have to watch it.

**Moegerle made a motion to adjourn at 9:45 PM. DeRoche seconded.** Voss what is the next step in this process, he thought we would discuss this while everything was fresh in our minds. **Moegerle withdrew the motion.**

Voss said he doesn't think we have to have the same attorney for prosecution and civil. He said he wasn't impressed with the prosecution side of Knaak and he wasn't very impressed with Glaser. Voss said he likes the idea of Clelland being right there. He said the prosecution side of Eckberg Lammers seems kind of hard-handed. Voss said for the civil said eh has a toss up, he thinks Vierling does a good job but he is inquisitive why he is proposing a flat fee and yet has such a high rate. He said he doesn't understand the math there, it seems odd.

Lawrence said when he reviewed these he thinks Clelland put on a good display for prosecution, the method of analogy was good. He said Vierling was strong which is good, the value of having it all in one group so you don't have a possible mismatch is good. Lawrence said with that in thought, he finds he has two front runners of the group.

Voss said Knaak and Glaser weren't set on having both prosecution and civil. He said he doesn't know that we have had issues with having this separate. Voss said he likes the fact that with the clean up they have had a long history, Clelland has, and Eckberg would have to learn this.

Moegerle said Eckberg and Lammers is not afraid to try things, she likes that. She said she also likes their reputation, that impresses her. Moegerle said they are all nice people and all qualified. DeRoche asked are we trying to turn this into a police state. Moegerle said take the domestics for an example, do we want to be strong on domestics. She said we have to give them direction on prosecution style. DeRoche said they have to act under Council direction. Moegerle said we have a problem with the contractors, and if we have attorneys that are known to back down, then it might be different. Voss said but isn't that civil. Voss said in terms of the criminal side, all he heard from Eckberg was never part of resolution. He said he brought that up intentionally with Clelland was that council liked finding resolution. Davis said whatever we do; we need to make sure the attorney knows our community standards.

DeRoche asked Davis's opinion. Davis said Eckberg's service has been very good, whenever we ask a question they are right on it. He said he has been very good to work

with on the civil side. Davis said and for the prosecution side, Eckberg and Clelland were both strong. He said he felt Knaak was weak. Davis said Glaser was intriguing at first, but then he lost him. He said staff doesn't deal with prosecution as much. Davis said but for civil he would definitely recommend Eckberg, we have gotten very good advice from him.

Voss said he has been impressed with Vierling and given the things that the City is going to go through over the next few years and the importance of the economic development, it is going to be more costly. He said as far as Knaak he was impressed, but he remembers when he was a politician. Voss said we have made a lot of progress on blight in the City with Clelland and he doesn't see a reason to change. Voss said his firm does a lot of this stuff, anything environmental but it doesn't mean we do it all.

Moegerle said she looks at the RFP submittals and to her they represent the quality of work they do. She said Eckberg is definitely a cut above the rest. Moegerle said Stokes came up and said we have a problem with our nuisance ordinance she likes that. Voss said it comes down to personality, in terms of how they deal with people. Moegerle said three years ago Clelland said we had a problem with our housing maintenance laws and he said the same things three years later, to her that is a person that hasn't show initiative. She said she wants someone that will stay ahead of the ball and show initiative. Moegerle said it is very disappointing to her that he said this three years ago and it still isn't fixed. Lawrence said if you want good prosecution, you need good direction from the City. Voss said we dropped Randall from prosecution because nothing was getting done.

**Moegerle made a motion to hire Eckberg, Lammers, Briggs, Wolff & Vierling, PLLP for both civil and prosecution.** DeRoche said he would like to process this. Moegerle said she would like to do this also, but it seemed that someone wanted a decision made. **Motion dies for lack of a second.** Voss asked do we need more information before they next meeting. Lawrence asked if we went with Eckberg, Lammers, Briggs, Wolff & Vierling only, for both, what would be the problem with that. Voss said he doesn't see that we need to change the prosecution. Moegerle said the city attorney works with our people on the new ordinances that are going to be used for prosecution. She said you are not going to get the effectiveness in two separate offices, they will understand each other better if in the same offices.

Council asked Davis for the budget amount for civil services and what has been spent so far. Davis said \$140,000 and so far \$45,000 has been spent, but there might be some bills out there that might not be included here.

**Moegerle made a motion to hire Eckberg, Lammers, Briggs, Wolff & Vierling, PLLP at a flat fee of \$3,200 for civil attorney services. Voss seconded; all in favor, motion carries.**

**Voss made a motion to retain Carson, Clelland and Schreder for prosecution services and he would like to negotiate a flat fee with them.** DeRoche said he only sees an hourly rate on this one. Voss said the average monthly charge was slightly higher than what Eckberg was proposing for a flat fee, \$500 higher. Lawrence asked why would we go with someone that is so much higher. Voss said you go with what you know. He said this is an attorney we have a track record with, we haven't had any issues, staff hasn't had any issues, and we have increased revenue and they are local. Lawrence said Stokes is in Anoka right now. Voss said this is someone that is there everyday of the week, it is different than someone that isn't. Moegerle said you get synergy with them working together. Voss said

so you are saying that Vierling won't work with them. He said nothing gets changed unless it gets changed at this table. Moegerle said Vierling will work with him, and share information, she just thinks it is better to have this in one office. She said if Clelland only does prosecution they are isolated in their own little area. Voss asked what would not work with this. Moegerle said she is not saying that, she is saying it would work better for them to work together. **Motion fails for a lack of second.**

Adjourn **Lawrence made a motion to adjourn at 10:09 PM. DeRoche seconded; all in favor, motion carries.**

Attest:

Wendy Warren  
Deputy City Clerk

DRAFT

## EAST BETHEL CITY COUNCIL WORK MEETING

May 17, 2011

The East Bethel City Council met on May 17, 2011 at 6:30 PM for a work meeting at City Hall.

MEMBERS PRESENT: Bob DeRoche Richard Lawrence Heidi Moegerle

MEMBERS EXCUSED: Bill Boyer Steve Voss

ALSO PRESENT: Jack Davis, Interim City Administrator  
Stephanie Hanson, City Planner

Call to Order The May 17, 2011 City Council work meeting was called to order by Mayor Lawrence at 6:30 PM.

Adopt Agenda **Moegerle made a motion to adopt the May 17, 2011 Work Meeting Agenda. DeRoche seconded; all in favor, motion carries.**

Review Land Use and Transportation Issues Hanson said according to the 2030 East Bethel Comprehensive Plan, it will be reviewed on an annual basis to insure the plan remains as an effective development guide for East Bethel. To date, there has not been a review of the plan.

The existing land use map has been attached for your review as attachment #1. The map depicts how the lands in the City are to be used now and in the future. The process was accomplished by first forecasting population growth, household number, and employment. Once those figures were established for the regions and the City by the Metropolitan Council, then City Council and staff identified where growth would take place and how the lands would be used.

In the Phase 1 project area, there is approximately 417 acres of buildable area designated for residential land use. Of this designation, 297 acres are designated for low/medium residential (single family and 3 units per acre), 40 acres for medium residential (single family and townhome at 4 units per acre) and 80 acres of mixed use residential (5 units per acre).

There is approximately 278 acres of buildable area designated for business land use. Of this designation, 122 acres are designated for commercial and 156 acres designated for mixed use commercial. All this information is available for your review as attachment #3.

Hanson said she wants to go back to attachment #1, because along Viking Blvd. specifically to the east there are numerous legal non-conforming land uses. Some commercial properties that are non-conforming and there are also some residential developments along Viking Blvd. that have the Rural Residential (RR) zone on them and these lots are very small, and we see conflicts with these small lots with the RR classification on them. Hanson said so that is something staff wanted to talk about.

Lawrence asked when you say conflict, what do you mean. Hanson said for instance a couple developments along Viking Blvd, residential developments are less than one acre and the way the zoning code reads if you property is RR you have to you have to have 25 foot setback for all structures on your property. She said she knows that was done with the thought that all lots were larger. Hanson said so they can't do any additions to their houses or garages because when these houses were built, they were built at a 10 foot setback.

DeRoche asked when this was changed. Hanson said in 2007. DeRoche said and they weren't grandfathered in. Moegerle said and they are on this map. Hanson said she tried to highlight them on there. She said there are a couple properties where people wanted to stay in their house, and they were having issues with space and they couldn't stay because couldn't meet the 25 foot setback and make the addition. Hanson said so we wanted to talk about this, do we make a provision, or do we change the zoning code and say lots under this size meet this setback.

Moegerle asked what is Coon Lake Beach. Hanson said R1. Moegerle said it is 10 feet there, would that be a solution. Hanson said it could be either that or making a special provision in the RR if you didn't want to change the land use classification. Moegerle asked if we change it what is the effect as far as housing density and we talked about making this area commercial district to. Hanson said we call this spot zoning, it is not uncommon for cities to go through when you have an existing use to put the land use zoning there. She said we have existing properties that were zoned commercial when built, but it has been changed to RR. Hanson said if those business owners want to do any kind of expansion to their businesses they can't because it is a legal non-conforming use and you can't expand a legal non-conforming use. Moegerle said that is horrible. Hanson said there is another problem that comes up with a legal non-conforming use, state statute reads once it has not been used for one year it goes back to what the zoning is. So technically after one year of non-use it needs to be torn down and go back to RR. Moegerle said so technically for doing this we should shot ourselves in the head because we are really being bad stewards; we are not doing what we should be doing to make this grow.

Moegerle said it is a difficult thing in her mind do we change this whole section to R1 or commercial, or what do you suggest. Hanson said she would suggest a mix. She said the farther you go down toward Linwood you have residential and that is going to remain there so why not zone for it. Hanson said and closer to 65 you have commercial and the larger lots that someday would suit commercial property, or could be split for commercial property, so would work to do both. She said if you look at proposed zoning map, she particularly picked out areas East Bethel Blvd and 22, City property and then east of it commercial properties next to it are zoned RR. Lawrence said he thinks we have to have a real common sense approach to this, if it is a business we need to allow them to grow, if they are getting to big then we can tell them they need to get a larger lot.

DeRoche asked who changed that zoning to RR or has it always been that way. Hanson said it has always been that but the setback was changed to 25 feet. DeRoche asked did the state do that or the City. Hanson said the City did this. Moegerle asked what was the rational of doing that. Hanson said because on the larger lots some of the Council Members thought it was unfair that some people were building accessory buildings 10 feet off the property line, so for a buffer. Moegerle asked so are you just thinking we will just change the smaller lots and leave the larger lots, just spot zone. Hanson said there are two things you can do, you can change the land use to have it be a more medium residential such as a R1 or you can put a provision in the zoning code that these lots less than one acre in size that were established prior to the code can meet the 10 foot setback. DeRoche said the variance law has changed. Hanson said yes, it is better to do this than granting variances because there are rules to meet to grant variances. Lawrence said so what you are saying is not the road setback, but property line to property line would go from 25 feet to 10 feet. Hanson said yes.

Moegerle asked is this best practice to spot zone or change zoning ordinance. Hanson said cities do it both ways; it is what City Council is comfortable with. Moegerle asked on small lots, is RR zoning the highest and best use for this, is it reasonable to rezone in 20 years

when Co. Road 22 gets bigger. She said on the next comp plan update. Hanson said we don't know, we know we don't do our next comp plan update until 2018. She said her biggest concern is updating these properties in the City that can't do anything and by law can't be put to use if they sit empty much longer. Moegerle asked would it be feasible to state we are going to make you R1 until you sell, and then it will be commercial or something like that. She said so long as we are internally consistent throughout the City, she is flexible with doing it either way.

Hanson said if we didn't want to go through the Met Council because all land use changes have to go through the Met Council we could at least address the residential smaller lots which would just be adding an exception to our ordinance. DeRoche asked how is it the Met Council, they are not a government agency, how is it that they are delegating what we can do with our properties. Hanson said they govern the metropolitan area by statute. DeRoche said they can doctor their figures to do anything they want which is what happened with our project with sewer and water. He said their numbers and projections were really high. DeRoche said if someone has a business we have to do what we can do to keep them here. He said someone is going to talk and say they can do this and someone else is going to say why they can't do the same. Davis said he thinks we have to be internally consistent with how we apply this; he thinks there are issues along Co. Road 22 that we have to deal with. He said Mac's is a good one, we are probably coming up on a year here that it has been empty and by statute it will not be allowed to be used after being empty for a year. Lawrence said on something like that we need to get it zoned back where it belongs. Hanson we get calls on that from realtors on whether they can split it up and do a pizza shop and right now they can't because of the legal non-conforming use. Lawrence said so we need to get them zoned commercial so they can be used.

Lawrence said he likes your plan on the small lots, if they were built before 2007 they should be grandfathered in and allowed to have a 10 foot setback. He said the only problem he sees if we have someone that has a 2 acre lot and 1 acre is under water, they are going to want to fall under this. Lawrence said maybe we should say 1 acre buildable. He said his lot is six acres but only 1 acre is buildable. Moegerle said this is high priority especially since it is in the sewer and water district.

Moegerle said one of the things about this area is the residential growth area is boot shaped, should that be changed. She said it is not shown on the map, but shouldn't that be expanded to show Co. Road 22 or reshaped. Hanson said when you think of the natural line of municipal services and it would seem that Co. Road 22 would be included. Moegerle said that dovetails for a sewer district. She said then do we change the RR District, do we make that contiguous with a sewer and water district. Hanson said that is typically what happens. Moegerle asked so if we spot zone there it will interrupt municipal services. Hanson said if it is proposed to go down Co. Road 22, the land uses will have to be redone. Moegerle said so it is a short term fix. Hanson said unless Council decided to just go ahead and do all of Co. Road 22, to change it for future municipal services. DeRoche said that is somewhere 20-30 years down the road. He said we need to try to get the area on 65 and 22 developed first, get that done first. DeRoche said he saw plans for a big trucking business on this corner, how many connections we will get from that. He said we have to be selective on what we are putting there; we have to focus on generating income there.

DeRoche said for now the spot zoning make sense, and then as they come we can go back and redo this, change it down the road and try to keep some of these small businesses, we have a reputation of losing a lot. Moegerle said the spot rezoning means we have to go to Met Council. She asked do they expedite spot re-zoning. Hanson said yes. She said if you

are doing a huge comprehensive plan amendment, changing ERUs, that is when it becomes a bigger project. Hanson said but when you are doing a minimal change like this it is easier. Moegerle said part of her says let's do the rezoning and establish that we are reasonable people to deal with. Hanson said anytime you go through a land use change it requires a 4/5s vote, especially when it is a residential use to a commercial use change. Moegerle said for a variance we only need a 3 vote. Lawrence said he thinks for the residents going to have to go with a new ordinance. He said we have to do a zoning change so we can encompass businesses like Mac's so they can be used. Moegerle said rezoning makes more sense, do it for one, and do it for all. Davis said and if you are going to address the issue, tackle it all.

Lawrence said we have a list of businesses and zoning, does this raise their taxes. Moegerle said yes, their taxes would go up. DeRoche asked what if they want to sell it. Hanson said right now the business has to be the same or similar. DeRoche said we need to accommodate the businesses and people there. Hanson said the setbacks from road haven't changed for many years. She said the land use and zoning would stay the same in RR, however the ordinance would change. Moegerle said we are just talking about that limited group, not changing the zoning to R1 for them. Lawrence said no, it could encompass different types of dwellings on different size lots because of buildable land. He said and then change existing non-conforming lots back to commercial.

DeRoche asked if staff would be notifying the businesses. Hanson said yes, they would have to be notified. Lawrence asked how long would this take. Hanson said about 6 months; we have to go through City Council and Met Council. Hanson said this would be a zoning text amendment for the residential lot and for the commercial lots a land use amendment and a zoning change, we would be changing the zoning on the land use map. Lawrence asked do we want to put a time and date on the residential to be grandfathered in. Hanson said that is what she is thinking. Moegerle said there is currently a 2 acre minimum on current development. Hanson said her recommendation would be to send a letter to the properties that we are thinking about changing from residential to commercial. Moegerle said and change the rural growth center, would you be adding more area. Hanson said at this point we are not going to change any of that land except the business properties. She asked what do you want that land to be changed to, we have neighborhood commercial, it wouldn't fit this, we have highway business and central business.

Moegerle asked Hanson to explain highway and central business. Hanson said highway business is what is there now, and central business is retail without exterior storage. She said all these businesses right now have exterior storage. Hanson said you have to think in the future to, what is your vision of Co. Road 22, would it be more of central business or more of high intense land use. DeRoche said depends on how the land comes in tested, that land is pretty wet. Hanson said but would a strip mall, think of the road it is on, and if you are going to have strip malls on 65 and 22, on a highway, would it be better to have a higher type of land use. Moegerle said if the golf course gets developed into residential, then she sees having a place right next to it to get your hair done. Davis said if people want these services he thinks they are going to go north and south. He said and if the golf course develops it will probably be a small development right there.

Moegerle asked can we work on that area as a mixed use of residential, then small retail, then larger commercial. Davis said you can incorporate in your PUD standards. He said the PUD gets us out 3/4s of a mile, then residential then highway business. Davis said this will conform to some of the existing businesses that are operating there now. Moegerle read the uses for Highway commercial and Central services. She said these are essentially the same,

but central services has a shorter list. Hanson said but in the central services you cannot have exterior storage and in highway commercial you can but with a CUP. She said that would be her recommendation for those specific lots. Hanson said she would recommend only spot zoning, because if we start to expand the zoning down 22 then we start to expand the zoning issue. Lawrence said and that is what we want to do, the spot zoning. Moegerle do we have other places where we have lots that are legal non-conforming. Hanson said we have some lots here and there, but really not much. Moegerle asked does it make sense to do spot zoning for those or not. Hanson said they can continue their use right now, and can sell it, they just can't intensify it. She said any business that wants to come in and propose a land use change has to go through Met Council, so it gets expensive.

Hanson explained that attachment #2 shows the existing and proposed streets and overpass/interchange projects as approved in the 2030 Comprehensive Plan. The plan proposes a frontage road system along Highway 65, however, not along Viking Blvd. Once MnDOT takes ownership of Viking Blvd., their intention at some point is to turn Viking Blvd. into a four-lane road. With this in mind, City Council may want to consider expanding a frontage road system along Viking Blvd. to accommodate future expansion and growth along this corridor.

Moegerle said is there where we draw lines on the map. She asked in general how far are frontage roads from main highway. Davis said they can be anywhere from abutting the right of way, to a very far setback. Moegerle asked the scale of the map. Davis said about a ¼ mile. DeRoche said there is so much water on Co. Road 22 we have to be careful about not allowing this to fill in the creeks. Davis said we are looking at this on Co. Road 22 from 65 going east to East Bethel Blvd., he doesn't think we have much commercial development going west. DeRoche said this will put some of this right in people's living rooms. Moegerle said it will be easier on the south side than the north side. Davis said the north side is wet. He said regardless there will have to be some right of way acquisition that will involve some structures. Davis said you can look at putting a frontage road in at the City Center for ¾ mile. DeRoche said at the sod farm you would have to put in the frontage road and that is all you would see.

Moegerle asked what is the likelihood they would divert Co. Road 22 because of Coon Lake Beach by County Road 74. Davis said he has no idea of what they are thinking, but he does know that if they convert to four lane there will have to be additional right of way purchased and it will be a very expensive road to build. He said the traffic count will increase, but a four-lane is going to be way out in the future. Lawrence said at the meeting we had with MnDOT they said it will probably happen in 2050. Moegerle said she thinks we should draw those lines as far as East Bethel Blvd. Council worked on the map. Moegerle asked does Oak Grove have plans for frontage roads as you go west. Lawrence said not that he knows of.

Lawrence asked are we going with the thought that Sims Road will always have a traffic light. Davis said he thinks there are plans that there will be an overpass at 209<sup>th</sup> and Sims will be closed off. Moegerle said people's tendency is if they got stopped at Sims and then could see the light at 221<sup>st</sup>, they would go like a bat to get through the light. Davis said we need to change the location of the overpass. DeRoche said would make more sense at Sims than at 209<sup>th</sup>. Lawrence said maybe we need a roundabout. Moegerle said so far the projections she has seen have not come close so she doesn't have any faith in projections. DeRoche said he also doesn't have faith in them. Davis said projections are just a snapshot, and anything can cause them to not be accurate on the low side and high side. Lawrence said we will have a lot to do in the next couple years when we see some business growth to

see what happens with our residential growth. DeRoche said the analysts are saying we were wrong it will be 10 years before we see growth. He said 80% of students are coming out of work and going and living with their parents.

Moegerle asked when we change our zoning ordinance it doesn't affect the Met Council. Hanson said not when doing a text amendment. Moegerle said she had grave concerns about the IUP at 1507 205<sup>th</sup>; we have automotive repair business here that isn't paying commercial taxes for this type of business and isn't commercially zoned. DeRoche said they are doing commercial repair and sales. Moegerle said if we are going to spot rezone, we need to talk about spot rezoning that one. She said she compares this to Crash Toys, theoretically they are going to advertise these vehicles on the internet and then they are going to call and come out and look at them. DeRoche said and according to the IUP they are not supposed to have any outdoor storage.

Lawrence said you can't compare this to Crash Toys; they are going to sell 20-30 cars a week. He said this gentleman is going to be repairing cars, if he starts doing more business and hires more help, and then he has to move to a commercial lot. Moegerle said so you compare this as how many employees you have. She said she understands why Cedar Creek Automotive was upset that they are paying commercial taxes and they aren't. Moegerle said this is something to kick around. Hanson said even if you were to zone it B-2 that doesn't allow for automotive repair. Lawrence said and it doesn't allow for outdoor storage. DeRoche said and again, the IUP doesn't allow for outdoor storage. He asked is Crash Toys going to be monitored for gas/oil leakage, is the MPCA monitoring this. Hanson said her understanding with Crash Toys is the stuff that comes on their site, all liquids is taken out of it. Lawrence said he thinks you can leave the grease in, but not oil and gas. He said he did a check on them because he had concerns about leakage of fluids in the ground so he called the state and they said it wasn't a big deal. Moegerle said the only place she is seeing where motor vehicle repair is allowed is light industrial. She asked is Cedar creek Automotive in light industrial. Hanson said no.

Lawrence said why we allow IUPs is people move here just to do this, to have a small hobby or small business out of their homes. Davis said a lot of businesses start out of their homes until they can afford to go out and do their thing. He said he understands what you are saying, unfair competition, but he wonders how many businesses started this way. Lawrence said it appears to be an unfair competition, but they only have just a small sign up, and generate such a small amount of money. Moegerle said our zoning ordinance doesn't have a place for motor vehicle repair. Davis said the area in Phase 1 of the sewer district, are you comfortable with this zoning. DeRoche said he would hate to see someone to come in and take two of the big parcels and put in something that doesn't use a lot of water, etc., not the right use for the water and sewer. Davis said we have had those discussions and we have to have high ERUs in those areas. Hanson said they wouldn't be allowed in this area.

Moegerle said part of this depends on how we are going to define the sewer and water district. Hanson said it would be an overlay district. Moegerle said it seems the other existing businesses on the west side, One Man's Treasure, Route 65, etc., we should be encouraging redevelopment there, such as strip mall district. She said we should look at our zoning, it has what is required if sewer and water is available, and if it was available that would be some prime property. Moegerle asked do we need to create incentive through our zoning. Davis asked do we need to make it attractive to high users of land. Moegerle asked is that currently listed as redevelopment district. Hanson said we don't have any redevelopment districts.

DeRoche asked what is on the other corner. Hanson said mixed used development, City Center development, and the city code is specific on what is allowed there and it would have to come in as a Planned Use Development (PUD). She said all the higher density developments are PUDs. Davis said the only other question is City Center district going west on Co. Road 22, next ¼ mile going towards Jackson, shows as residential should we change to commercial. Moegerle asked why not rezone the area south of the City Center to medium density. Hanson said that is Council's vision. DeRoche said he would like to see Council's focus on high density staying on 65 and Co. Road 22 and keep the rural, rural. He said keep the main business on 65, there are a lot of empty businesses up 65, and if we were going to put in sewer and water we should have thought about putting it in there where the empty businesses were. Davis said those type of businesses don't have an immediate need for city sewer and water and they can go anywhere. He said but say a grocery store is going to have to have city sewer and water. DeRoche said he understands that. He said but Co. Road 22 and 65 is like coming in to Stillwater, and going up 65 you start running out of land there is so much wetland, we need to make use of land we got.

Moegerle said we need to get away from the phasing on the sewer and water. She asked is that a Met Council thing or do we just stop using that terminology. Hanson said she would like to consult with the Met Council on that. She said she thinks we could do that, especially Phase 1A. Hanson said staff would suggest to require PUDs in all districts. She said that way everything that comes in is a special consideration. Hanson said East Bethel is wet, has some special considerations, why not do this. Moegerle asked do we have a PUD process and how that gets through. Hanson said yes, and it is in the city code. DeRoche said most developers just want to level it and develop it. Hanson said with PUDs City Council would have the say. She said Forest Lake has PUDs throughout; this is so you can preserve wetlands and green space, with less roads. DeRoche said he thinks this is a good path to go down. Hanson said what happens with traditional subdivisions now is they go through the Planning Commission, then City Council and then back to City Council. Hanson said with PUDs they work with Council from day one.

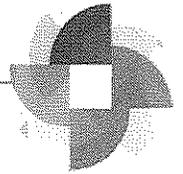
Moegerle said she has a question about community identity, between chapter 8 & 9, it is very generic. She said this is something the EDA needs to look at. Hanson said yes, it needs to be expanded. Moegerle said it needs to be created. Moegerle asked would this need to be approved by Met Council. Hanson said this is something they call housework. Moegerle asked what is Met Council concerned about. Hanson said things that deal with system statements. She said housecleaning items, adding information, not affecting system statements, it is a quick process. Moegerle asked could this be done through the EDA and comp plan. Hanson said she thinks this could just be done through the EDA to put in the comp plan. Moegerle said she doesn't want to be stickler, but we don't have a community identity. Hanson said this is going to be part of branding and marketing. Moegerle asked what is the next step from here. Hanson said Council could give staff direction to move forward with changes and then we could have another work session, then a public hearing and then it would have to go to a Council meeting. Lawrence asked would you be working with Met Council. Hanson said yes, we would be working side by side. Hanson said staff will probably have this done in July.

Adjourn

**DeRoche made a motion to adjourn at 8:37 PM. Moegerle seconded; all in favor, motion carries.**

Attest:

DRAFT



## Letter of Engagement for Defeasance Analysis

February 10, 2011

---

Ehlers (“Ehlers”) and Landform (“Client”) do hereby mutually agree to the following with regard to the provision of financial analysis. Landform is working with the City of East Bethel (“City”) to provide third party review of previously issued bonds. The City has authorized Ehlers to proceed with this analysis. In consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, it is agreed by and between Ehlers and Client as follows:

Ehlers will provide financial analysis as outlined in the below scope of services. In arriving at assumptions, Ehlers will rely on information and legal interpretation from legal counsel (Bond Counsel), which will be required for an accurate analysis.

---

### EHLERS RESPONSIBILITIES - SCOPE OF SERVICES

Ehlers agrees to provide the following services to Client:

1. Provide financial analysis to estimate the financial cost to City of defeasing the entire Series 2010A and Series 2010B bonds.
2. Provide financial analysis to estimate the financial cost to City of defeasing only the Series 2010B bonds.
3. Identify possible alternate solutions for the City to consider.
4. The scope of services does not include any City Staff or City Council presentations or meetings, other than what is necessary to collect information to achieve the above defined scope of services.

Ehlers must rely on information from Bond Counsel regarding legal issues, and is not responsible for the accuracy of those legal interpretations.

---

### FEE ARRANGEMENT

Ehlers will complete the scope of services up to \$1,800.  
Ehlers will invoice Client for the amount due.



Minnesota  
Offices also in Wisconsin and Illinois

phone 651-697-8500  
fax 651-697-8555  
toll free 800-552-1171

[www.ehlers-inc.com](http://www.ehlers-inc.com)

3060 Centre Pointe Drive  
Roseville, MN 55113-1122

**LG240B Application to Conduct Excluded Bingo**

**No fee**

ORGANIZATION INFORMATION	
Organization name <b>East Bethel Seniors, Inc.</b>	Previous gambling permit number <b>XB-06892-09-001</b>
Minnesota tax ID number, if any	Federal employer ID number, if any

Type of nonprofit organization. Check (✓) one.  
 Fraternal     Religious     Veterans     Other nonprofit organization

Mailing address <b>2241 221st Avenue NE</b>	City <b>East Bethel</b>	State Zip Code <b>MN 55011</b>	County <b>Anoka</b>
--	----------------------------	-----------------------------------	------------------------

**ATTACH A COPY OF ONE OF THE FOLLOWING FOR PROOF OF NONPROFIT STATUS**

\* Do not attach a sales tax exempt status or federal ID employer number as they are not proof of nonprofit status.

Nonprofit Articles of Incorporation OR a current Certificate of Good Standing.  
 Don't have a copy? This certificate must be obtained each year from:  
 Secretary of State, Business Services Div., 180 State Office Building, St. Paul, MN 55155 Phone: 651-296-2803

Internal Revenue Service - IRS income tax exemption [501(c)] letter in your organization's name.  
 Don't have a copy? To obtain a copy of your federal income tax exempt letter, have an organization officer contact the IRS at 877-829-5500.

Internal Revenue Service - Affiliate of national, statewide, or international parent nonprofit organization (charter)  
 If your organization falls under a parent organization, attach copies of both of the following:  
 a. IRS letter showing your parent organization is a nonprofit 501(c) organization with a group ruling, and  
 b. the charter or letter from your parent organization recognizing your organization as a subordinate.

**EXCLUDED BINGO ACTIVITY**

1.  No     Yes Has your organization held a bingo event in the current calendar year?  
 If yes, list the dates when bingo was conducted \_\_\_\_\_

2. The proposed bingo event for which we are applying will be:  
 one of four or fewer bingo events held this year. Dates July 16 \_\_\_\_\_

OR

conducted up to 12 consecutive days in connection with a:  
 \_\_\_ county fair.                      Dates \_\_\_\_\_  
 \_\_\_ civic celebration.              Dates \_\_\_\_\_  
 \_\_\_ Minnesota state fair.          Dates \_\_\_\_\_

3. Person in charge of bingo event Barbara Kunshier Daytime phone 763-434-6179

4. Name of premises where bingo will be conducted East Bethel Community/Senior Center

5. Premises street address 2241 221st Avenue NE

6. City East Bethel If township, name of township \_\_\_\_\_ County Anoka

Bingo hard cards and bingo number selection devices may be borrowed from another organization authorized to conduct bingo. Otherwise, bingo hard cards, bingo paper, and bingo number selection devices must be purchased from a distributor licensed by the Gambling Control Board. To find a licensed distributor, go to [www.gcb.state.mn.us](http://www.gcb.state.mn.us) and click on List of Licensed Distributors. Or call 651-639-4000.

**Chief Executive Officer's Signature** Print form and have CEO sign

The information provided in this application is complete and accurate to the best of my knowledge.

Chief executive officer's signature Barbara Kunshier Phone number 763-434-6179

Name (please print) Barbara Kunshier Date \_\_\_\_\_

**Local Unit of Government Acknowledgment and Approval**

If the gambling premises is within city limits, the city must sign this application.

On behalf of the city, I approve this application for excluded bingo activity at the premises located within the city's jurisdiction. Print city name \_\_\_\_\_

Signature of city personnel receiving application  
Title \_\_\_\_\_ Date \_\_\_\_\_

If the gambling premises is located in a township, only the county is required to sign this application.

For the county: On behalf of the county, I approve this application for excluded bingo activity at the premises located within the county's jurisdiction. Print county name \_\_\_\_\_

Signature of county personnel receiving application  
Title \_\_\_\_\_ Date \_\_\_\_\_

For the township: On behalf of the township, I acknowledge that the organization is applying for excluded bingo activity within the township limits. (Township signature is not required) Print township name \_\_\_\_\_

A township has no statutory authority to approve or deny an application (Minn. Stat. 349.166, Subd. 2). Signature of township official acknowledging application  
Title \_\_\_\_\_ Date \_\_\_\_\_

**Mail Application and Attachment(s)**

Send the application and proof of nonprofit status to:

**Gambling Control Board**  
Suite 300 South  
1711 W. County Rd. B  
Roseville, MN 55113

Or, you may fax it to 651-639-4032.

You will receive a document from the Gambling Control Board with your excluded permit number for the gambling activity. Your organization must keep its bingo records for 3-1/2 years.

**Questions?** Contact the Gambling Control Board at 651-639-4000.

This form will be made available in alternative format (i.e. large print, Braille) upon request.

**Reset Form**

Data privacy notice: The information requested on this form (and any attachments) will be used by the Gambling Control Board (Board) to determine your organization's qualifications to be involved in lawful gambling activities in Minnesota. Your organization has the right to refuse to supply the information; however, if your organization refuses to supply this information, the Board may not be able to determine your organization's qualifications and, as a consequence, may refuse to issue a permit. If your organization supplies the information requested, the Board will be able to process your organization's application.

Your organization's name and address will be public information when received by the Board. All other information provided will be private data about your organization until the Board issues the permit. When the Board issues the permit, all information provided will become public. If the Board does not issue a permit, all information provided remains private, with the exception of your organization's name and address which will remain public.

Private data about your organization are available to: Board members, Board staff whose work requires access to the information; Minnesota's Department of Public Safety; Attorney General; Commissioners of Administration, Minnesota Management & Budget, and Revenue; Legislative Auditor, national and international gambling regulatory agencies; anyone pursuant to court order; other individuals and agencies specifically authorized by state or federal law to have access to the information; individuals and agencies for which law or legal order authorizes a new use or sharing of information after this notice was given; and anyone with your written consent.



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 7.0 A.1

\*\*\*\*\*

**Agenda Item:**

Interim Use Permit (IUP) Request for a Home Occupation by Michelle Hess

\*\*\*\*\*

**Requested Action:**

Consider an IUP for a Hair Salon in the RR – Rural Residential District

\*\*\*\*\*

**Background Information:**

Property Owner/Applicant  
Michelle Hess  
2740 Viking Blvd. NE  
East Bethel, MN 55092  
PIN 27-33-23-32-0002

The property owner/applicant is requesting an IUP for a hair salon business for the parcel located at 2740 Viking Blvd. NE. Ms. Hess currently has a salon in Ham Lake but would like to move the business to her home.

Ms. Hess plans to have the salon located in her home. Since she will be the only employee, she plans to install one (1) wash sink station. Since the property is located in the shoreland district, Ms. Hess is required to have a septic system compliance check. The system failed the compliance check. As part of the renovation process, Ms. Hess will be required to update the system prior to obtaining the required building permits needed to complete the renovation.

Mr. Sackey, Building Inspector, has suggested a filter system and a water usage meter be added to the new septic system as part of the home occupation. As part of the new septic system, a management plan of the system will be required to be submitted as part of the septic design process. Ms. Hess and staff will continue to work together in the permitting process for the new septic system and building permits required to complete the renovation.

Home occupations are a permitted use in the RR - Rural Residential District as long as the applicant can meet the requirements of the City Code and complies with the conditions of the IUP. The proposed home occupation will meet requirements of the ordinance so long as the IUP conditions are met. In the event the conditions are not being met, the IUP would be revoked.

Planning Commission held a public hearing on May 24, 2011 at which time residents had the opportunity to comment on the proposed IUP request. There were no comments from residents.

Attachments:

- 1. Site Location
- 2. Application
- 3. East Bethel City Code Appendix A, Zoning, Section 10.18, Home Occupations

\*\*\*\*\*

**Fiscal Impact:**

Not Applicable

\*\*\*\*\*

**Recommendation:**

Planning Commission recommends approval to City Council of an IUP for a hair salon for the property known as 2740 Viking Blvd. NE, East Bethel, PIN 27-33-23-32-0002 with the following conditions:

- 1. Signage must comply with East Bethel City Code, Chapter 54, which states “for home occupations, one identification sign is permitted, and the sign shall not exceed two square feet.” Signs must be placed on the business property as directional signs are not allowed.
- 2. No more than three persons, at least one of whom shall reside within the principal dwelling, shall be employed by the home occupation.
- 3. Structure must be inspected by the Fire Inspector on a yearly basis.
- 4. Business street parking shall be prohibited and business parking must be on the driveway.
- 5. State licensing requirements must be current and a copy provided to the city and prior to opening.
- 6. The Interim Use Permit shall expire at the time the property changes hands and/or any of the prescribed stipulations have been violated.
- 7. Conditions must be met and an IUP Agreement executed no later than June 30, 2011.  
Failure to comply will result in the null and void of the IUP.

\*\*\*\*\*

**City Council Action**

Motion by:\_\_\_\_\_

Second by:\_\_\_\_\_

---



---



---

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_



# CITY OF EAST BETHEL CivicSight Map

### PARCEL INFORMATION:

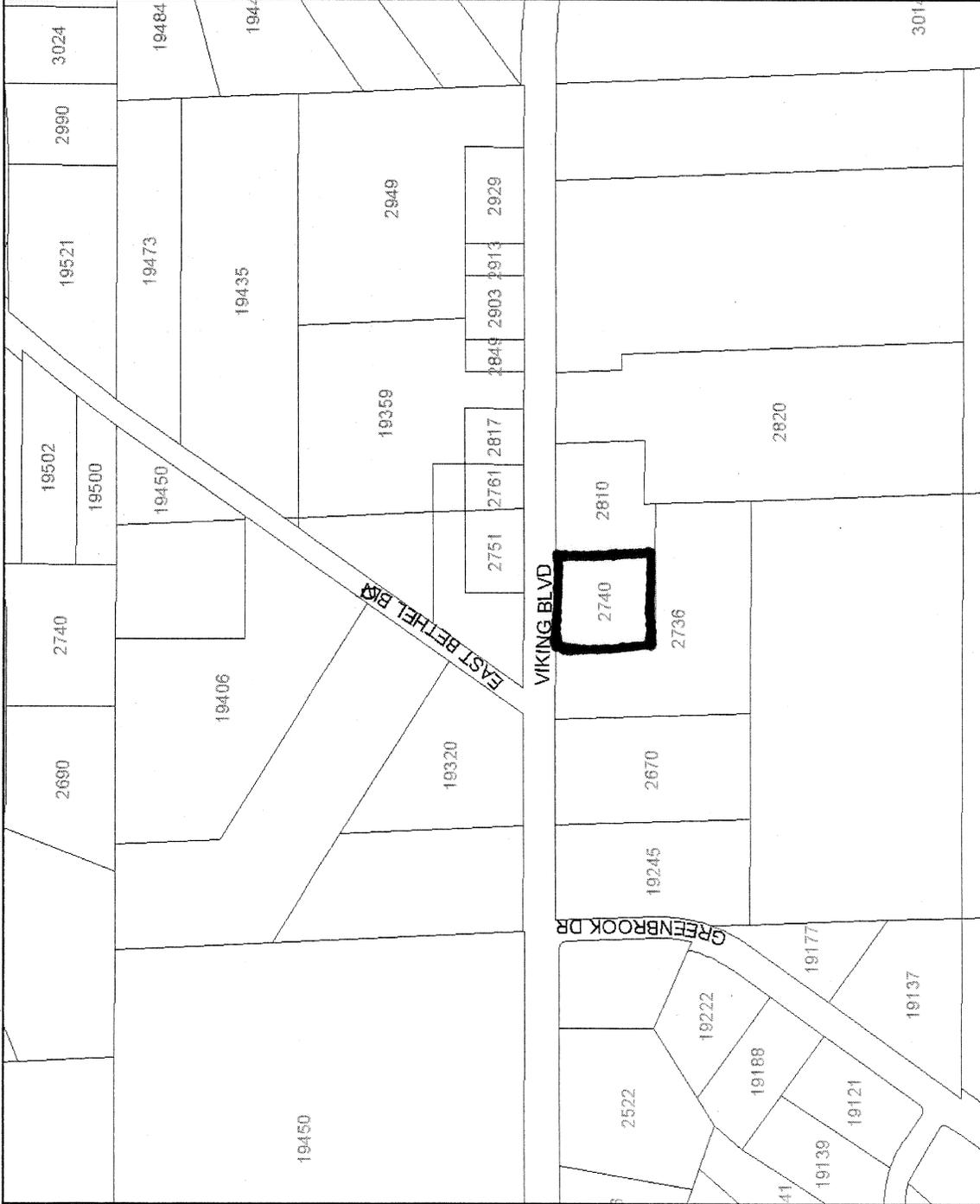
PIN - 273323320002  
 Owner Info:  
 Name 1 - HESS MICHELLE L  
 Name 2 -  
 Owner Address - 2740 VIKING BLVD NE  
 Owner CSZ - EAST BETHEL, MN 55092-0000  
 Site Address - 2740 VIKING BLVD



Map Scale: 1 inch = 515 feet  
 Map Date: 5/09/2011  
 Data Date: August 12, 2010

Sources: EAST BETHEL GIS AND ANOKA COUNTY

Disclaimer:  
 Enter Map Disclaimer Here



Reference Map



Legal Description: UNPLATTED VILLAGE OF EAST BETHEL TH PT OF THE N1/2 OF NW1/4 OF SW1/4 OF SEC 27-33-23 ANOKA CNTY MN DESC AS FOL-COM AT THE NE COR OF THE N1/2 OF NW1/4 OF SW1/4- TH N 87 DEG 43 MIN 54 SEC W ON AN ASSU MED BEARING ALONG THE N LINE OF THE N1/2 OF NW1/4 OF SW1/4 A DIST OF 150.00 FT TO THE POINT OF BEG-TH CONTINUING N 87 DEG 43 MIN 54 SEC W ALONG SD N LINE A DIST OF 298.60 FT-TH S 0 DEG 00 MIN 26 SEC E PRLL WITH THE E LINE OF THE N1/2 OF THE SW1/4 A DIST OF 365.00 FT-TH S 87 DEG 43 MIN 54 SEC E PRLL WITH THE N LINE OF THE N1/2 OF THE NW1/4 A DIST OF 298.60 FT-TH N 0 DEG 00 MIN 26 SEC E PRLL WITH THE E LINE OF SD N1/2 OF THE NW1/4 OF SW1/4 A DIST OF 365.00 FT TO THE POINT OF BEG ACCORDING TO THE PLAT THEREOF ON FILE & OF REC IN THE OFF OF THE REG OF DEEDS IN & FOR SAID ANOKA CNTY(SUBJ TO AN EASE FOR CNTY RD NO 22 OVER APPROXIMATELY THE N 50.5 FT AS CREATED BY THAT EASE DATED MARCH 21, 1964 AND FILED FOR RECORD NOV 2, 196 6 AS

DOCUMENT NO. 2009-270



# LAND USE APPLICATION

**RECEIVED** OFFICE USE ONLY  
 Date Rec'd 4/20/11  
 BY: Shang  
 Fee \$ \$150 app fee  
\$300 escrow

- Check appropriate box:  VARIANCE  CUP  IUP  FINAL PLAT  
 BUSINESS CONCEPT PLAN  PRELIMINARY PLAN  SITE PLAN REVIEW  OTHER \_\_\_\_\_

Application shall include the following items and be submitted thirty (30) days prior to scheduled meeting date.

Application is hereby made for in home Beauty shop (provide narrative below describing proposed use).

I would very much like to have my shop at my house. I have been working alone for approx 3 years now, and the overhead at my present location has become too high for me to maintain.

LOCATION: PID 27-33-23-32-0002 Legal: Lot \_\_\_\_\_ Block \_\_\_\_\_ Subdivision long legal please see attached letter

PROPERTY ADDRESS: 2740 Viking Blvd NE PRESENT ZONING: RR

**PROPERTY OWNER**

CONTACT NAME Michelle Hess PHONE 763 434-0808  
 ADDRESS 2740 Viking Blvd NE FAX N/A  
 CITY/STATE/ZIP East Bethel, MN E-MAIL Harartinc@yaho.com  
(Wyoming MA:line) 55092

**APPLICANT**

CONTACT NAME Same as above PHONE \_\_\_\_\_  
 ADDRESS \_\_\_\_\_ FAX \_\_\_\_\_  
 CITY/STATE/ZIP \_\_\_\_\_ E-MAIL \_\_\_\_\_

I fully understand that I must meet with City Staff to review all submission requirements and conditions prior to official submission, and that all of the required information must be submitted at least thirty (30) days prior to the Planning/Zoning Commission and City Council scheduled meeting dates to ensure review by City Staff.

Property Owner's Signature [Signature] Printed Name Michelle Hess Date 4/20/2011

OFFICE USE ONLY - DO NOT COMPLETE			
	Received	Approved/Denied	Notes
Community Dvlp.	<u>4/20/11</u>	_____	
Planning Commission	<u>5/24/11</u>	_____	
City Council	<u>6/15/11</u>	_____	
<u>6/19/11</u> 60 Day _____ 120 Day _____			

Attachment #2

RECEIVED

4/20/11

Bello!

BY: Shay

I would very much like to move my small business to my home. I have been working alone for approx 3 years now and due to increasing family responsibility and extremely high overhead, I simply cannot afford to maintain expenses at my present location.

This move would oblige me to leave my home, and begin to make a dent in expenses accrued while originally growing my business. I am currently not behind on any payments, the need is growing for me to make a choice, so I have listed my commercial building for sale, and would love to move my business to my home. Thank you so much! Michelle Hess

questions please call me Home 263 434-0808  
cell 612 801 7655  
work 263 413 0555

**19. - Home occupations.**

- A. No more than three persons, at least one of whom shall reside within the principal dwelling, shall be employed by the home occupation.
- B. No traffic shall be generated by any home occupation in a significantly greater volume than would normally be expected from a single-family residence.
- C. Any sign associated with the home occupation shall be in compliance with the East Bethel Sign Ordinance.
- D. The home occupation shall not generate hazardous waste unless a plan for off-site disposal of the waste is approved.
- E. A home occupation at a dwelling with an on-site sewage treatment system shall only generate normal domestic household waste unless a plan for off-site disposal of the waste is approved.
- F. The home occupation shall not constitute, create, or increase a nuisance to the criteria and standards established in this ordinance.
- G. There shall be no outdoor display or storage of goods, equipment, or materials for the home occupation.
- H. Parking needs generated by the home occupation shall be provided on-site.
- I. The area set aside for the home occupation in the principal structure shall not exceed 50 percent of the gross living area of the principal structure.
- J. No structural alterations or enlargements shall be made for the sole purpose of conducting the home occupation.
- K. There shall be no detriments to the residential character of the neighborhood due to the emission of noise, odor, smoke, dust, gas, heat, glare, vibration, electrical interference, traffic congestion, or any other nuisance resulting from the home occupation.
- L. The area set aside for the home occupation in the attached or detached accessory structures or garages shall not exceed total accessory structure space.



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 A.1

\*\*\*\*\*

**Agenda Item:**

Pay Estimate #1 for the Phase 1, Project 1 Utility Improvements

\*\*\*\*\*

**Requested Action:**

Consider approval of Pay Estimate #1

\*\*\*\*\*

**Background Information:**

Attached is a copy of Pay Estimate # 1 to S.R. Weidema for the construction of the Phase 1, Project 1 Utility Improvements. The major pay items for this pay request includes mobilization, erosion control, traffic control, bituminous removal, delivery of piling pipe and payment for pipe materials on hand and stored. The Pay Estimate includes payment for work completed to date minus a five percent retainage. We recommend partial payment of \$673,335.44. A summary of the recommended payment breakdown is as follows:

MCES	\$552,866.91
City	<u>\$120,468.53</u>
Total Payment	\$673,335.44

**Attachments:**

1. Pay Estimate #1
2. Project Cost Estimate Breakdown

\*\*\*\*\*

**Fiscal Impact:**

Staff is recommending payment of \$673,335.44 at this time. Payment for this project will be financed from the bond proceeds. Funds, as noted above, are available and appropriate for this project.

\*\*\*\*\*

**Recommendation(s):**

Staff recommends Council consider approval of Pay Estimate #1 in the amount of \$673,335.44 for the Phase 1, Project 1 Utility Improvements.

\*\*\*\*\*

**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

---

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required: \_\_\_\_\_

<b>CONTRACTOR'S PAY REQUEST</b>		<b>DISTRIBUTION:</b>
East Bethel Gravity Interceptor & Discharge & Utility Infrastructure Project		CONTRACTOR (1)
CITY OF EAST BETHEL, MN		OWNER (1)
PROJECT NO. C12.100028		ENGINEER (1)
Pay Estimate No. 1		BONDING CO. (1)
TOTAL AMOUNT BID PLUS APPROVED CHANGE ORDERS		\$11,686,468.20
TOTAL, COMPLETED WORK TO DATE		\$494,391.16
MCES STORED MATERIALS TO DATE		\$135,818.20
EAST BETHEL STORED MATERIALS TO DATE		\$78,564.78
TOTAL, STORED MATERIALS TO DATE		\$214,382.98
DEDUCTION FOR MCES STORED MATERIALS USED IN WORK COMPLETED		\$0.00
DEDUCTION FOR EAST BETHEL STORED MATERIALS USED IN WORK COMPLETED		\$0.00
TOTAL DEDUCTION FOR STORED MATERIALS USED IN WORK COMPLETED		\$0.00
TOTAL, COMPLETED MCES WORK & STORED MATERIALS		\$581,965.16
TOTAL, COMPLETED CITY WORK & STORED MATERIALS		\$126,808.98
TOTAL, COMPLETED WORK & STORED MATERIALS		\$708,774.14
MCES RETAINED PERCENTAGE ( 5%)		\$29,098.26
EAST BETHEL RETAINED PERCENTAGE (5%)		\$6,340.45
RETAINED PERCENTAGE ( 5% )		\$35,438.71
TOTAL AMOUNT OF OTHER PAYMENTS OR (DEDUCTIONS)		\$0.00
NET AMOUNT DUE TO CONTRACTOR TO DATE		\$673,335.44
TOTAL AMOUNT PAID ON PREVIOUS ESTIMATES		\$0.00
PAY CONTRACTOR AS ESTIMATE NO. 1		\$673,335.44

**Certificate for Partial Payment**

I hereby certify that, to the best of my knowledge and belief, all items quantities and prices of work and material shown on this Estimate are correct and that all work has been performed in full accordance with the terms and conditions of the Contract for this project between the Owner and the undersigned Contractor, and as amended by any authorized changes, and that the foregoing is a true and correct statement of the contract amount for the period covered by this Estimate.

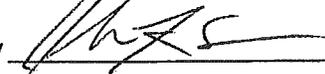
Contractor: S.R. Weidema, Inc.  
17600 113th Avenue North  
Maple Grove, MN 55369

By \_\_\_\_\_ Name Title

Date \_\_\_\_\_

**CHECKED AND APPROVED AS TO QUANTITIES AND AMOUNT:**

ENGINEER: BULLOCK & MENK, INC. 2638 SHADOW LANE SUITE 200 CHASKA MN 55313

By  \_\_\_\_\_, PROJECT ENGINEER

Date 5-25-11

**APPROVED FOR PAYMENT:**

OWNER:

By \_\_\_\_\_ Name Title Date

And \_\_\_\_\_ Name Title Date

# PROJECT COST ESTIMATE BREAKDOWN

East Bethel Gravity Interceptor & Discharge & Utility Infrastructure Project  
 CITY OF EAST BETHEL, MN  
 PROJECT NO. C12.100028

Updated:

ITEM NO.	ITEM	APPROX. QUANT.	UNIT PRICE	City		MCES		TOTAL PROJECT	
				QUANT.	COST	QUANT.	COST	QUANT.	COST
1	01500 MOBILIZATION	1 LUMP SUM	\$255,000.00	0.10	\$24,782.32	0.15	\$38,967.68	0.25	\$63,750.00
2	01350 MAINTAIN DITCH FLOW	4 EACH	\$4,200.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
3	01350 MAINTAIN CREEK FLOW	1 EACH	\$8,300.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
4	01350 UTILITY TESTING WATER	5000 KGAL	\$13.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
5	01350 PRE-CONSTRUCTION SURVEY / VIDEO TAPING	16 UNIT	\$650.00	14.00	\$9,100.00	2.00	\$1,300.00	16.00	\$10,400.00
6	01510 FIELD OFFICE	1 LUMP SUM	\$15,000.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
7	01550 TEMPORARY TRENCH RESTORATION	18250 SY	\$1.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
8	01550 TEMPORARY SWAMP ACCESS	4700 LF	\$32.30	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
9	01555 TRAFFIC BARRIERS	1 LUMP SUM	\$25,000.00	0.10	\$2,429.64	0.15	\$3,820.36	0.25	\$6,250.00
10	01555 JERSEY BARRIERS	2850 LF	\$17.75	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
11	01410 PERMIT BOND ALLOWANCE	1 ALLOWANCE	\$7,500.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
12	02220 REMOVE BITUMINOUS PAVEMENT	22660 SY	\$1.16	10,064.00	\$11,674.24	3,782.00	\$4,387.12	13,846.00	\$16,061.36
13	02220 REMOVE BITUMINOUS DRIVEWAY PAVEMENT	650 SY	\$3.85	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
14	02220 REMOVE CONCRETE DRIVEWAY PAVEMENT	2560 SF	\$0.50	516.00	\$258.00	0.00	\$0.00	516.00	\$258.00
15	02220 REMOVE CONCRETE CURB & GUTTER	1440 LF	\$2.15	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
16	02220 REMOVE STORM SEWER - 18" RCP	100 LF	\$8.50	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
17	02220 REMOVE STORM SEWER - 21" RCP	25 LF	\$8.60	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
18	02220 REMOVE STORM SEWER - 48" RCP	55 LF	\$11.35	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
19	02220 REMOVE CULVERT - 48" CMP	40 LF	\$10.15	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
20	02220 REMOVE STORM SEWER STRUCTURE	4 EACH	\$360.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
21	02218 SALVAGE AND REINSTALL STORM SEWER - 12" PVC	20 LF	\$28.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
22	02219 SALVAGE AND REINSTALL STORM SEWER - 18" RCP	20 LF	\$28.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
23	02220 SALVAGE AND REINSTALL STORM SEWER - 36" RCP	75 LF	\$29.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
24	02220 SALVAGE AND REINSTALL STORM SEWER - 48" RCP	45 LF	\$36.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
25	02220 SALVAGE AND REINSTALL THEATER MARQUEE	1 EACH	\$48,500.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
26	02220 SALVAGE AND REINSTALL LANDSCAPING	1 ALLOWANCE	\$35,000.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
27	02220 PRIVATE UTILITY REMOVAL, RELOCATION, TEMP SUPPORT	1 ALLOWANCE	\$225,000.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
28	02230 CLEARING & GRUBBING	190 EACH	\$68.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
29	02955 REPAIR EXISTING DRAIN TILE	1.9 ACRE	\$2,700.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
30	02960 2" FEATHER MILL	300 LF	\$13.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
31	02960 2" FEATHER MILL	910 SY	\$4.50	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
32	02530 48" DIAMETER MANHOLE	602 LF	\$371.25	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
33	02530 60" DIAMETER MANHOLE	137 LF	\$605.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
34	02530 72" DIAMETER MANHOLE	8 LF	\$600.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
35	02530 84" DIAMETER MANHOLE	64 LF	\$1,535.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
36	02530 96" DIAMETER MANHOLE	8 LF	\$2,365.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
37	02530 108" DIAMETER MANHOLE	10 LF	\$2,370.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
38	02530 120" DIAMETER MANHOLE	20 LF	\$2,500.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
39	02530 48" DIAMETER MANHOLE BOUYANCY COLLAR	22 EACH	\$436.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
40	02530 60" DIAMETER MANHOLE BOUYANCY COLLAR	9 EACH	\$1,235.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
41	02530 72" DIAMETER MANHOLE BOUYANCY COLLAR	1 EACH	\$1,520.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
42	02530 8" OUTSIDE DROP	17.82 LF	\$220.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
43	02530 8" PVC SDR 35 SEWER PIPE (10-15 FEET)	1130 LF	\$38.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
44	02530 8" PVC SDR 35 SEWER PIPE (15-20 FEET)	100 LF	\$38.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00

45	02530 8" PVC SDR 26 SEWER PIPE (10-15 FEET)	260 LF	\$50.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
46	02530 8" PVC SDR 26 SEWER PIPE (15-20 FEET)	1985 LF	\$50.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
47	02530 8" PVC SDR 26 SEWER PIPE (20-25 FEET)	835 LF	\$50.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
48	02530 10" PVC SDR 26 SEWER PIPE (15-20 FEET)	20 LF	\$55.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
49	02530 12" PVC SDR 26 SEWER PIPE (0-10 FEET)	65 LF	\$58.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
50	02530 12" PVC SDR 26 SEWER PIPE (15-20 FEET)	610 LF	\$58.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
51	02530 15" PVC SDR 35 SEWER PIPE (10-15 FEET)	945 LF	\$58.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
52	02530 15" PVC SDR 35 SEWER PIPE (15-20 FEET)	405 LF	\$58.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
53	02530 15" PVC SDR 26 SEWER PIPE (10-15 FEET)	85 LF	\$58.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
54	02530 15" PVC SDR 26 SEWER PIPE (15-20 FEET)	65 LF	\$58.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
55	02530 15" PVC SDR 26 SEWER PIPE (20-25 FEET)	17 LF	\$58.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
56	02530 24" PVC PS 46/ CCFRPM SN 46 (10-15 FEET)	560 LF	\$75.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
57	02530 24" PVC PS 115/ CCFRPM SN 72 (10-15 FEET)	2420 LF	\$85.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
58	02530 24" PVC PS 115/ CCFRPM SN 72 (15-20 FEET)	1035 LF	\$85.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
59	02530 24" PVC PS 115/ CCFRPM SN 100 (20-25 FEET)	10 LF	\$90.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
60	02530 24" PVC PS 115/ CCFRPM SN 100 (25-30 FEET)	25 LF	\$90.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
61	02530 24" PVC PS 115/ CCFRPM SN 100 (30-35 FEET)	28 LF	\$90.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
62	02530 36" PVC PS 115/ CCFRPM SN 72 (15-20 FEET)	44 LF	\$185.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
63	02530 42" PVC PS 46/ CCFRPM SN 46 (15-20 FEET)	566 LF	\$210.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
64	02530 42" PVC PS 46/ CCFRPM SN 46 (20-25 FEET)	320 LF	\$200.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
65	02530 42" PVC PS 115/ CCFRPM SN 72 (15-20 FEET)	502 LF	\$205.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
66	02530 42" PVC PS 115/ CCFRPM SN 72 (20-25 FEET)	295 LF	\$205.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
67	02530 42" PVC PS 115/ CCFRPM SN 72 (25-30 FEET)	855 LF	\$205.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
68	02530 42" PVC PS 115/ CCFRPM SN 72 (30-35 FEET)	155 LF	\$205.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
69	02530 42" PVC PS 115/ CCFRPM SN 100 (30-35 FEET)	466 LF	\$225.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
70	02530 48" PVC PS 115/ CCFRPM SN 72 (30-35 FEET)	25 LF	\$225.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
71	02530 60" PVC PS 115/ CCFRPM SN 72 (30-35 FEET)	1192 LF	\$500.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
72	02445 GRAVITY SEWER BORING - 12" CARRIER PIPE	95 LF	\$218.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
73	02445 GRAVITY SEWER BORING - 15" CARRIER PIPE	95 LF	\$325.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
74	02445 GRAVITY SEWER BORING - 24" CARRIER PIPE	290 LF	\$455.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
75	02445 GRAVITY SEWER BORING - 36" CARRIER PIPE	355 LF	\$775.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
76	02445 GRAVITY SEWER BORING - 42" CARRIER PIPE	325 LF	\$830.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
77	02445 SET UP BORING PIT (10-15 FEET)	2 EACH	\$14,350.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
78	02445 SET UP BORING PIT (20-25 FEET)	1 EACH	\$22,000.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
79	02445 SET UP BORING PIT (25-30 FEET)	1 EACH	\$33,600.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
80	02445 SET UP BORING PIT (30-35 FEET)	1 EACH	\$40,000.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
81	02530 6" PVC SDR 26 SERVICE RISER	730 LF	\$19.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
82	02530 8" X 6" PVC SDR 26 SERVICE RISER	105 LF	\$13.30	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
83	02530 8" X 6" PVC SDR 26 WYE	17 EACH	\$145.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
84	02240 DEWATERING (0-10 FEET)	800 LF	\$35.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
85	02240 DEWATERING (10-15 FEET)	5300 LF	\$45.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
86	02240 DEWATERING (15-20 FEET)	4600 LF	\$50.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
87	02240 DEWATERING (20-25 FEET)	1950 LF	\$65.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
88	02240 DEWATERING (25-30 FEET)	1010 LF	\$65.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
89	02240 DEWATERING (30-35 FEET)	2010 LF	\$70.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
90	02530 PIPE SUBGRADE EXCAVATION (EV) - TYPE A BEDDING	850 CY	\$7.35	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
91	02530 PIPE SUBGRADE EXCAVATION (EV) - TYPE B1 BEDDING	7700 CY	\$8.60	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
92	02530 PIPE SUBGRADE EXCAVATION (EV) - TYPE B2 BEDDING	1400 CY	\$10.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
93	02530 AGGREGATE BEDDING - TYPE A BEDDING	2000 TON	\$24.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
94	02530 AGGREGATE BEDDING - TYPE B1 BEDDING	18000 TON	\$28.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
95	02530 AGGREGATE BEDDING - TYPE B2 BEDDING	3300 TON	\$29.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
96	20341 GEOTEXTILE FABRIC - TYPE B1 BEDDING	16000 SY	\$1.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
97	02341 GEOTEXTILE FABRIC - TYPE B2 BEDDING	1950 SY	\$1.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
98	02530 EXPLORATION EXCAVATIONS	20 EACH	\$7,300.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00



153	02510 16" BUTTERFLY VALVE	12 EACH	\$3,000.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
154	02510 24" BUTTERFLY VALVE	8 EACH	\$5,660.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
155	02510 HYDRANT	21 EACH	\$3,320.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
156	02510 HYDRANT EXTENSION	11 LF	\$500.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
157	02510 VALVE BOX EXTENSION	11 LF	\$75.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
158	02510 VALVE BOX EXTENSION	74 EACH	\$250.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
159	02510 GATE VALVE MARKER SIGN	15 EACH	\$60.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
160	02510 WATERMAIN FITTINGS	16500 POUND	\$9.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
161	02510 4" INSULATION	1500 SF	\$3.70	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
162	02510 HYDRANT & VALVE SUPPORT & FITTING BLOCKING IN POOR	180 LF	\$41.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
163	02320 TRENCH CONSOLIDATION REPLACEMENT MATERIAL	60000 TON	\$4.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
164	02330 COMMON EXCAVATION (P)	7000 CY	\$6.35	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
165	02330 SUBGRADE EXCAVATION (EV)	400 CY	\$9.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
166	02330 SUBGRADE EXCAVATION REPLACEMENT MATERIAL	800 TON	\$6.25	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
167	02335 SUBGRADE PREPARATION	24370 SY	\$0.70	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
168	02720 AGGREGATE BASE CLASS 5 - STREETS & PARKING LOT	8750 TON	\$12.50	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
169	02720 AGGREGATE BASE CLASS 5 - DRIVEWAYS	275 TON	\$16.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
170	02730 AGGREGATE SURFACE CLASS 5 - DRIVEWAY	60 TON	\$16.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
171	02740 2" TYPE LV3 NON WEARING COURSE MIXTURE B - STREETS	2180 TON	\$55.80	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
172	02740 2" TYPE LV3 NON WEARING COURSE MIXTURE B - P LOT	520 TON	\$56.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
173	02740 2" TYPE LV4 WEARING COURSE MIXTURE B - STREETS	21250 SY	\$6.80	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
174	02740 1 1/2" TYPE LV4 WEARING COURSE MIXTURE B - P LOT	4450 SY	\$5.30	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
175	02740 2" TYPE LV4 WEARING COURSE MIXTURE B - DRIVEWAY	640 SY	\$14.50	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
176	02740 2" OVERLAY	2380 SY	\$7.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
177	02740 BITUMINOUS TRAIL	10 SY	\$188.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
178	02740 BITUMINOUS PATCH	200 SY	\$52.50	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
179	02740 BITUMINOUS CURB	7520 LF	\$1.65	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
180	02770 6" CONCRETE DRIVEWAY	1620 SF	\$5.20	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
181	02770 B612 CONCRETE CURB AND GUTTER	600 LF	\$16.50	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
182	02770 B618 CONCRETE CURB AND GUTTER	950 LF	\$12.50	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
183	02770 CONCRETE VALLEY GUTTER	120 LF	\$30.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
184	02760 4" WHITE STRIPE - PAINT - TEMPORARY	3250 LF	\$0.35	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
185	02760 4" WHITE STRIPE - PAINT - PERMANENT	3250 LF	\$0.35	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
186	02610 48" RCP CL III CULVERT	37 LF	\$118.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
187	02610 48" RCP CL III CULVERT FLARED END	2 EACH	\$6,525.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
188	02630 STORM SEWER STRUCTURE DESIGN H	14 LF	\$225.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
189	02630 72" STORM SEWER STRUCTURE	12 LF	\$560.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
190	02630 18" RCP CL V STORM SEWER	88 LF	\$34.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
191	02630 21" RCP CL V STORM SEWER	21 LF	\$39.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
192	02630 48" RCP CL III STORM SEWER	50 LF	\$113.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
193	02630 18" RCP CL V STORM SEWER FLARED END	1 EACH	\$805.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
194	02630 21" RCP CL V STORM SEWER FLARED END	1 EACH	\$900.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
195	02630 48" RCP CL III STORM SEWER FLARED END	2 EACH	\$1,800.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
196	02630 CATCH BASIN CASTING ASSEMBLY	10 EACH	\$662.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
197	02705 ADJUST CASTING	10 EACH	\$300.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
198	02377 RIPRAP CLASS III	105 CY	\$100.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
199	02370 SILT FENCE	16500 LF	\$1.80	323.33	\$682.00	3,190.67	\$5,743.20	3,514.00	\$6,325.20	\$0.00
200	02370 BIOROLL DITCH CHECK	1150 LF	\$2.75	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
201	02370 SILT CURTAIN	900 LF	\$13.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
202	02370 INLET PROTECTION	15 EACH	\$205.00	3.33	\$683.33	2.67	\$546.67	6.00	\$1,230.00	\$0.00
203	02370 ROCK CONSTRUCTION ENTRANCE	6 EACH	\$1,100.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
204	02370 CABLE CONCRETE	4900 SF	\$9.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
205	02920 EROSION CONTROL BLANKET CAT 3	550 SY	\$1.25	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00
206	02920 SEED AND MULCH - SEED MIX 240	14.9 ACRE	\$550.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	\$0.00

207	02920 SEED AND MULCH - SEED MIX 260	2.4 ACRE	\$640.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
208	02920 WETLAND SEED - SEED MIX 325	28.9 ACRE	\$1,775.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
209	02920 SOD FARM SEED	3.8 ACRE	\$700.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
210	02920 SOD	9050 SY	\$2.50	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
211	02310 TOPSOIL BORROW	1425 TON	\$13.75	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
212	02930 2" B&B RIVER BIRCH	38 EACH	\$250.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
213	02930 2" B&BSWAMP WHITE OAK	37 EACH	\$240.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
214	02930 #5 CONTAINER RED OSIER DOGWOOD	37 EACH	\$40.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
215	02930 #5 CONTAINER AMERICAN CRANBERRY BUSH	37 EACH	\$45.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
216	02530 GRAVITY SEWER PILING (9 5/8") DRIVEN - TYPE C BEDDING	0 LF	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
217	02530 GRAVITY SEWER PILING (9 5/8") DELIVERED - TYPE C BEDDI	0 LF	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
218	02530 GRAVITY SEWER PILING CONCRETE- PILE CAP, GRADE BEA	0 CY	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
219	02530 GRAVITY SEWER PILING STEEL- PILE CAP, GRADE BEAM, MI	0 POUND	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
220	02531 TEST PILE (9 5/8")	0 LF	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
221	02530 GRAVITY SEWER PILING (12 3/4") DRIVEN - TYPE C BEDDING	9860 LF	\$39.02	0.00	\$0.00	10,060.00	\$397,671.80	0.00	\$0.00	0.00	\$0.00
222	02530 GRAVITY SEWER PILING (12 3/4") DELIVERED - TYPE C BEDC	10060 LF	\$39.53	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
223	02530 GRAVITY SEWER PILING CONCRETE- PILE CAP, GRADE BEA	1185 CY	\$496.92	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
224	02530 GRAVITY SEWER PILING STEEL- PILE CAP, GRADE BEAM, MI	150255 POUND	\$1.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
225	02531 TEST PILE (12 3/4")	200 LF	\$132.60	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
226	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
227	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
228	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
229	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
230	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
231	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
232	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
233	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
234	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
235	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
236	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
237	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
238	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
239	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
240	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
241	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
242	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
243	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
244	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
245	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
246	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
247	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
248	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
249	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
250	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
251	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
252	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
253	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
254	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
255	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
256	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
257	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
258	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
259	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
260	0	0 0	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00

261	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
262	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
263	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
264	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
265	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
266	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
267	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
268	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
269	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
270	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
271	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
272	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
273	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
274	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
275	0	0	0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00	0.00	\$0.00
					\$48,244.20		\$446,146.96		\$494,391.16		





# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 C. 1

\*\*\*\*\*

**Agenda Item:**

Resolution 2011-17 Accepting Annual Financial Statements and Auditor's Annual Report

\*\*\*\*\*

**Requested Action:**

Consider adopting Resolution 2011-17 Accepting the 2010 Annual Financial Report and Annual Auditor's Report

\*\*\*\*\*

**Background Information:**

The 2010 Annual Financial Report (AFR) has been prepared, audited and is presented for your review and approval.

Resolution 2011-17 formally accepts and adopts the 2010 Annual Financial Report and directs the submission of the Annual Financial Report to the State Auditor.

\*\*\*\*\*

**Fiscal Impact:**

None

\*\*\*\*\*

**Recommendation(s):**

Staff recommends adoption of Resolution 2011-17 Accepting the 2010 Annual Financial Report for operations and activities of the City of East Bethel for fiscal year 2010 and direction to submit the report to the state Auditor.

\*\*\*\*\*

**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

---

---

---

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required: \_\_\_\_\_

**CITY OF EAST BETHEL  
EAST BETHEL, MINNESOTA**

**RESOLUTION NO. 2011-17**

**RESOLUTION ACCEPTING AND ADOPTING THE 2010 CITY OF EAST  
BETHEL ANNUAL FINANCIAL REPORT (AFR)**

**WHEREAS**, City staff has prepared the 2010 Annual Financial Report of the City; and

**WHEREAS**, the City's auditing firm, HLB Tautges Redpath, Ltd., has completed its review of the financial report; and

**WHEREAS**, the audit opinion finds that the financial report presents fairly, in all material respects, the financial position of the City as of December 31, 2010.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF EAST BETHEL, MINNESOTA THAT:** the City Council hereby accepts and adopts the 2010 Annual Financial Report and directs its submission to the State Auditor.

Adopted this 1<sup>st</sup> day of June, 2011 by the City Council of the City of East Bethel.

CITY OF EAST BETHEL

---

Richard Lawrence, Mayor

ATTEST:

---

Jack Davis, Interim City Administrator



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 D.1

\*\*\*\*\*

**Agenda Item:**

Class V Bid Award

\*\*\*\*\*

**Requested Action:**

Consider awarding a contract for Class V and millings surfacing material.

\*\*\*\*\*

**Background Information:**

At their March 8, 2011 meeting, the Roads Commission recommended approving Jewell, Kissel and Edison Streets for Class V resurfacing projects, adding London Street as the next priority if budget funds are available for Class V work and .repairing sections of Klondike Drive with asphalt millings. These projects are consistent with the street maintenance plan for resurfacing unpaved City streets.

Bids were solicited by advertising in the Anoka Union and the Upper Midwest Civil Construction Bulletin. Bids were received and opened for this project on May 19, 2011. The bids were based on an estimated application of up to 1,900 tons of Class V material for Jewell, Kissel and Edison Streets and up to 600 tons of millings for Klondike Drive. Five companies requested bid packets and three firms bid the project.

Based on the estimated 2,500 tons, the low bid for this material was \$30,576 plus sales tax of \$2,102.10 from Bjorkland Trucking. Bjorkland Trucking has been the supplier of this material for the past five years.

There is \$35,000 in the 2011 street maintenance budget for these projects. The bid cost for this project is for material and delivery. The City conducts the grading, compaction and finishing of this material.

\*\*\*\*\*

**Attachments**

Location Map

Bid List

\*\*\*\*\*

**Fiscal Impact:**

As noted above. Funds for this project were approved in the 2011 Street Maintenance Budget.

\*\*\*\*\*

**Recommendation(s):**

Staff recommends awarding the 2011 Class V/millings contract to Bjorkland Trucking for a not to exceed of \$35,000 including delivery.

\*\*\*\*\*

**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

---

---

---

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

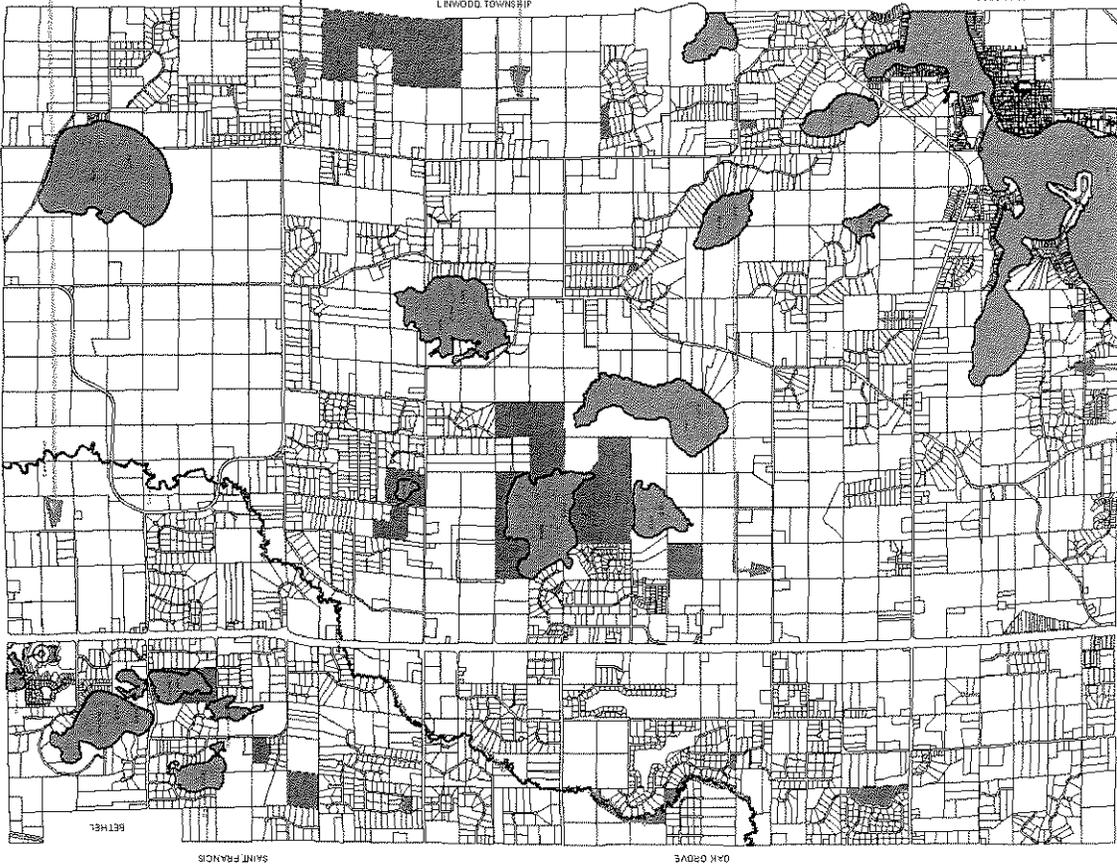
No Action Required: \_\_\_\_\_



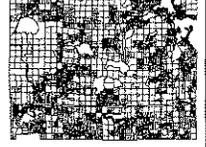
MAP LEGEND:

- WATER
- PARKS
- PARCELS

2011  
CLASS V  
PROJECTS



Reference Map



Map Scale: 1 inch = 7213 feet  
Map Date: 3/31/2011  
Data Date: August 12, 2010

Sources: EAST BETHEL GIS AND ANOKA COUNTY  
Disclaimer:  
Enter Map Disclaimer Here

**BIDDER'S LIST**  
**City of East Bethel**  
**2011 Class V Project**  
**5/19/2011**

Contractor	Unit Price Modified Class V per ton	Unit Price Asphalt Millings per ton	Total Bid Amount	Workers Comp & General Liability Insurance	Addendum Signed/Included
<input checked="" type="checkbox"/> Bjorklund Trucking	9.84	19.80	\$30,576	X	X
<input checked="" type="checkbox"/> Dressel Contractors	11.84	22.15	\$35,788	X	X
<input checked="" type="checkbox"/> Forest Lake Contracting	18.35	20.00	\$46,865	X	X
Knife River Contractors					
Plaisted Companies					

Received and Opened by:

  
 Jack Davis, Interim City Administrator



April 29, 2011

**PLANS AND SPECIFICATIONS FOR HIGH BINDER MODIFIED CLASS 5 and ASPHALT MILLINGS**

The City of East Bethel plans to resurface the following streets:

Jewell Street	Est. tons	1,100 Class V
Kissel Street	Est. tons	500 Class V
Edison Street	Est. tons	300 Class V
Klondike Drive	Est. tons	600 tons of asphalt millings

All cost for loading, weighing, trucking, or any other incidental cost shall be included in the price per ton of Class 5 Modified and the asphalt millings.

The City shall give a minimum of 48 hours notice to the successful bidder as to the delivery time, date, and location of the delivery of class 5. The city will attempt to give the successful bidder as much notice of cancellation of delivery as possible due to inclement weather conditions.

SCOPE OF WORK: It is the City of East Bethel's intent to start on these projects by July 1, 2011. It is also the City's intention to complete all Class 5 projects by September 15, 2011.

The City plans to work with the successful bidder in a spirit of cooperation as to the phasing and scheduling of these Class 5 projects. The City reserves the right to reject all bids or to award the contract in the best interest of the city.

Modified Class V shall meet all MnDOT specifications and shall be 1" (-)  
Asphalt millings shall be 1" or less

UNIT PRICE Modified Class V \$ 984 /ton

UNIT PRICE Asphalt Millings \$ 1980 /ton

TOTAL BID AMOUNT( Class V and Asphalt Millings) \$ 30576<sup>00</sup>

The City of East Bethel reserves the right to select or reject either of the above bids.

Bidder Bjorklund Companies Date 5/19/2011  
Address 27072 Polk St. ISANTI, MN 55040  
Phone 763 444 9301  
Signature [Signature] GENERAL MANAGER



# CERTIFICATE OF LIABILITY INSURANCE

OP ID: KT

DATE (MM/DD/YYYY)

05/18/11

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER <b>Landmark Insurance Services</b> 232 Lake Street South Forest Lake, MN 55025 Jim Tipping		651-464-3333  651-464-7596	CONTACT NAME: <b>Kate Tipping</b> PHONE (A/C No, Ext): <b>651-332-7920</b> FAX (A/C, No): <b>651-464-7596</b> E-MAIL ADDRESS: <b>ktipping@landmark-ins.com</b> PRODUCER CUSTOMER ID #: <b>BJORK-2</b>
INSURED <b>Bjorklund Companies LLC</b> 27072 Poik St NE Isanti, MN 55040-5250		INSURER(S) AFFORDING COVERAGE INSURER A: <b>Owners Insurance Company</b> NAIC # <b>32700</b> INSURER B: <b>Auto-Owners Insurance Co.</b> NAIC # <b>18988</b> INSURER C: INSURER D: INSURER E: INSURER F:	

**COVERAGES**

CERTIFICATE NUMBER:

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> GENERAL LIABILITY <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR		08547855	11/01/10	11/01/11	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 50,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 1,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					
B	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS		9540306500	11/01/10	11/01/11	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> DEDUCTIBLE \$ 10,000 <input checked="" type="checkbox"/> RETENTION \$ 10,000	<input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE		9540306501	11/01/10	11/01/11
A	<input checked="" type="checkbox"/> WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) if yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/>	08552900	11/01/10	11/01/11	WC STATUTORY LIMITS OTHER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

**CERTIFICATE HOLDER****CANCELLATION**

EBETHE1  City of East Bethel 2241 221st Ave NE East Bethel, MN 55011	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE <i>Katherine R. Tipping</i>
--	--

© 1988-2009 ACORD CORPORATION. All rights reserved.



April 27, 2011

To: Prospective Bidders for East Bethel Class V Project

From: Jack Davis

Subject: Specification Addendum

The specification for the modified Class V is the binder on the 200 sieve should be in the 12-14% range for the modified class V gravel. All other Class V specs shall meet MnDOT specifications.

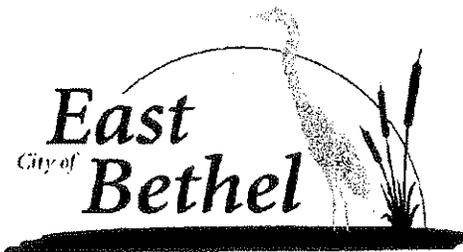
This bid will be awarded based on the lowest total of both the class V and the ~~lime rock~~ *Asphalt*.

Call me at 763-367-7876 if you have any questions.

Please sign and include this form with your bid. Your bid will not be accepted without this signed addendum.

  
\_\_\_\_\_

5/19/2011  
Date



April 29, 2011

**PLANS AND SPECIFICATIONS FOR HIGH BINDER MODIFIED CLASS 5 and ASPHALT MILLINGS**

The City of East Bethel plans to resurface the following streets:

Jewell Street	Est. tons	1,100 Class V
Kissel Street	Est. tons	500 Class V
Edison Street	Est. tons	300 Class V
Klondike Drive	Est. tons	600 tons of asphalt millings

All cost for loading, weighing, trucking, or any other incidental cost shall be included in the price per ton of Class 5 Modified and the asphalt millings.

The City shall give a minimum of 48 hours notice to the successful bidder as to the delivery time, date, and location of the delivery of class 5. The city will attempt to give the successful bidder as much notice of cancellation of delivery as possible due to inclement weather conditions.

SCOPE OF WORK: It is the City of East Bethel's intent to start on these projects by July 1, 2011. It is also the City's intention to complete all Class 5 projects by September 15, 2011.

The City plans to work with the successful bidder in a spirit of cooperation as to the phasing and scheduling of these Class 5 projects. The City reserves the right to reject all bids or to award the contract in the best interest of the city.

Modified Class V shall meet all MnDOT specifications and shall be 1" (-)

Asphalt millings shall be 1" or less 11.84 JD

UNIT PRICE Modified Class V \$ ~~10.00~~ /ton

UNIT PRICE Asphalt Millings \$ 22.15 /ton

TOTAL BID AMOUNT( Class V and Asphalt Millings) \$ 35,788

The City of East Bethel reserves the right to select or reject either of the above bids.

Bidder Dresel Contracting Date 5/19/2011  
 Address 24044 July Ave Chicago City MN, 55013  
 Phone 651-257-9469  
 Signature [Handwritten Signature]



April 29, 2011

**PLANS AND SPECIFICATIONS FOR HIGH BINDER MODIFIED CLASS 5 and ASPHALT MILLINGS**

The City of East Bethel plans to resurface the following streets:

Jewell Street	Est. tons	1,100 Class V
Kissel Street	Est. tons	500 Class V
Edison Street	Est. tons	300 Class V
Klondike Drive	Est. tons	600 tons of asphalt millings

All cost for loading, weighing, trucking, or any other incidental cost shall be included in the price per ton of Class 5 Modified and the asphalt millings.

The City shall give a minimum of 48 hours notice to the successful bidder as to the delivery time, date, and location of the delivery of class 5. The city will attempt to give the successful bidder as much notice of cancellation of delivery as possible due to inclement weather conditions.

SCOPE OF WORK: It is the City of East Bethel's intent to start on these projects by July 1, 2011. It is also the City's intention to complete all Class 5 projects by September 15, 2011.

The City plans to work with the successful bidder in a spirit of cooperation as to the phasing and scheduling of these Class 5 projects. The City reserves the right to reject all bids or to award the contract in the best interest of the city.

Modified Class V shall meet all MnDOT specifications and shall be 1" (-)  
Asphalt millings shall be 1" or less

UNIT PRICE Modified Class V \$ 18.35 /ton

UNIT PRICE Asphalt Millings \$ 20.00 /ton

TOTAL BID AMOUNT( Class V and Asphalt Millings) \$ 46,865.00

The City of East Bethel reserves the right to select or reject either of the above bids.

Bidder FOREST LAKE CONTRACTING, INC. Date 05-19-2011  
 Address 14777 LAKE DRIVE NE, FOREST LAKE, MN 55025  
 Phone (651) 464-4509  
 Signature Daniel R. Vollhaber  
DANIEL R. VOLLMER, PRESIDENT



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 G.1

\*\*\*\*\*

**Agenda Item:**

Employment Contract

\*\*\*\*\*

**Requested Action:**

Consider approving the City Administrator Employment Contract

\*\*\*\*\*

**Background Information**

As part of the motion that approved my hiring as the City Administrator on May 4, 2010 was the approval of an employment agreement that would be satisfactory to both the City and the Administrator. Attached is the agreement for your review.

The City Administrator Employment Agreement has been reviewed by the City Attorney and his comments have been incorporated into the document.

**Attachment(s):**

Employment Agreement

\*\*\*\*\*

**Fiscal Impact:**

The salary in this agreement is \$21,588 less than the budget amount approved for this position for 2011 and does not include an additional \$4,500 in deferred compensation that was included in the 2011 budget for this category. The overall impact of this agreement for the City Administration budget is a reduction of \$26,080, not including any of the reduced fringe benefit costs associated with the salary.

\*\*\*\*\*

**Recommendation(s):**

\*\*\*\*\*

**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

---

---

---

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, made and entered into this \_\_\_ day of \_\_\_\_\_, 2011, by and between the City of East Bethel, State of Minnesota, a municipal corporation, hereinafter referred to as "the City", and Charles L. "Jack" Davis, hereinafter referred to as "Employee."

WHEREAS, the City desires to employ the services of Charles L. "Jack" Davis as City Administrator of the City as provided by the laws of the State of Minnesota and relevant to ordinances of the City of East Bethel; and,

WHEREAS, Employee desires to accept employment as the City Administrator of the City; and;

WHEREAS, it is the desire of the City to provide certain benefits establish certain conditions of employment, and to set working conditions of Employee; and,

WHEREAS, it is the desire of the City to (1) secure and retain the services of the Employee and to provide inducement for Employee to remain in such employment; (2) to make possible full work productivity by assuring Employee's morale; and peace of mind with respect to future security; (3) to act as a deterrent against malfeasance or dishonesty for personal gain on the part of the Employee; and (4) to provide a just means for terminating Employee's services at such time as Employee may be unable to fully discharge Employee's duties due or disability or when the City may desire to otherwise terminate Employee's employment.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree as follows:

### SECTION 1: DUTIES

1.1.1 The City hereby agrees to employ Charles L. "Jack" Davis as City Administrator of said City to perform the function and duties specified in the City Administrator's job description, and to perform duties specified under the ordinances of the City of East Bethel and the laws of the State of Minnesota and, such other legally permissible and proper duties and functions as the City Council shall from time-to-time assign.

1.2 **Hours of Employment.** It is recognized that the duties of Employee's position require Employee to devote a great deal of time outside normal business hours, and for that reason Employee may take compensatory time off during normal business hours, consistent with performing Employee's duties as City Administrator.

### SECTION 2: TERM, DISCHARGE, TERMINATION AND RESIGNATION

#### 2.1 Term

This AGREEMENT shall commence on June 1<sup>st</sup>, 2011 and continuing thereafter until December 31, 2012 or until otherwise terminated pursuant to the provisions of this contract. This contract shall automatically renew for an additional 2-year period unless either party provides written notice to the other on or before July 1, 2012 of intent not to renew this contract, in which case this

contract shall terminate as of December 31, 2012. Employee agrees to remain in the exclusive employ of the City until this contract is terminated.

## 2.2 Discharge.

Nothing in this EMPLOYMENT AGREEMENT shall prevent, limit, or otherwise interfere with the right of the City to terminate the services of the Employee (discharge) at any time, subject only to the provisions set forth in Section 2.5 paragraph b and c. of this EMPLOYMENT AGREEMENT. Paragraph 2.3 and 2.4 of this Section shall not be in force if the Employee is found to be unable to discharge assigned duties due to any type of disability or inability to perform up to normal standards of City management as determined by an impartial Board of three members agreed upon by the Employee and the City. If Employee and the City cannot agree on an impartial Board of three members, the matter will be submitted to binding arbitration by a single arbitrator assigned by the American Arbitration Association.

## 2.3 Resignation.

The Employee agrees to remain in employment with the City for a period of thirty-nine (19) months from the date hereof. Employee agrees during this time not to seek or accept other offers for employment elsewhere excepting that the employee may seek or solicit other offers of employment within the last 365 days of the term of this contract. Prior to termination of the employment with the City the Employee agrees to assist the City in the necessary search for his replacement making recommendations on same to the City. If the Employee voluntarily resigns his position prior to the scheduled termination of this contract, the severance contained in paragraph 2.5 of this EMPLOYMENT AGREEMENT shall not apply and excepting accrued benefits, no further payments shall be paid to Employee.

For the purposes of this agreement, the Employee shall not be determined to have defaulted or otherwise violated this agreement for accepting or seeking other offers of employment if any one of the following occur:

- a. The Employee receives an adverse annual performance review;
- b. The Employee receives any form of employee sanction or discipline related to the performance of his duties; and,
- c. If the City, at any time, reduces the salary or other financial benefits of the Employee in a greater percentage than in an across the board reduction for all City management employees;
- d. If the Employee receives the suggestion, whether formal or informal, made by 3 of the 5 members of the City Council that he resign or look for work elsewhere;
- e. If the City refuses, following written notice, to comply with the other provisions of this agreement benefiting or affecting the Employee;
- f. If the City formally casts a no confidence vote by 3/5 vote.

## 2.4 Termination for Cause.

Nothing in this EMPLOYMENT AGREEMENT shall prevent, limit, or otherwise interfere with the right of the City to terminate the Employee for cause. Termination for cause may occur during the term of this EMPLOYMENT AGREEMENT because of: nonperformance of the terms of this agreement; a conviction of the Employee of a crime constituting a felony or gross misdemeanor; or, an act or actions of discrimination or harassment occurring within the work place as determined by a court of competent jurisdiction or by a neutral fact finder appointed by the city to investigate and report on any such allegation(s). In the event of termination for cause, the City shall have no obligation to pay any further payments otherwise due under the terms of the EMPLOYMENT AGREEMENT or severance pay as provided for herein. Termination for cause may not be a result of any reorganization by the City that eliminates the position of City Administrator.

## 2.5 Terminations and Severance Pay

The Employee may, at his option, be deemed to be "terminated without cause" within the meaning of this agreement upon the occurrence of any of the following:

- a. If the City, at any time, reduces the salary or other financial benefits of the Employee in a greater percentage than in an across the board reduction for all City management employees;
- b. If the Employee resigns following the suggestion, whether formal or informal, made by 3 of the 5 members of the City Council that he resign;
- c. If the City refuses, following written notice, to comply with the other provisions of this agreement benefiting or affecting the Employee;
- d. The Employee's employment shall be terminated if the City formally votes by 3/5 vote to terminate his employment.

In the event that the Employee's employment is terminated by the City as specified by this paragraph, the City agrees to maintain the employee on the city health and dental insurance systems existing as of the date of termination for six (6) months at city cost and pay the Employee a lump sum cash payment as severance pay equal to six (6) months' net (defined as the base wage without incentives, i.e. educational, supplemental wellness program, etc.) salary based on the current salary of the Employee in effect when the notice of termination is provided by the City or when the event of termination as otherwise prescribed above occurs, whichever event occurs first. Said amount shall be payable in addition to any other salary due the Employee.

## SECTION 3: SALARY

### 3.1 Salary

The City agrees to pay the Employee for services rendered pursuant hereto an annual salary payable in installments at the same time as other employees of the City are paid. Employee's salary through the term of this contract is as follows:

From the commencement of this contract through the date of termination of this contract, the employee's salary will be based upon an annual base wage of \$118,000 per year paid in established payroll periods as set forth by the City Council from time to time for all employees. The Employee shall receive on January 1, of each year of this contract a cost of living increase as determined by City Council and a step increase as approved in the City's pay plan. Other adjustments to salary and compensation shall be at the discretion and approval of City Council.

### 3.2 Review

The City shall conduct a review of the Employee's performance on or before August 1st of each year or at another date as may be agreed upon by the employee and the city council. The performance review shall not presume an adjustment in salary other than is provided for above.

## SECTION 4: AUTOMOBILE AND OTHER EXPENSES

### 4.1 Automobile.

Ownership of a private automobile and current/valid driver's licensure is required of the employee as a condition of employment under this contract. Employee will be compensated for automobile mileage and usage incurred on behalf of City business at the current IRS reimbursement mileage rate. Mileage records compliant with Internal Revenue Code requirements shall be maintained by the employee and shall be provided to the City prior to Jan 15th of each year for the previous 12 months. Other expenses incurred by employee as are authorized by the city council such as seminars, conferences, meals and lodging incurred in pursuit of city business shall be reimbursed to the employee upon the employee providing the receipts therefore to the City Finance Director.

## SECTION 5: PROFESSIONAL DEVELOPMENT

### 5.1 Professional Associations

The City may budget and, in its discretion, provide for the registration, travel, lodging, and reasonable expenses of the Employee for professional official travel, meetings, and occasions adequate to continue the professional development of the Employee and to adequately pursue necessary official and other functions for the City.

## SECTION 6: HEALTH, DENTAL AND LIFE INSURANCE

6.1 The City agrees to pay the Employee's costs to participate in the City's medical, dental, life insurance and disability insurance programs at the same rate as other employees. The City shall not participate in the cost of private insurance owned and maintained by the employee.

## SECTION 7: RETIREMENT

7.1 The City is a municipality defined in Minnesota State Statutes, Chapter 475, and is a Public Employee Retirement Association (PERA) participating member. The City Administrator has elected to participate in the PERA retirement program the same as with any other City employee.

## SECTION 8: OTHER TERMS AND CONDITIONS OF EMPLOYMENT

### 8.1 Other Conditions

The City shall fix any such other terms and conditions of employment, as it may determine from time-to-time, relating to the performance of Employee, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this EMPLOYMENT AGREEMENT, the duties traditionally associated with the office City Administrator pursuant to the City's ordinances, the City Code, or any other applicable law.

### 8.2 Fringe Benefits

Except as may be otherwise herein provided to the contrary, all provisions of the City Code and regulations and rules of the City relating to retirement and pension system contributions, holidays, and other fringe benefits and working conditions as they now exist or hereafter may be amended, also shall apply to Employee as they would to any other employees of the City. As to those benefits specifically provided for within the terms of this contract, the same shall not be duplicated or augmented by existing City programs for fringe benefits to employees. Employee shall not be eligible for longevity paid benefits within the City.

### 8.3 Vacation, Sick Leave and Personal Days

- (i) Commencing June 1, 2011 the Employee shall annually receive fifteen (15) vacation days, accruing at 1.25 vacation days per month for the purposes of any separation disbursement to be used during the term of this EMPLOYMENT AGREEMENT. The rate of accrual and the ability to accrue vacation days shall be subject to the existing policies of the City and any other agreements in place with the Employee.
- (ii) Employee shall earn one (1) sick day per month to be used during the term of this EMPLOYMENT AGREEMENT. The rate of accrual and the ability to accrue sick days shall be subject to the existing policies of the City.
- (iii) The City Administrator shall be afforded time off in accordance with the provisions of the City's Personnel Policies as any other employee.

### 8.4 Indemnification

The City shall defend and indemnify the City Administrator for damages, including punitive damages, claimed or levied against the City Administrator, provided that (1) he was acting in the performance of duties of his position; and (2) he was not guilty of malfeasance in office or willful neglect of duty. The City may compromise and settle, without the consent of the City Administrator, any claim if the City feels it is in the best interest to settle the matter. In any event, the City will pay any settlement or judgment and all costs for legal representation.

### 8.5 Bonding

The City shall pay the cost of any bonds required of the City Administrator under any law of circumstance.

## SECTION 9: GENERAL PROVISIONS

### 9.1 Assignments and Subcontracts

None of the sums due, or about to become due, nor any of the work to be performed under this EMPLOYMENT AGREEMENT by Employee shall be assigned to any third party without the prior written consent of the City.

### 9.2 Applicable Law

This EMPLOYMENT AGREEMENT shall be deemed to have been entered into and shall be construed and governed, except with respect to conflict of laws, in accordance with the laws of the State of Minnesota.

### 9.3 Waivers

Failure to either party to insist, in any one or more instances, upon the performance of any of the terms, covenants, or conditions of this EMPLOYMENT AGREEMENT or to exercise any right hereunder, shall not be construed as a waiver or relinquishment of the future exercise of such right, but the obligation of the other party with respect to such future performance shall continue in full force and effect.

### 9.4 Severability

The invalidity or unenforceability of any particular provision of this EMPLOYMENT AGREEMENT shall not affect the other provisions, and this EMPLOYMENT AGREEMENT shall be construed in all respects as if such invalid or unenforceable provision or provisions were omitted.

### 9.5 Amendments

This EMPLOYMENT AGREEMENT may not be amended, modified, released, discharged, supplemented, interpreted, or changed in any manner except by written instrument signed by duly authorized representatives of both parties.

### 9.6 Headings

The headings utilized herein are provided as aids in referencing provisions of this EMPLOYMENT AGREEMENT, but shall not be utilized in interpretation, or construction of the terms and conditions herein.

### 9.7 Merger

This EMPLOYMENT AGREEMENT and any Attachment (when signed by both parties), contain the entire and only understanding or agreement between the parties in relation to the subject matter hereof. Any representations, provision, undertakings, or condition hereof not contained herein shall be of no effect and shall not be binding on either party.

## 9.8 Force Majeure

Neither party shall be liable or deemed to be in default for any delay or failure to perform under this EMPLOYMENT AGREEMENT resulting, directly or indirectly, from any cause beyond reasonable control, including, but not limited to war, fire, riot, insurrection, and acts of God.

## 9.9 Applicability of Personnel Policies and Resolutions

Except where specifically abridged or modified by this agreement, personnel policies as defined and set forth for employees of the City of East Bethel shall apply to this Employee.

## 9.10 Other Terms and Conditions of Employment

(i) The City Council and the Employee may mutually agree to any other terms and conditions of employment of Employee as they may mutually deem appropriate from time-to-time provided such terms and conditions are not inconsistent with the provisions of this agreement, the laws of the State of Minnesota, the ordinances of the City, or any other applicable laws.

(ii) All provisions of the City Code, and regulations and rules of the City relating to fringe benefits and working conditions as they now exist or hereafter may be amended, also shall apply to the Employee as they would to other employees of the City, except as herein provided.

## 9.11. NOTICES.

a. Address of Record. Each party agrees to keep the other informed of an address of record for correspondence and notices under this Agreement, as well as relevant telephone numbers for oral notices.

b. Initial Address. The initial address of record for each party shall be:

**The City:**

City of East Bethel  
2241 221<sup>st</sup> Avenue NE  
East Bethel, MN 55011

**Copy to:**

Mark J. Vierling  
Eckberg, Lammers, Briggs, Wolff & Vierling P.L.L.P  
1835 Northwestern Ave.  
Stillwater, MN 55082

**Administrator:**

Charles L. "Jack" Davis  
29457 Dahlia St. NW  
Isanti, MN 55040

**Copy to:**

C. Change of Address. Each party's address of record shall be that which is specified in subsection B. above until and unless the other party receives notification of change in writing. Each party will promptly notify the other of any such change.

D. Future Notices. If notice of a change of address is properly given in writing pursuant to this Section, all future notices hereunder shall be given to the new name and/or address specified in the most recent such notice properly given.

E. Other Required Notices. Notice required by operation of an applicable code, statute, ordinance or regulation shall be given as required therein, but a duplicate copy of such notice shall be given as specified in paragraph F. or G. below.

F. Delivery of Notices. Notices pursuant to this Agreement may be given by deposit in the custody of the United States Postal Service, postage prepaid, certified or registered mail, return receipt requested. Alternatively, notices required pursuant to this Agreement may be personally served in the same manner as is applicable to civil judicial process.

G. Effective Date. Notice shall be deemed given as of the date of personal service or three (3) days following the date of deposit of such written notice in the course of transmission in the United States Postal Service, properly addressed and mailed as required herein.

IN WITNESS WHEREOF, the City of East Bethel on a vote of its City Council has caused this EMPLOYMENT AGREEMENT to be signed and executed in its behalf by its Mayor and duly attested by its Deputy Clerk and the Employee has signed this EMPLOYMENT AGREEMENT, both in duplicate, day and years first written above.

City of East Bethel

\_\_\_\_\_  
Richard Lawrence, Mayor

\_\_\_\_\_  
Charles L. "Jack" Davis

ATTEST:

\_\_\_\_\_  
Wendy Warren, Deputy City Clerk

Approved as to form:

\_\_\_\_\_  
Mark Vierling, City Attorney



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 G.2

\*\*\*\*\*

**Agenda Item:**

URRWMO 2012 Proposed Budget

\*\*\*\*\*

**Requested Action:**

Consider approving the 2012 URRWMO Budget

\*\*\*\*\*

**Background Information:**

At the last URRWMO meeting, the organization reviewed the 2012 Budget for the organization and directed it be distributed to member cities for review and comment. A copy of that proposal is attached with this agenda item.

The proposal represents a decrease of \$1,087 to East Bethel from a 2011 budget of \$3,700 to \$2,613 in 2012.

The Joint Powers Agreement requires the submission of the budget to each of the parties for ratification; the budget is implemented only after ratification by all parties to the Agreement. East Bethel received the 2012 budget on May 11, 2011. The City has 60 days to respond to the URRWMO regarding the 2012 budget. Failure of the City to act within 60 days shall constitute approval of the budget.

**Attachment**

2012 URRWMO Budget Proposal

\*\*\*\*\*

**Fiscal Impact:**

As noted in the 2012 Budget Proposal

\*\*\*\*\*

**Recommendation(s):**

City staff is seeking direction as to a response to the URRWMO budget request.

\*\*\*\*\*

**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

---

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required: \_\_\_\_\_

2012 URRWMO Budget

	<b>Bethel</b>	<b>East Bethel</b>	<b>Ham Lake</b>	<b>Nowthen</b>	<b>Oak Grove</b>	<b>St. Francis</b>	
<u>ACD 2012 Work Recommendations</u>	<u>1.08%</u>	<u>24.21%</u>	<u>0.99%</u>	<u>23.66%</u>	<u>29.69%</u>	<u>20.37%</u>	
Lake Levels Monitoring - Lake George, East Twin Lake, Cooper Lake, Minard Lake	\$680.00	\$7.34	\$164.63	\$6.73	\$160.89	\$201.89	\$138.52
River Water Quality Monitoring - upstream & downstream	\$2,250.00	\$24.30	\$544.73	\$22.28	\$532.35	\$668.03	\$458.33
Develop 2013-2017 Monitoring Plan	\$455.00	\$4.91	\$110.16	\$4.50	\$107.65	\$135.09	\$92.68
URRWMO Website	\$290.00	\$3.13	\$70.21	\$2.87	\$68.61	\$86.10	\$59.07
URRWMO Annual Newsletter Article	\$350.00	\$3.78	\$84.74	\$3.47	\$82.81	\$103.92	\$71.30
Web Video	\$1,050.00	\$11.34	\$254.21	\$10.40	\$248.43	\$311.75	\$213.89
Prepare 2010 Annual Report to BWSR	\$630.00	\$6.80	\$152.52	\$6.24	\$149.06	\$187.05	\$128.33
Water Quality Cost Share Grant Fund	<u>\$1,000.00</u>	<u>\$10.80</u>	<u>\$242.10</u>	<u>\$9.90</u>	<u>\$236.60</u>	<u>\$296.90</u>	<u>\$203.70</u>
	\$6,705.00	\$72.41	\$1,623.28	\$66.38	\$1,586.40	\$1,990.71	\$1,365.81

ADMINISTRATIVE BUDGET (Split equally six ways)

	<b>Bethel</b>	<b>East Bethel</b>	<b>Ham Lake</b>	<b>Nowthen</b>	<b>Oak Grove</b>	<b>St. Francis</b>	
Copies	\$50.00	\$8.33	\$8.33	\$8.33	\$8.33	\$8.33	
Postage	\$60.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	
Recording secretary	\$1,200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	
Insurance-League of MN Cities insurance trust	\$2,500.00	\$416.67	\$416.67	\$416.67	\$416.67	\$416.67	
Administrative fee-Oak Grove	\$300.00	\$50.00	\$50.00	\$50.00	\$50.00	\$50.00	
Audit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Budget for URRWMO matching participation on future grant opportunities (table V-1 of URRWMO plan)	\$1,000.00	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	
Public notice of watershed plan amendments	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Solicit bids for professional services	\$100.00	\$16.67	\$16.67	\$16.67	\$16.67	\$16.67	
Public outreach (each share based on LGU percentages)	<u>\$500.00</u>	<u>\$5.40</u>	<u>\$121.05</u>	<u>\$4.95</u>	<u>\$118.30</u>	<u>\$148.45</u>	<u>\$101.85</u>
	\$5,710.00	\$873.73	\$989.38	\$873.28	\$986.63	\$1,016.78	\$970.18
<b>Budget Total</b>	<b>\$12,415.00</b>	<b>\$946.15</b>	<b>\$2,612.66</b>	<b>\$939.66</b>	<b>\$2,573.04</b>	<b>\$3,007.50</b>	<b>\$2,335.99</b>

Previous Budgets

2011 Budget was \$16,617

2010 Budget was \$18,185

2009 Budget was \$13,130

2008 Budget was \$26,205 (3rd Generation Plan)



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 G. 3

\*\*\*\*\*

**Agenda Item:**

SRWMO 2012 Proposed Budget

\*\*\*\*\*

**Requested Action:**

Consider approving the 2012 SRWMO Budget

\*\*\*\*\*

**Background Information:**

At the last SRWMO meeting, the organization reviewed the 2012 Budget for the organization and directed it be distributed to member cities for review and comment. A copy of that proposal is included as an attachment for this agenda item.

The proposal represents an increase of \$8,055 to East Bethel from a 2011 budget of \$9,502 to \$17,557 in 2012. Budgeted administrative and operating expenses decrease slightly from 2011 to 2012. 82% of this increase is East Bethel’s portion of Rough Fish Barriers Installation – Martin Lake and Type Lake at a cost of \$6,586. All the projects listed in the budget request are included in the SRWMO Comprehensive Plan.

The Joint Powers Agreement requires the submission of the budget to each of the parties for ratification; the budget is implemented only after ratification by all parties to the Agreement. East Bethel received the 2012 budget on May 11, 2011. The City has 60 days to respond to the SRWMO regarding the 2012 budget. Failure of the City to act within 60 days shall constitute approval of the budget.

**Attachment**

2012 SRWMO Budget Proposal

\*\*\*\*\*

**Fiscal Impact:**

As noted in the 2012 Budget Proposal

\*\*\*\*\*

**Recommendation(s):**

City staff is seeking advice and direction in responding to the SRWMO budget request.

\*\*\*\*\*

**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

---

---

---

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_

## DRAFT 2012 SRWMO Budget Breakout

	Linwood <u>46.40%</u>	East Bethel <u>32.93%</u>	Columbus <u>16.72%</u>	Ham Lake <u>3.95%</u>
<b><u>NON-OPERATING EXPENSES (split by percentages)</u></b>				
Annual report to BWSR and member communities	\$675.00	\$313.20	\$222.28	\$112.86
Grant Search and Applications - Typo and Martin Lakes Water Quality Projects (rough fish barriers and stormwater retrofits) & Coon Lake stormwater assessment	\$1,000.00	\$464.00	\$329.30	\$167.20
Review Municipal Local Water Plans for consistency with the new SRWMO Plan (June 3, 2012 is the deadline for all SRWMO cities and townships)	\$0.00	\$0.00	\$0.00	\$0.00
Lake Level Monitoring – Coon Lake, Linwood Lake, Martin Lake, Fawn Lake, Typo Lake	\$850.00	\$394.40	\$279.91	\$142.12
Lake Water Quality Monitoring (professional) - Coon Lake East Bay, Coon Lake West Bay, Linwood Lake, Typo Lake, Fawn Lake, Martin Lake	\$6,570.00	\$3,048.48	\$2,163.50	\$1,098.50
Stream Water Quality Monitoring – West Branch of Sunrise River at Hwy 77 & South Branch of Sunrise River at Hornsby St.	\$2,660.00	\$1,234.24	\$875.94	\$444.75
Stream Hydrology Monitoring – West Branch of Sunrise River at Hwy 77 & South Branch of Sunrise River at Hornsby St.	\$1,100.00	\$510.40	\$362.23	\$183.92
Reference Wetland Monitoring - Three reference wetlands	\$1,650.00	\$765.60	\$543.35	\$275.88
Cost Share Grant Fund for Water Quality Improvement Projects	\$2,000.00	\$928.00	\$658.60	\$334.40
Installation of Stormwater Retrofits for Water Quality – Martin Lake & Coon Lake	\$10,000.00	\$4,640.00	\$3,293.00	\$1,672.00
Rough Fish Barriers Installation – Martin Lake & Typo Lake	\$20,000.00	\$9,280.00	\$6,586.00	\$3,344.00
Website - Annual maintenance fee (\$170), post mtg. minutes \$10/ea x 6 = \$60, post mtg. agendas \$10/ea x 6 = \$60	\$290.00	\$134.56	\$95.50	\$48.49
Lakeshore Landscaping Marketing	\$700.00	\$324.80	\$230.51	\$117.04
Annual Educational Publication	<u>\$500.00</u>	<u>\$232.00</u>	<u>\$164.65</u>	<u>\$83.60</u>
	\$47,995.00	\$22,269.68	\$15,804.75	\$8,024.76
<b><u>NON-OPERATING ADMINISTRATIVE COSTS (split by percentages)</u></b>				
Financial Audit	\$300.00	\$139.20	\$98.79	\$50.16
Legal	<u>\$1,000.00</u>	<u>\$464.00</u>	<u>\$329.30</u>	<u>\$167.20</u>
	\$1,300.00	\$603.20	\$428.09	\$217.36
<b><u>OPERATING EXPENSE (split equally four ways)</u></b>				
ACD Administrator (on-call, limited)	\$1,500.00	\$375.00	\$375.00	\$375.00
Secretarial or other administrative	\$1,200.00	\$300.00	\$300.00	\$300.00
Liability Insurance	\$2,300.00	\$575.00	\$575.00	\$575.00
Administrative Assistance – City of East Bethel	<u>\$300.00</u>	<u>\$75.00</u>	<u>\$75.00</u>	<u>\$75.00</u>
	\$5,300.00	\$1,325.00	\$1,325.00	\$1,325.00
<b>Grand Totals</b>	<b>\$54,595.00</b>	<b>\$24,197.88</b>	<b>\$17,557.84</b>	<b>\$9,567.12</b>
				<b>\$3,272.15</b>



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 G.4

\*\*\*\*\*

**Agenda Item:**

Ice Arena Management Contract

\*\*\*\*\*

**Requested Action:**

Consider approving the proposed ice arena management agreement effective August 1, 2011 through July 31, 2014.

\*\*\*\*\*

**Background Information:**

Prior to 2006 the City of East Bethel managed the total operation of the Ice Arena. Beginning with the 2006-2007 season, the City contracted with the National Sports Center for management services under an agreement that ran for two years ending in June of 2008. The National Sports Center gave notice in March 2008 that they did not intend to exercise their option to extend the contract for another two year period.

The City solicited other management proposals from several vendors including the current vendor, Gibson Management Company, LLC. Gibson Management Company, LLC was selected as it offered more service and had staff with experience at our arena. The initial contract was for a one year period ending July 31, 2009. The current contract was approved by City Council for a two year period and expires July 31, 2011.

City staff has been satisfied with the execution of the contract management. Net operating income has increased from \$57,328 in 2006 to \$82,404 in 2010. The cash deficit in the arena fund has been reduced from \$345,850 to \$192,134 between December 31, 2007 to December 31, 2010. The arena has been maintained satisfactorily and any issues that have arisen have been addressed in a cooperative manner. Gibson Management worked with the City to repaint interior walls, re-fit locker rooms with rubber floor coverings and install energy efficient lighting in the arena area.

The contract rate remained constant at \$83,000 per year for the first three years with this contractor. An increase to \$88,000 per year for the next three years is proposed in this new contract with incentives and guarantees on improving advertising revenue. Minimum amounts required for advertising sales have been included in the contract and these requirements will net the city at least \$10,000 over a three year period. Sales over this amount are proposed to be split 50-50 between the City and Gibson Management. The potential affect of the advertising sales could negate the cost increase of the new contract.

Overall, the management company has been responsive to requests from the City and complaints from customers regarding the arena have been reduced. City staff is pleased with the performance of Gibson Management Company, LLC.

The City Attorney has reviewed this agreement for the current contract period.

\*\*\*\*\*

**Fiscal Impact:**

As noted above.

\*\*\*\*\*

**Recommendation(s):**

Staff is recommending approval of the Management services agreement with Gibson Management Company, LLC for management services at the City's ice arena effective August 1, 2011 through July 31, 2014.

\*\*\*\*\*

**City Council Action**

Motion by:\_\_\_\_\_

Second by:\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_

**CONTRACT AGREEMENT  
BETWEEN THE CITY OF EAST BETHEL  
AND GIBSON MANAGEMENT COMPANY, LLC.**

This Agreement, effective the 1<sup>st</sup> day of August, 2011, is by and between the City of East Bethel, 2241 – 221<sup>st</sup> Avenue NE, East Bethel, Minnesota 55011, a Minnesota municipal corporation, hereinafter called the “City,” and Gibson Management Company, LLC, PO Box 18, East Bethel, Minnesota 55011, a Minnesota corporation, hereinafter called the “Contractor.” City and Contractor, in consideration of the mutual covenants hereinafter set forth, agree as follows:

ARTICLE 1. The Agreement

1.1 The Contractor will perform the following management services for the City:

The Contractor agrees to furnish management services for management of the East Bethel Ice Arena and perform the following functions, duties, and obligations in connection therewith:

- Provide an on-site manager, all necessary operational part time staff, and provide worker’s compensation insurance covering all its employees.
- Ensure that the manager will be at the Arena full time September 1 through March 31. The manager will be at the Arena as necessary for the adequate performance of this Agreement April 1 through August 31.
- Market, sell, schedule, invoice, and ensure collection of all payments for all ice rental and dry floor events. All payments will be made directly to the City. Copies of all invoices will be provided to the City immediately upon preparation by the Contractor. All executed contracts, insurance paperwork, and payments must be provided to the City at least 10 days before a client is allowed to enter the Arena.
- Provide commercial general liability insurance coverage in the amounts of \$500,000.00 per claim, \$1,500,000.00 for any number of claims per occurrence, with the City of East Bethel named as an additional insured on the policy.
- Manage all concessions activities, including purchasing all concession merchandise and supplies. All payments and collections will be forwarded to the City on Mondays and Fridays during the period of this agreement. On a monthly basis, a report will be provided to the City showing concession revenues, product costs and the gross margin for each month. Monthly inventory counts will be conducted and the resulting inventory reports will be provided to the City by the 10<sup>th</sup> of the following month.
- Market, sell, manage and ensure display of all advertising including interior and exterior signage. All executed contracts and payments will be forwarded to the City before signage is installed.
- Manage the budget for all operations, revenues, and costs.
- Prepare an annual budget with assistance from the City. Budget must be prepared and provided to the City Administrator on the forms provided by the

Director of Fiscal and Support Services. The draft document must be provided no later than May 31<sup>st</sup> of each year for the following year's operations.

- Manage all short term maintenance projects and activities.
- Provide guidance and planning to the City for current and planned capital improvements.
- Provide, on a monthly basis, a detailed statement to the City that includes all expenses that are to be reimbursed by the City to the Contractor. Statements must be received by the City by the 5<sup>th</sup> of the following month. Invoiced amounts shall follow the budget format and include copies of invoices paid for services, supplies and materials. Copies of time cards for all employees must be included.
- Maintain the interior of the Arena, the ice surface, and the exterior walkways; all emergency exits must be kept clear of ice and snow.
- Secure and protect the artificial turf from the elements in a visually attractive manner when it is not installed in the arena. When the turf is installed, all protective tarps and lumber will be stored in a visually attractive manner.
- Secure all buildings when not in use. Contractor will be liable for any damages, thefts or costs resulting from failure to lock the compressor building or from failure to arm the Arena alarm system when the Arena is unoccupied. Contractor will take full responsibility for the actions of clients that are allowed unsupervised access to the Arena.
- Provide maintenance and mechanical staff on an as-needed basis.
- Ensure that any costs incurred for maintenance of the outdoor rink are fully covered by related revenues or approved in advance by the City.
- Meet quarterly with City staff to discuss and resolve any issues.

1.2 The City will be responsible for the following:

- Maintain the building exterior and the property grounds including snow plowing the parking areas and mowing the grassy areas adjacent to the facility.
- Finance capital improvements necessary to ensure continued, uninterrupted operation of the Arena for all user groups.
- Provide space in the City newsletter for Arena advertising.
- Maintain insurance coverage at the statutory limits for property, boiler / machinery, business interruption, and commercial general liability.
- Assist the Contractor with preparation of an annual operating budget.
- Pay all necessary Arena operating expenses. Expenses initially paid by the Contractor will be reimbursed on a monthly basis upon receipt of the detailed monthly statement from the Contractor. Specific labor expenses to be reimbursed will include:
  - The manager's annual salary, related employment taxes, and worker's compensation insurance coverage.

- All hourly wages, related employment taxes, and worker's compensation insurance coverage for operational and concessions staff employed at the Arena.
- All hourly wages, related employment taxes, and worker's compensation insurance coverage for maintenance / mechanical staff employed on an as-needed basis.

ARTICLE 2. Contract Price and Payment

- 2.1 The amount to be paid for the Contractor's management fee, all wages, payroll taxes, worker's compensation costs and any other payroll-related costs, including all travel, meeting and training expenses will not exceed \$88,000 for each year of this agreement. Reimbursement for necessary operating expenses will be made in accordance with Article 1.2. Advertising revenue must be secured in the following amounts each year or the annual contract will be reduced by the same amounts:
- 1<sup>st</sup> Year \$2,500
  - 2<sup>nd</sup> Year \$3,750
  - 3<sup>rd</sup> Year \$3,750
- Advertising revenues collected in excess of the amounts listed will be shared equally between the Contractor and the City.

ARTICLE 3. Term

- 3.1 The term of this Agreement is August 1, 2011, through July 31, 2014. This agreement may be extended for an additional three year subject to performance of the Contractor and with the written agreement of the City.

ARTICLE 4. Contractor's Representations

- 4.1 In order to induce the City to enter into this Agreement, the Contractor makes the following representations:
- 4.1.1 The Contractor has visited the East Bethel Ice Arena and become familiar with and is satisfied as to the Arena conditions that may affect performance of this Agreement.
  - 4.1.2 The Contractor is familiar with and is satisfied as to all federal, state, and local Laws and Regulations that may affect performance of this Agreement.

ARTICLE 5. Fair Employment Practices Required

- 5.1 The Contractor will comply with Section 103 and 107 of the "Contract Work Hours and Safety Standards Act" (40 USC 327-333) as supplemented by Department of Labor Regulations contained in 29 CFR Parts 3, 5 and 5a.

- 5.1.1 Section 103 of the Act provides that laborers or mechanics of the Contractor will receive compensation on the basis of a standard work week of forty hours. Work in excess of the standard work week is permissible, provided the worker is compensated at a rate not less than one and one-half times the basis rates of pay for all hours worked in excess of forty hours in any work week.
  - 5.1.1.1 In the event of a violation, the Contractor will be liable to any affected employee for unpaid wages as well as to the appropriate government agency for liquidated damages.
  - 5.1.1.2 Section 5 of the Federal Labor Standard Provisions, Housing and Urban Development Form 4010 sets forth in detail the Section 103 requirements.
- 5.1.2 Section 107 of the Act provides that laborers or mechanics of the Contractor will not be required to work in surroundings or under working conditions which are unsanitary, hazardous, or dangerous to their health and safety, as determined under construction, safety, and health standards promulgated by the Secretary of Labor.
- 5.2 The Contractor will comply with all Federal and State anti-discrimination laws. To this end the Contractor agrees to comply with Section 202 of Executive Order 11246 of September 24, 1965, in which the Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, or national origin. The Contractor will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, or national origin. Such action will include, but is not limited to the following: employment, upgrading, demotion, or transfer; recruitment; advertising; layoff or termination; rates of pay or other compensation; and selection of training, including apprenticeships.
  - 5.2.1 The Contractor will send each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' representative of the Contractor's commitment under Section 202 of Executive Order 11246 of September 24, 1965, and will post copies of the notice in conspicuous places, available to employees and applicants for employment.
  - 5.2.2 The Contractor will state, in all solicitations or advertisements for employment placed by or on behalf of the Contractor, that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

## ARTICLE 6. Miscellaneous

6.1 Assignment of Agreement

6.1.1 No assignment by a party hereto of any rights under or interests in this Agreement will be binding on another party without the written consent of the party sought to be bound; and, specifically but without limitation, moneys that may become due and moneys that are due may not be assigned without such consent (except to the extent that the effect of this restriction may be limited by law), and unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

6.2 Successors and Assigns

6.2.1 The City and the Contractor each binds itself, its partners, successors, assigns, and legal representatives to the other party hereto, its partners, successors, assigns, and legal representatives in respect to all covenants, agreements, and obligations contained this Agreement.

6.3 Severability

6.3.1 Any provision or part of this Agreement held to be void or unenforceable under any Law or Regulation will be deemed stricken, and all remaining provisions will continue to be valid and binding upon the City and the Contractor, who agree that the Agreement will be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

6.4 Insurance

6.4.1 The Contractor will maintain during the entire term of this Agreement the following insurances with at least the indicated amounts of coverage and provide the City a certificate of insurance showing such coverages before providing any services under this Agreement: (1) commercial general liability insurance coverage with a policy limit of at least \$500,000.00 per claim and \$1,500,000.00 for any number of claims arising out of a single occurrence; and (2) worker's compensation insurance. The Contractor's insurance provider shall provide the City with written notice at least 30 days in advance of any changes to the insurance coverage as provided for in the Certificate of Insurance provided by the Contractor including but not limited to termination of such coverage by the Contractor for any reason.

6.5 Independent Contractor

6.5.1 The Contractor acknowledges and agrees that it is an independent contractor and that nothing herein will be construed to create the relationship of employer and employee between the City and the Contractor. No employee related withholdings or deductions will be made from payments due the Contractor. The Contractor will not be entitled to receive any benefits from the City and will not be eligible for workers' compensation or unemployment benefits. The Contractor will at all times be free to exercise initiative, judgment, and discretion in how best to perform or provide the services identified herein.

## 6.6 Default

6.6.1 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 notice of the default, will allow the City to terminate the Agreement: (1) failure to adequately perform or deliver the required services; (2) failure to follow the specifications or standards established by this 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. Upon default of this Agreement by the Contractor, the City may withhold any payment due the Contractor for purposes of set-off until such time as the exact amount of damages due is determined. Such withholding will not constitute default or failure to perform on the part of the City.

## 6.7 Remedies

6.7.1 Default or breach of this Agreement by the Contractor will entitle the City to seek remedies under law and as provided by this Agreement. In the event this Agreement is terminated by reason of default by the Contractor, the City may recover the necessary costs of termination, including but not limited to, administrative, attorneys' fees, and legal costs, from the Contractor. Except when caused by uncontrollable circumstances, if the Contractor fails to perform in accordance with the specifications, terms, and conditions of this Agreement, the City will have the right to purchase the services from other sources on the open market. The City may deduct as damages from any money due or coming due to the Contractor the difference between the Contractor's price and the higher price or the costs of replacement services.

6.7.2 Any remedies available to the City are cumulative and not exclusive. The seeking or exercising by the City of a remedy does not waive its right to seek or exercise any other remedy available to it at law, in equity, by statute, or under this Agreement.

6.8 Indemnification

6.8.1 The Contractor will indemnify and hold harmless the City and its agents and employees from and against all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from the performance of this Agreement, provided that any such claim, damage, loss, or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property including the loss of use resulting therefrom, and (2) is caused in whole or in part by any negligent act or omission of the Contractor, anyone directly or indirectly employed by the Contractor, or anyone for whose acts the Contractor may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder.

6.9 The Contractor will indemnify and hold harmless the City and its agents and employees from and against all claims, damages, losses, and expenses, including attorneys' fees, arising out of or resulting from the performance of this Agreement, provided that any such claim, damage, loss, or expense (1) is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property including the loss of use resulting therefrom, and (2) is caused in whole or in part by any negligent act or omission of the Contractor, anyone directly or indirectly employed by the Contractor, or anyone for whose acts the Contractor may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder. Miscellaneous provisions

**a. RECORDS - AVAILABILITY AND RETENTION.**

The Contractor agrees that the City or any of their duly authorized representatives at any time during normal business hours and as often as they may reasonably deem necessary, shall have access to and the right to examine, audit, excerpt, and transcribe any books, documents, papers, records, etc., which are pertinent to the accounting practices and procedures of the Contractor and invoice transactions relating to this Agreement.

Contractor agrees to maintain these records for a period of three (3) years from the date of termination of this Agreement.

**b. PROCESSING OF PAYMENTS.**

Prior to the processing of any and all payments to the Contractor pursuant to this Contract, compliance with East Bethel Finance Department regulations on the completion and filing of W-9 forms and other IRS and Minnesota Department of Revenue taxing forms is required.

IN WITNESS WHEREOF, the City and the Contractor have signed this Agreement in duplicate. One counterpart each has been delivered to the City and the Contractor.

City of East Bethel

Gibson Management Company, LLC

By: \_\_\_\_\_  
Richard Lawrence, Mayor

By: \_\_\_\_\_  
Its:

By: \_\_\_\_\_  
Jack Davis, Interim City Administrator



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 G. 5

\*\*\*\*\*

**Agenda Item:**

City Attorney Selection

\*\*\*\*\*

**Requested Action:**

Consider the appointment of a City Attorney

\*\*\*\*\*

**Background Information:**

Council solicited RFP's for the position of City Attorney and selected three firms to be interviewed. The interviews were conducted on May 12, 2011. The three firms interviewed were

- 1.) Smith & Glaser, LLC;
- 2.) Knaak & Associates; and
- 3.) Eckberg, Lammers, Briggs, Wolff and Vierling PLLP

\*\*\*\*\*

**Fiscal Impact:**

Funds for these services are provided for in the General Fund Budget.

\*\*\*\*\*

**Recommendation(s):**

Council will consider the appointment of the City Attorney from those firms interviewed on May 12, 2011.

\*\*\*\*\*

**City Council Action**

Motion by:\_\_\_\_\_

Second by:\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 G. 6

\*\*\*\*\*

**Agenda Item:**

Prosecuting Attorney Selection

\*\*\*\*\*

**Requested Action:**

Consider the appointment of a Prosecuting Attorney

\*\*\*\*\*

**Background Information:**

Council solicited RFP's for the position of City Attorney and selected four firms to be interviewed. The interviews were conducted on May 12, 2011. The four firms interviewed were:

- 1.) Smith & Glaser, LLC;
- 2.) Knaak & Associates;
- 3.) Eckberg, Lammers, Briggs Wolff and Vierling PLLP
- 4.) Carson, Clelland and Schreder

\*\*\*\*\*

**Fiscal Impact:**

Funds for these services are provided for in the General Fund Budget.

\*\*\*\*\*

**Recommendation(s):**

Council will consider the appointment of a Prosecuting Attorney from those firms interviewed on May 12, 2011.

\*\*\*\*\*

**City Council Action**

Motion by:\_\_\_\_\_

Second by:\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 G.7

\*\*\*\*\*

**Agenda Item:**

ERU Reduction Policy

\*\*\*\*\*

**Requested Action:**

Consider adopting an ERU modification policy for existing businesses that will be served by the City water and sewer project

\*\*\*\*\*

**Background Information:**

In order to properly charge the users of the water and sewer services for the Project 1 Municipal Utilities Project, assessments are based on Equivalent Residential Units (ERU's). The basis for determining an ERU is an equivalent to one single family residential unit's use of water. The amount of water used for this calculation is 274 gallons/day. ERU units are assigned for different types of property use based on the MCES Service Availability Charge Procedure Manual. The proposed charge for an ERU is \$17,000 with \$8,000 of this cost being an assessment fee, \$5,600 a charge for City SAC/WAC costs and \$3,400 for the MCES connection fee.

In order to fairly evaluate the overall connection cost for municipal services for existing businesses it is proposed that some latitude be granted in determining the number of ERU's per connection. The City's Special Assessment Policy permits ERU calculations to be modified at the City's discretion. However, to avoid arbitrary decisions on a case by case basis it is recommended that the City adopt a policy that would consistently apply a standard methodology for a reduction of ERU apportionment.

This policy would only apply to locations of existing business use in the Project 1 area, the Village Green Mobile Home Park and the existing businesses along the frontage road east of Hwy. 65.

**City of East Bethel  
Equivalent Residential Unit (ERU) Determination  
Summary Policy (Draft No. 1)  
May 24, 2011**

Where it is necessary to determine the number of ERU's associated with units to be connected to the City's municipal sewer and water system, the following methodology will be utilized.

*(Please note this methodology applies only to the charges to be collected by the City of East Bethel and will not apply to other applicable non-City charges including those to be collected by the Metropolitan Council for its SAC Charges.)*

**New Units:**

Newly constructed units to be connected to the City's municipal sanitary sewer and water system will be charged ERU's based on the following methodology:

- All residential property that is used exclusively for permanent human living space, including single family homes, attached homes, townhomes, condominiums, and manufactured homes will be charged one (1) ERU per dwelling unit with no exceptions.
- All non-residential property (*commercial, industrial and institutional properties*) will be charged the appropriate number of ERU's in conformance with the latest edition of the "Service Availability Charge Procedure Manual" (*hereinafter "Manual"*) published by Metropolitan Council Environmental Services with no exceptions.

**Existing Units:**

Existing units to be connected to the City's municipal sanitary sewer and water system will be charged ERU's based on the following methodology:

- All residential property that is used exclusively for permanent human living space, including single family homes, attached homes, townhomes, condominiums, and manufactured homes will be charged one (1) ERU per dwelling unit with no exceptions.
- All non-residential property (*commercial, industrial and institutional properties*) will be charged the appropriate number of ERU's in conformance with the latest edition of the Manual.

For non-residential property only, the City may, completely at its discretion, consider a reduction in the number of ERU's prescribed by the Manual based on actual water use in accordance with the following:

1. Receipt of a written request from the property owner to evaluate the ERU's assigned to the property in accordance with the Manual.
2. Receipt of a written summary of all building use(s) and other pertinent information requested by the City required for the City's evaluation from the property owner.
3. One year of complete water use data for the property from a verifiable and accurate source. If no water use data is available the owner can install at their expense a meter approved by the City and collect water use for their facility for a period of one year. At the conclusion of the metering the ERU's for this facility would be adjusted accordingly.
4. For calculation purposes, 274 gallons per day of water use will be considered one (1) ERU.

5. In no case, will the number of ERU's be reduced to less than 50% of the ERU's prescribed by the Manual.
6. Upon a change in use or expansion of the building the number of ERU's will be reevaluated as per the new use and additional ERU's can be assessed based on the change in use of property.
7. Upon the change in ownership of the facility an automatic reevaluation of the facility ERU's will be completed and additional ERU's based on a change in use of the property can be assessed to the new owners .
8. In general, the City will not entertain requests for ERU determinations for facilities having less than two (2) assigned ERU's based on the Manual.
9. The City reserves the right to accept or reject any and all requests for a reduction in ERU requests.

\*\*\*\*\*

**Fiscal Impact:**

There are 12 existing businesses with current ERU assessments of 88 ERU's within in the assessed project area. Three of these uses have only a single ERU designation so they would not be eligible for reduction, leaving 85 ERU's for consideration. One of the parcels is the proposed East Bethel Water Treatment Plant with an assigned ERU of 40. If this parcel were eliminated from the proposal for reconsideration that would set the total number of ERU's at 45 that would be eligible for review under this policy. If all the eligible parcels ERU's were reduced the maximum loss would be 23 ERU's. While every ERU is critical for the financial feasibility of this project, this may be a useful tool in enticing other existing businesses to connect to the system, reduce the burden of connection costs and provide a policy for consistent application of requests for ERU reductions.

The loss of one ERU is \$13,600 to the project. A reduction of 23 ERU's would result in a revenue loss of \$312,800. The project cash flow analysis would have to be re-evaluated reflecting these figures to determine if this loss could be absorbed within the bond payout schedule.

\*\*\*\*\*

**Recommendation(s):**

Staff is seeking direction from the Council in regards to this policy.

\*\*\*\*\*

**City Council Action**

Motion by:\_\_\_\_\_

Second by:\_\_\_\_\_

---



---



---

Vote Yes:\_\_\_\_\_

Vote No:\_\_\_\_\_

No Action Required:\_\_\_\_\_



# City of East Bethel City Council Agenda Information

\*\*\*\*\*

**Date:**

June 1, 2011

\*\*\*\*\*

**Agenda Item Number:**

Item 8.0 G. 8

\*\*\*\*\*

**Agenda Item:**

City Hall Security System

\*\*\*\*\*

**Requested Action:**

Consider approving bids for a security system for the East Bethel City Hall

\*\*\*\*\*

**Background Information:**

The East Bethel City Hall currently has no security system. A security system is one of the essential methods to protect City records and pose a deterrent to potential acts of vandalism within the building.

The system that is proposed is a split system. City Hall offices and the Council Chambers would be protected with a key pad controlled alarm system and the common hallways and Booster West Conference Room and garage would be covered by cameras. The split system is required due to the fact that groups utilize the Booster West Conference Room at times when staff would not be available to secure an alarm system. The split system would permit continued group use of the conference and rest rooms without having to provide access codes to alarm keypads or having staff return to the building to arm the system.

\*\*\*\*\*

**Fiscal Impact:**

The cost for this system is \$4,740 for equipment, installation and a one year monitoring cost.

\*\*\*\*\*

**Recommendation(s):**

Staff recommends approval of the installation of this system.

\*\*\*\*\*

**City Council Action**

Motion by: \_\_\_\_\_

Second by: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Vote Yes: \_\_\_\_\_

Vote No: \_\_\_\_\_

No Action Required:\_\_\_\_\_



## **PUBLIC FORUM SIGN UP SHEET**

June 1, 2011

The East Bethel City Council welcomes residents and property owners to the Public Forum. The purpose of the forum is to provide residents and property owners an opportunity to respectfully inform the Council of issues they are concerned about.

The following guidelines apply to the Public Forum:

1. A resident/property owner may address the Council on any matter not on the agenda during the Public Forum portion of the agenda.
2. A person desiring to speak must sign up prior to the time the Council reaches the Forum on the agenda.
3. The Mayor will invite speakers up to the podium/microphone.
4. Once the Mayor has recognized the speaker, the speaker should state his/her name, address, and phone number.
5. Each speaker should attempt to limit their presentation to 3 minutes.
6. If a group of persons wish to address the Council regarding the same issue, the group should elect a spokesperson to present the group's issue to the Council.
7. The Council will listen to the issue but will not engage in dialogue or a Q & A session. If a majority of the Council would like to address the issue in more detail, it can be added to the agenda or can be addressed during the regular agenda of a future meeting.

<b>NAME</b>	<b>ADDRESS</b>	<b>PHONE NUMBER</b>	<b>TOPIC</b>

