

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 15th 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 15th so he thinks the wisest course of action might be to put this off until the 15th. 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 15th.

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 1st 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 1st. 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 1st. 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 1st 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

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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