

EAST BETHEL CITY COUNCIL MEETING

June 1, 2011

The East Bethel City Council met on June 1, 2011 at 7:30 PM for their regular meeting at City Hall.

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

ALSO PRESENT: Jack Davis, Interim City Administrator
Rita Pierce, Fiscal and Support Services Director
Mark Vierling, City Attorney
Craig Jochum, City Engineer

Call to Order **The June 1, 2011 City Council meeting was called to order by Mayor Lawrence at 7:30 PM.**

Adopt Agenda **Boyer made a motion to adopt the June 1, 2011 City Council Agenda. Voss seconded; all in favor, motion carries.**

2010 AFR and Report by Auditor Jeff Wilson from the City's audit firm of HLB Tautges Redpath, Ltd., thanked Council for allowing him the time and said he has the same presentation as he has had the last couple years. He said we have three reports, the Annual Financial Report, the Annual Management Report and the State Legal Compliance Report.

Wilson said for the Annual Financial Report the City is responsible to write this, Ms. Pierce actually wrote all of this which is great and we reviewed it. He said you got a clean opinion from us on this.

Wilson said the Annual Management Report covers six areas. Wilson said for 2009 the City received a federal grant in the amount of \$350,000. He said it is a reimbursement grant and you have until May 2013 to get the funds. Wilson said you also have the bonds you issued that you need to stay on top of, but Ms. Pierce indicated you have contacted counsel on what these can be spent on. He said the Ice Arena fund might be in the positive by 2012 or 2013 for cash flow. Wilson said all in all we had a clean opinion for 2010 for the City of East Bethel.

Anoka County Sheriff 2012 Contract Proposal Sheriff Stuart said we have a variety of things to talk about related to your 2012 contract. He said we have had a contract for services with the City of East Bethel for many years and he hopes you are happy with our services. Sheriff Stuart said we have put together and option for you to look at. He said we know these are hard economic times that no one has ever wanted. Sheriff Stuart said we recognized the cities are in just as difficult spot as we are so we wanted to go back to the drawing board and redefine normal. He said we wanted to make it more affordable for our partners. Sheriff Stuart said so we assigned a task force and their task was to define options. He explained we reviewed other contract services and we found our services were above par, our services were more personalized, and we have investigators that work the same areas more. Sheriff Stuart said we are continuing to work the same resources to the get the job done, above the mark or ahead of the mark. He said we had a City to the south that looked at other services, but we showed them that our services were the best and we want to continue to provide excellent services at an excellent price.

Sheriff Stuart said our task force came up with a district concept. He said it would involve communities that would have to maintain their standards; the district included the

communities of Oak Grove, Andover, Ham Lake and East Bethel. Sheriff Stuart said after discussions, the City of Andover was not interested, they are happy with their service. He said from our standpoint it will allow you to reduce your expenses but still maintain your standards. Sheriff Stuart said Ham Lake already took a reduction, so they will see less of a reduction. He said there would be varied degrees of expense based on coverage and the proposed savings of each City would vary. Sheriff Stuart said East Bethel would be the only city that would continue to have CSO coverage, and that would be a separate contract.

Sheriff Stuart said the downfall of district coverage, is loss of a personalized service, the deputies would be assigned to a district, and so it comes down to a choice of less personalized service to a less bottom line. He said we are willing to do this on a trial basis and if the cities decided it wasn't working, we could go back to the standard contracts. Sheriff Stuart said it would be an evolving process as we were moving along. He said we would like the opportunity to evaluate the successes or lack of successes, and the district concept would be contingent on participation of all three communities for these numbers to be sufficient. Sheriff Stuart said we would provide 17 deputies, 24/7 patrol, and this would meet the minimum standards of our office and the cities. He said it would be up to cities to decide how the payments are divided. Sheriff Stuart said so you have the option of having your regular contracts per City, or the district option, but we are trying to reinvent the wheel and give you options.

DeRoche asked has this been tried in other parts of the state. Sheriff Stuart said they do this in other areas but they don't call it a district concept, the minimum contract is 36 hours and the starting contract is 1.2 million. He said there are several departments that say, write us the check and we will handle the hours, but we like to have more personal interaction. Sheriff Stuart said he doesn't think it will be lost with this. Boyer said with 17 full time officers, we are used to thinking hours of service per day how does that equate to our current contract. Sheriff Stuart said the actual final schedule would have to be determined. He said we are trying to determine what is the most bang for the buck, the most coverage whether it be 8.5 hours or 12 hours per shift, we haven't worked that out yet. Boyer said he can do the math at home and he doesn't know what Ham Lake is contracting or Oak Grove is contracting, so he doesn't have enough information to make a judgment on service and what we are getting for our money.

Lawrence said we had discussed this and our service would not be lacking, we would be getting the same service with this system because of the overlap with the cities and we would get a cost reduction. Sheriff Stuart said one of the benefits of this concept is if you are short 2 hours of your 40% proactive time, with a traditional contract you would have to buy 8 hour block, but with the district option you can look at this surplus block. Boyer said so we are taking 5 police officers off the streets between 3 cities. Sheriff Stuart said yes, with the district there is no East Bethel car, you have district cars. Boyer said so we are 5 officers short, so that is a reduction of service to the residents of East Bethel. He said and in the past it has been eluded to that the neighbors to the south have not been contracting enough hours and we are already subsidizing them. Sheriff Stuart said he cannot speak to that; he is just here to provide the options.

Moegerle said she thinks if we did the cost on this on a population basis it would be fairer. Stuart said we looked at calls for service and population, and they were very similar. Moegerle said she knows in the last two weeks there was a call for service at the Coon Lake Beach community center and it took 20 minutes for response. She said it seems it would be a good way to cover the Coon Lake area if you were coming from Ham Lake. Sheriff Stuart

said like anything we do, it is going to be hit or miss. Moegerle said she understands it is a long way there, it is the lake. She said this approach would solve that. Lawrence asked when you did your approach to this, would we lose our current service from the sheriff's service, would we actually not have our response time we currently have. Sheriff Stuart said he would be surprised if we didn't have the same response time. He said it would be hard to believe we wouldn't. Sheriff Stuart said normally if isn't a priority call, it might wait for an hour until the cars get free from an accident, but with the district there will be a lot more cars available.

Boyer said but there will be a lot more ground to cover. Sheriff Stuart said there is a reduction in staffing. Boyer said you can do this if you want to cut services. Voss asked where does the cost savings come from, besides cutting personnel. Sheriff Stuart said an administrative fee reduction. He said 10% of the contract is administrative fees, so it is a reduction in this through the collaborative effort of the district concept. He said couldn't reduce hours if you didn't do the district option because we won't reduce our standards below the minimum. Sheriff Stuart said it is kind of a Catch 22, if you look at districting, if one City needs 1.5 hours, another needs 2 hours and another needs 2 hours, they all don't have to purchase 8 hours each to meet their minimums, they can share 8 hours and meet their minimum standards. Voss asked where are we at with the standards. Sheriff Stuart said he believes near 50%.

Voss said he did this quickly, but he figured out a rough percentage reduction, Oak Grove would be 33%, East Bethel 26% and Ham Lake a 2% decrease. He said is it safe to say we would have a 22% reduction in sheriff's hours in the City. Sheriff Stuart said yes. Voss said so we would be going from 40 to 32 hours. Sheriff Stuart said you would still meet the 40% proactive time. Moegerle said it is her understanding that Ham Lake already did a reduction last year. Sheriff Stuart said yes. Voss said this is merely a way to bring it down to the bare minimum standards. Sheriff Stuart said correct. Voss said in years past we had the bare minimum standards, and it took years to get it up there. Moegerle asked 40% of what, 50% of what, please explain this to everyone so they know what you are talking about. Sheriff Stuart said we are talking 40% of proactive time. He said the minimum standards say an officer should have 50% of proactive time, to patrol neighbors, and such. Sheriff Stuart said we have as an organization years ago said that we wouldn't hold to 50% as a minimum standard, but 40%. DeRoche said so for clarification this wouldn't mean East Bethel would be running wild just because we went to 40% proactive time. Boyer said this is nothing but a reduction of police services, if we want to do this, we could cut an officer tomorrow. Sheriff Stuart said an individual City might have to go to the district option to cut; they might not be able to make the minimum standards otherwise. He said the overall reduction is not just personnel.

Voss asked explain currently and then the with the district approach how the cars are managed. Sheriff Stuart said with your current coverage the cities contract for certain number of cars and deputies. He said the work out of your substations primarily and also mostly in your City. Sheriff Stuart said the difference is with a district, they would be working in all the cities, and the cars would be district-wide. Voss said currently we have two cars out of here and Ham Lake has one car in the afternoon. Sheriff Stuart said he is not sure; he doesn't have their contract with him. Voss said does Oak Grove have one car in the afternoon. Sheriff Stuart said yes. Voss said under the district approach we are going from them covering 50 square miles to 100 square miles. Sheriff Stuart said with 17 deputies, whether 10 or 12 hour shifts for the district with probably 2 A-Shift, 2 B-Shift, 1 C-Shift, 2 A-Power, 2 B-Power and 2 floaters, so if no one is off schedule you have 11 cars

per day.

Voss said in terms of within an 8 hours shift and he has been on plenty of ride alongs when both cars have found themselves in the same spot at one time. He said it could happen with all the cars in district, they could all be in Ham Lake at the same time. Voss asked will you manage them. Sheriff Stuart said we would have to have a plan broken down into a geographical area of some kind; this is literally a rough plan. Voss asked with the 40% criteria of proactive, where are Ham Lake and Oak Grove sitting. Sheriff Stuart said Oak Gove with their expansion mid year, they will be in line with East Bethel and Ham Lake is just sitting above 40%. Voss said so Ham Lake will have the most to gain. Sheriff Stuart said he doesn't know that anyone within the district will gain more than the other, because it is based on calls per service. He said the emphasis was on the concerns in reduction in coverage, but he knows staff will do the best they can to get the calls covered but he would not attach his name to it if he thought there would not be coverage. Lawrence said at the current rate we have three separate cities, if we have an Oak Grove car just sitting in Oak Grove, if we have something happen in East Bethel does he respond. Sheriff Stuart said not unless it is an emergency. He said we also have the county-wides that would respond as well with both options, the cavalry. Sheriff Stuart said it changes the dynamics a bit.

DeRoche asked do you have any documentation that shows the specific calls at what time in each City. Stuart said we don't have a spreadsheet in the district, but we know the hot spots. Voss said is it not the afternoon, isn't that why we have power cars in the afternoon. Moegerle said since Ham Lake had a reduction since January could we compare the response time with East Bethel's response time, in general. She asked could you also work the district option up with 18 deputies. Sheriff Stuart said yes, we could certainly do that. Boyer said it would have to be 20% more than 17 to get to the same amount of service that East Bethel has. Sheriff Stuart said he has tried to be very upfront about this. Voss asked if we dropped down to 32 hours of coverage as we were a few years ago, do you know where we would be. Sheriff Stuart said he believes below 40%. He explained the different shifts. Lawrence said so power calls are designed to cover high level shifts.

Sheriff Stuart thanked Council for allowing them to serve the City of East Bethel.

Public Forum Lawrence opened the Public Forum for any comments or concerns that were not listed on the agenda. There were no comments so the Public Forum was closed.

Consent Agenda **Boyer made a motion to approve the Consent Agenda including: A) Approve Bills; B) Meeting Minutes, May 18, 2011, Regular Meeting; C) Meeting Minutes, May 12, 2011 Work Meeting; D) Meeting Minutes, May 17, 2011 Work Meeting; E) Ehlers Invoice; 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.** Davis said we need to discuss item G) Schedule Work Meeting – June 22, 2011, we probably need to schedule a special meeting because Council will need to make a decision about the GRE application. Council consensus was pull this from the consent agenda and to discuss this under City Administrator at the end of the agenda. There wasn't a second so the motion was withdrawn.

Moegerle asked to discuss the item J – Booster East Fence and under item A – Approve Bills, she has a few bills to discuss, but especially the Weidema Invoice both as separate items from the consent agenda. Voss said he would also like to discuss item E – Ehlers Invoice as a separate item.

Moegerle made a motion to approve the Consent Agenda including: B) Meeting Minutes, May 18, 2011, Regular Meeting; C) Meeting Minutes, May 12, 2011 Work Meeting; D) Meeting Minutes, May 17, 2011 Work Meeting; F) Approve Gambling Permit – Bingo – East Bethel Seniors – Booster Day; H) Appoint East Bethel Member to Connect Anoka County Governance Group; I) Temporary Appointment of Lieutenant to Fire Department. Voss seconded; all in favor, motion carries.

Item A – Approve Bills
 Moegerle asked are there two different telephone providers, is one for cell phones and one for land lines. Davis said yes, that is correct. **Moegerle made a motion to item A) Approve Bills except the S.R. Weidema invoice in the amount of \$552,886.91. DeRoche seconded.** Voss asked why is this being pulled out. Moegerle said she wants to discuss it further under item 8.0 A.1 and wants to know how long it will take for us to get reimbursed by Met Council, and if it is an interest bearing account, will we lose money. She asked will we hear about this from our engineer. Jochum said yes it is an agenda item. Boyer said we would usually not have this as a consent agenda item if we are discussing it later. **All in favor, motion carries.**

Item E – Ehler Invoice
 Voss said as far as the Ehler Invoice on page 59 do we have a new document provided. Davis said yes, that is correct. Voss said if understand this correctly it is basically a contract between Ehler and Landform to provide the services. Davis said there is some hint of that and it also says the City authorized Ehler to proceed with the analysis. He said we assume it must have been done by the former city administrator. Voss said last meeting we asked for a letter of engagement. He said he perceives from this that Landform engaged them. Vierling said if Landform or Ehler hasn't supplied that you might want to table this until they do.

DeRoche asked didn't the former city administrator okay this to go ahead. Davis said that is what he understood; he did it to get a second opinion on the bonds, for defeasance. DeRoche said if in fact Dave Schaaf did engage them to do this, are we not in fact to obligated to pay them. Vierling said the City Council authorizes purchases, unless you have a purchasing policy in place that department heads can authorize purchases. Voss said to him this is something that Landform had a contract to complete their scope of services. DeRoche asked can we get a hold of Ehler's to see if they have some type of documentation. Davis said this is all that is available from what we understand. He said we have discussed this with them and this is what they have provided. DeRoche asked did you tell them we need something that says that Dave Schaaf authorized this. Davis said we can get ahold of Ehler to see if they can substantiate this charge.

DeRoche made a motion to table item E-Ehler Invoice and to have staff contact Ehler and Landform to get some more documentation. Voss seconded. Boyer asked when we are tabling this to. DeRoche said the next City Council meeting. **Boyer, nay; DeRoche, Lawrence, Moegerle, Voss, aye; motion carries.**

Item G – Booster East Fence
 Moegerle asked with the Booster East Fence is time of the essence that we can't get this done by public works. Davis said this was initially part of the easement. He said time is critical, this is part of a pasture for horses, it is \$3,000 in labor that will come out of the parks trails fund. Davis said the public works department is busy doing storm work. DeRoche said he has been looking at some of the roads and they need to be done, they are beyond bad.

Moegerle motion to approve the Booster East Fence project with Top Notch Fence not to exceed \$10,900. DeRoche seconded. Boyer asked has this gone to the Park Commission. Davis said this is on the Booster East/Cedar Creek Trail easement project. **All in favor, motion carries.**

IUP/Home
Occupation -
2740 Viking
Blvd NE –
Michelle Hess

Davis explained 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.

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.

DeRoche made a motion to approve the request of Michelle Hess for an Interim Use Permit (IUP) for a hair salon at 2740 Viking Blvd. NE, East Bethel, MN 55092 (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. Voss seconded. Boyer said he is a little concerned about parking. Hess said she has plenty of parking. All in favor, motion carries.

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

Jochum explained that 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

Staff recommends Council consider approval of Pay Estimate #1 in the amount of \$673,335.44 for the Phase 1, Project 1 Utility Improvements. Payment for this project will be financed from the bond proceeds. Funds, as noted above, are available and appropriate for this project.

Jochum said he has included the breakdown between the City and Met Council. He said there is an item of note on the retainage, by statute the contractor can request to have an escrow account set up for the retainage. Jochum said S.R. Weidema has elected to go with that option, and an agreement has been drawn up and the city attorney is reviewing this.

Moegerle asked has the Met Council reviewed this bill. Jochum said yes. Moegerle said so they will be reimbursing us right away. Pierce said they have 30 days to review this bill and then 15 days to pay the bill. Jochum said but they put up money upfront. Pierce said 10% of the contract so approximately \$700,000. She said this will just cover this and then very soon we will have pay estimates where we have to pay the contractor within 15 days of the engineer signing the pay estimate and then the Met Council has 45 days to pay us. Moegerle said and this comes from interest bearing accounts. Davis said the problem comes from the fact that the contractor gets paid in 15 days from when they submit it, and then Met Council has 45 days from when we submit it to reimburse it. Boyer said we are talking \$2,500. Moegerle asked when is payment due to them on this particular bill. Davis said approximately June 10.

Lawrence motion to approve Pay Estimate #1 – S.R. Weidema – Phase 1, Project 1 Utility Improvements & East Bethel Gravity Interceptor & Discharge in the amount of

\$673,335.44. Boyer seconded; all in favor, motion carries.

Boyer asked staff to talk to our Met Council representative and see if we can work something out on the payment process. Davis said he will talk to Mr. Reynoso to see if we can expedite this process.

Resolution
2011-17

Davis explained the 2010 Annual Financial Report (AFR) has been prepared, audited and is presented for your review and approval.

Accepting

Annual

Financial

Statements

and

Auditor's

Annual Report

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.

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.

Voss made a motion to adopt Resolution 2011-17 Accepting the 2010 Annual Financial Report for operation and activities of the City of East Bethel for fiscal year 2010 and direction of submit the report to the state Auditor. Boyer seconded. Voss said he wants to note that we were given a clean bill of health for 2010. All in favor, motion carries.

Class V Bids

Davis explained that 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.

Staff recommends awarding the 2011 Class V/millings contract to Bjorkland Trucking for a not to exceed of \$35,000 including delivery.

Boyer made a motion to award the 2011 Class V/Millings contract to Bjorkland Trucking not to exceed \$35,000 including delivery. Lawrence seconded; all in favor, motion carries.

City
Administrator
Employment

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. 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.

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.

Boyer made a motion to approve the city administrator employment contract for Charles “Jack” Davis as submitted in our packet. Lawrence seconded. Lawrence said on page 3, second from bottom paragraph under severance he would like to change this from 6 months to 4 months and then for two years of service an additional month of severance will be added. He said also on page 4, under step increase; add by approval of City Council. Davis said he has no issue adding either of those conditions. Lawrence said he had asked Davis to look up the step plan for the city administrator and we don’t have one. Voss said under term on page 1, he would suggest we make it a full 2 year term, run it to June 1, 2013. He said so it is overlapping a bit of the election year and a potential changeover on January 1st. Moegerle said wouldn’t a new council know if they want to make a change before that. Voss said he is trying to avoid the event that happened this time; it was the worst thing that happened for the City. He said that way if it goes to June, not everything has to happen at once, we don’t have to spend 6 months getting back on our feet and it is a two year contract. Davis said he has no issue with that either. **All in favor, motion carries.** Vierling asked for the record, was it the intent of the Council to have all three amendments added to the contract. All Council Members stated that yes; they wanted it on the record that all three amendments should be added to the contract of Charles “Jack” Davis, city administrator as approved.

URRWMO
2012
Proposed
Budget

Davis explained that 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.

City staff is seeking direction as to a response to the URRWMO budget request.

Boyer made a motion to approve the Upper Rum River WMO 2012 budget request. Voss seconded; all in favor, motion carries.

SRWMO
2012
Proposed
Budget

Davis explained that 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.

City staff is seeking advice and direction in responding to the SRWMO budget request.

Boyer made a motion to approve the Sunrise River WMO budget as requested. Voss seconded. Boyer said there are some spelling errors. **Moegerle, nay; Boyer, DeRoche, Lawrence, Voss, aye; motion carries.**

Arena
Management
Contract

Davis explained that prior to 2006 the City of East Bethel managed the total operation of the Ice Arena. Beginning with the 2006-2007 seasons, 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.

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.

Voss made a motion to approve the Management Services agreement with Gibson Management Company, LLC at the City's Ice Arena for \$88,000 per year starting August 1, 2011 for a period of 3 years. Boyer seconded. Moegerle asked is there a market for the Ice Arena. DeRoche said he was going to ask the same thing. Moegerle asked are we ever going to reduce this debt, the cost of this. Davis said the auditor said we might be out from under this by 2012. Boyer said he got on council we were losing \$200,000 a year on the arena and most of the loss now is in improvements. Davis said he thinks the best bet is to continue on with the management and to try to get cash deficit to zero.

Moegerle asked who is responsible for the repair and maintenance of the building and Zamboni. Davis said we are. DeRoche asked who is responsible for the advertising of this facility. Davis said we are going to try to get Gibson Management to market this better, but the problem is it is not air-conditioned in the summer, so it is hard to rent out in the summer. He said as part of the contract we have set up mandatory quarterly meetings and we have put in the contract that they have to sell more advertising. Moegerle asked would we get more takers if it was air conditioned and what would it cost to get that. Davis said he doesn't know the cost and doesn't know if we would get takers.

DeRoche said so it will cost us \$88,000 plus heat and electric to run the ice arena, what does that run. Boyer said \$75,000 a year. Pierce said it has gone down this year with this improvement. Lawrence said it does have a park n ride there. Davis said there is not enough room for off street parking for the bigger hockey games. He said so we have to lift the no parking restrictions when there are bigger games. DeRoche asked is it St. Francis Youth Hockey Association who has the hockey games there. Davis said yes. Moegerle asked did they pay their bill yet. Davis said he got an e-mail that they would be able to pay part of their bill tomorrow. He said we will have to get the payment up front for next year. Davis said the ice arena is something we are saddled with and trying to get out of the red. DeRoche asked is there a lot of public skating going on. Davis said there is a lot of ice time sold, but we do have an outdoor ice rink available. He said the only time we have open skating is New Years Eve. Boyer asked is the building paid for now. Pierce said yes. Jochum said the service road is wide enough to park on, it was a City decision to not allow parking; you can allow parking there during events. **All in favor, motion carries.**

Selection of City Attorney

Davis said that 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

Council will consider the appointment of the City Attorney from those firms interviewed on May 12, 2011.

Lawrence made a motion to appoint Eckberg, Lammers, Briggs, Wolff and Vierling, PLLP as the City Attorney. DeRoche seconded. Boyer said he is curious about the fiscal

impact statement on this. He said no offense but he thinks Vierling's cost per hour are much more and he is curious to where the funds are coming from. Davis said the data shows that Mr. Vierling's costs are in pace with what our former attorneys were, we are fairly close. Boyer asked what is fairly close. Pierce said to date for both civil and prosecution we have spent \$55,000. She said we can anticipate about \$165,000 and we have \$140,000 budgeted. Boyer asked where is the additional \$25,000 coming from. Davis said it will have to come from the general fund. Voss said it was not a flat fee that was proposed. Vierling said an hourly was proposed, but we did put forth a flat fee with any litigation being an additional fee. Boyer asked if staff has a preference. Davis said no, it appears there is not much of a difference for both. Vierling said if you prefer we can run it at both and give you the option of at the end of the three months. **All in favor, motion carries.**

Selection of Prosecuting Attorneys

Davis said the 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

Council will consider the appointment of a Prosecuting Attorney from those firms interviewed on May 12, 2011.

Voss made a motion to reappoint the existing prosecution attorney, Carson, Clelland and Schreder. Boyer seconded. Moegerle said her concern is serialized prosecution, if you use one attorney for both there are savings in that. She said there might be an economy of scale in using one attorney for both services; they would handle it all, first to last. Moegerle said she has no objections to any of these, she thinks they are all qualified. She said if you have a quasi criminal case, then we don't know which one should handle it, and they are both billing the City. Voss asked has this happened in the past two years. Davis said not that he knows of. Lawrence said he did some checking on this and cities do it both ways. He said it would prefer it to be the same for both, he thinks we will get a little more for our money. **Boyer and Voss, aye; DeRoche, Lawrence and Moegerle, nay; motion fails.**

Lawrence made a motion to appoint Eckberg, Lammers, Briggs, Wolff and Vierling, PLLP as the prosecuting attorneys. Moegerle seconded. Boyer, nay; DeRoche, Lawrence, Moegerle and Voss, aye; motion carries. Vierling said he will work out a transition with Carson, Clelland and Schreder that works best for the City.

ERU Reduction Policy

Davis explained that 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.

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.

Staff is seeking direction from the Council in regards to this policy.

Boyer made a motion to table the ERU Policy. He said while he appreciates staffs work on this, we are a year and a half out on this and to make a decision on this seems irrational to him. Moegerle said she thinks he is seeking direction. **Boyer withdrew his motion.** DeRoche said we are down to 12 existing businesses, when this was put together there were a whole lot more, right. Davis said there are actually 88 ERUs possible right now. He said with this policy we are talking about the reduction of 23 ERUs, but if we want to adopt a policy, this is a model to look at. Boyer asked what happens with businesses that come in after this. Davis said this would only apply to existing businesses. Voss asked he is wondering if there is anything we can do, other processes that can occur, other than a straight analysis.

Davis said what this stems from is there is an existing business that says a promise was made to reduce the ERUs and we are working on an easement agreement. He said the theatre doesn't want to give us this agreement until they are assured that the ERUs are reduced. DeRoche said he clearly remembers that they were all for this, go, go, go. Davis said this might not be the policy you want to go for, but you need to get something in place. Voss said you are right, he doesn't remember the theatre asking for this but there were other businesses that were in less of a financial place to do this that Council said we would look at this. Boyer said the discussion he remembers was extending the ERUs over time. DeRoche said Village Bank was a little up in arms about the cost, but the theatre was all for it.

Voss asked the question is are we looking at softening the financial impact on businesses, are you interested or not. Davis said if you want us to look at some other things, we can do that. Boyer said there are other communities that went through this, Jordan, Lake Elmo, we could ask them how they dealt this. He said we have a system in place with road

assessments, and he doesn't find that much different. Boyer said he would also like staff to look into that. Davis said he only brings this up because he knows we will have requests for this and we need to have a policy in place. Moegerle said that is why we have a policy in place, to treat everyone the same. She said it is very interesting that we are using the sewer and water to entice businesses, this plan wasn't to entice. Lawrence said a lot of businesses in that area are strained, that is why we need to have a plan.

Jochum said just so it is clear there will be businesses like theatre that can prove that they are using less ERUs. He said the theatre says they can prove they are using 13 ERUs and they are assessed at 27. Boyer said but we are not measuring storm water usage. Jochum said that won't have an effect on ERUs. He said that is what their argument is; they have to prove how many ERUs they are using. Moegerle said but Met Council doesn't let them swerve from the manual. She said she would like to know why they do this. Jochum said for consistency and they don't have cash flow issues. He said plus they don't have control to go back later on. Jochum said something like the theatre is typically based on seats.

Security System

Davis explained that 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 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.

The cost for this system is \$4,740 for equipment, installation and a one year monitoring cost.

Staff recommends approval of the installation of this system.

DeRoche made a motion to approve the security system update at a cost not to exceed \$4740 for equipment, installation and one year monitoring. Moegerle asked how many proposals we received. Davis said three. Moegerle asked how much does this cost per year. Davis said \$240. Voss said is this a keypad or fob system. Davis said keypad. Boyer asked have we had any issues. Davis said no. He said this is to protect City Hall from someone breaking in to the building and from vandalism. Voss asked how much is difference between a keypad or card reader system. He said he can see a keypad system for the community center, but it is outdated for City Hall. Davis said he looked at this because of cost and the split system; we have use of the community rooms after hours. Boyer said he thought right now if someone broke the glass alarms went off. Davis said no. **Boyer seconded for purposes of discussion.**

Lawrence asked do we want to look farther into getting a card reader. Voss said part of the problem in the past was employees coming in. Moegerle said we can change the code every 30 days. Voss said a keypad is a very antiquated system. DeRoche said for right now something is better than nothing. Davis said he doesn't have it in front of him but he thinks it is about \$5,000 to \$6,000 more for the card reader. Voss asked how much was the web cam. Davis said like \$2,600. Voss asked with the camera unless it is someone you know it is not very effective. He said he hopes there are motion alarms included in this. Davis said

the quote on the card system was \$8,000 for low and high was \$15,000. Voss said to him if we are going to make an investment of \$5,000 for a security system he would rather go with the \$8,000 for a card reader system. Moegerle said the person that has the card is going to be pretty sophisticated anyways, not the person that is going to misuse it. Davis said only city staff would have access to the keypad, it would be a split system. Voss said so you are just securing the offices, so who monitors the cameras. Davis said it is just recorded. Voss said it is not monitored, just recorded. Moegerle said but the offices are monitored by the alarm system. Davis said yes. **Boyer withdrew his seconded. Moegerle seconded.**

DeRoche amended his motion to go with the card reader system for offices with no cameras not to exceed \$5,453. Moegerle withdrew her second. Voss said is this just still for the offices, they it is a waste of money. He said he thinks if you are going to make the investment, make the right investment. DeRoche said the information and stuff in the office is what we are trying to protect. Boyer asked what is the sensitive data, it is all public record stuff, there are no deeds here they are at Anoka County, we have some personnel data and when was the last burglary to steal personnel records. He said he doesn't know why we need this. Voss said he didn't push for a security system; he is trying to determine what has more value. **Motion fails for lack of second.**

Boyer made a motion to table this for more information until the next meeting. Moegerle seconded; all in favor, motion carries.

Council
Reports –
Moegerle

Moegerle said she was looking at the League of Minnesota Cities brochure for their Annual Conference and there are things on there that would be helpful with regard of EDA. She said maybe we could find some funding to go there. Lawrence asked do we have a budget for EDA. Davis said we did approve some EDA funding. Moegerle said the funds haven't transferred yet. Boyer said we are still in the appeal period.

Adjourn

Boyer made a motion to adjourn at 10:04 PM. Voss seconded; all in favor, motion carries.

Attest:

Wendy Warren
Deputy City Clerk