

EAST BETHEL CITY COUNCIL MEETING

February 2, 2011

The East Bethel City Council met on February 2, 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: Dave Schaaf, Acting City Administrator
Mark Vierling, City Attorney
Craig Jochum, City Engineer

Call to Order **The February 2, 2011 City Council meeting was called to order by Mayor Lawrence at 7:39 PM.**

Adopt Agenda **Moegerle made a motion to adopt the February 2, 2011 City Council Agenda. Voss seconded.** Schaaf explained that we will need to adjourn to closed session to discuss item 8.0 G.3 Anoka County HRA Lawsuit at 9:00 p.m. because we will be contacting our legal counsel by phone and that is what time he is available. **All in favor, motion carries.**

Public Forum Lawrence opened the Public Forum for any comments or concerns that were not listed on the agenda. He explained that he is going to ask that the public keep their comments to two (2) minutes each. Boyer asked why are we doing this, we have never done this in the past. Voss asked who is making this change. Lawrence said it is a normal thing that is done; according to the Mayors Handbook from the League of Minnesota Cities (LMC) don't we follow those rules. Voss said without discussion we are making the change.

Tim Landborg of 1507 205th Avenue NE said he has a comment. He said tonight you are having a presentation by Bolton and Menk and then a presentation by Landform at your next meeting. Landborg asked are you going to do a presentation on the delays of the contracts and what it will cost if you cancel the contracts. He said he doesn't know if you will make any decisions but after your discussion regarding the letter you received from Met Council it sounded like it will cost the City at last \$2,000,000, in that range. Voss said the direction from Council was for staff to have this information at the meeting on February 16th. Schaaf said we are pushing Mr. Schunicht to have this done for the meeting on February 16th, but if we have to have the information for the packet, then we are really pushing him. He said if we need to have special meeting so Council can make a decision then we will do so. Voss asked why Landform is doing this, when we specifically gave staff direction to do this. He said his point is last meeting he remembers turning to Schaaf and asking him to put numbers together for the meeting and he remembers Schaaf responding that he would. Voss said this is a totally separate exercise from what Landform is doing. He said this is an understanding of risk, totally separate exercise.

Schaaf said Schunicht has met with City staff and gathered the requested information. He said he has also met with you (Voss), the finance director, city planner, Springsted, etc. Voss said from all the people you just mentioned, there is only one that has the information that he is requesting and that is Springsted. He asked why Schunicht is doing something staff can do. Schaaf said because he can lay that all out so you can make an important decision, this was part of his duties. He asked have you had a chance to talk to Schunicht. Voss said yes. He said he doesn't have this information, the City has this information, and this is the money

that has been spent on the bonds.

Denise Lachinski of 22286 Vermillion Street NE said as far as the RFP for attorney services, she would like to know if the two City Council members that are going to be on the committee, can that be one Council Member from the old and one Council Member from the new. She said she thinks that is what the people would prefer so it is a bipartisan committee. Voss said we are not partisan at all. Lachinski said she is thinking old versus new. Voss said we will be dealing with this at the end of our agenda. Lachinski said and at the end of the last meeting, the broadband trunk line was brought up and Moegerle said it was going to the ice rink and you had requested it go to Castle Towers. Moegerle said she worked on this with the Public Works Manager and the broadband could go to any three City facilities. She said so we thought it makes sense to go to the Fire Department on Co. Road 22, City Hall and since it already goes up Highway 65 right past the Ice Arena, that would be a waste of our third shot, so for the purposes of serving our residents we thought it would be best to go up to Whispering Aspen. Lachinski said she can see the benefits of it going in up there if the residents can tap into it. Moegerle said yes, and then the residents in the Whispering Aspen area would have access to broadband services. She said but since that meeting, the Public Works Manager looked into this further and found out that because of the grant, it would have to be at the Fire Department, Ice Arena and City Hall. She said it would be useful at the Ice Arena. Voss asked how does this fit in with the fiber optic that we currently have. Boyer said that is right, we already have a contract for these services. Moegerle said there was not discussion about this.

Patty Bass of 2419 224th Avenue NE said she hopes you will consider having either Council Member Boyer or Voss serve on the RFP committee. She said she hopes you will be transparent, or have you picked the attorney already.

Terry Frank of 176 King Street NE said we seem to find out how important this meeting is, there is a problem with communication, you have failed at communication because this equipment you are using doesn't work as well as his car does. He said maybe in the next ten meetings you will have this thing working, it is important; it is why we are all here. Frank said usually when he buys a car he knows how much it is going to cost, when he buys a meals know how much it is going to cost, he wants to know how much the sewer and water is going to cost us. Lawrence said that is what we are researching to get accurate facts and numbers on the sewer and water project. Frank asked what is name of research outfit. Lawrence said Landform. Frank asked and what is that going to cost us. Boyer said just under \$10,000. Frank said to find out it is going to cost a quarter in a Wheaties Box. He asked is this going to one outfit or is there a bid on this thing. Lawrence said it went to one outfit.

Jill Teetzel of 20913 Rendova Street NE said she wants to address the minutes from the last meeting under public forum, page 14, where she asked about the luncheon, she made a public purpose expenditure request, and she has asked for this many times and still has not received the informaiton She said also in the minutes it refers to Doug Sell as the former City Administrator and she believes he is still the City Administrator and that is also on the agenda. Teetzel said also in the RFP for Legal Services, the anticipated timeline is a crazy amount of time. She said not having a new attorney start until June 1st; it is a long time until summer. Teetzel said and the Council as a whole should be discussing any changes to rules, you are not being upfront with the public changing the public forum to a two minute limit just because you want to. Lawrence said you just don't like the public rule. Teetzel said you are being very childish. Boyer said there is nothing in any ordinance that says we are limited

to two minutes. He said this is a handbook you are referring to; it is not adopted by the City. Boyer said why not point to a phonebook.

John Wegner of Municipal Builders said he is the general contractor awarded the bid for the water treatment plant. He said he just has a suggestion, something for you to think about. Wegner said if we had a timeframe, if this project is to proceed, we as a contractor would be in a much better position if we had a date to give our sub-contractors and negotiating the price with them. He said if you would allow him to go to his sub-contractors and now we could lock in a date and we would have a number of what the cost would be going up, and we would be proactive. Voss asked what the value of your contract is. Wegner said \$5,700,000. Voss asked how much is for sub-contractors. Wegner said about \$1,500,000. He said he has about 120 suppliers and/or subcontractors. Wegner said if he contacted them with a date, then we would be more successful. He said a plumbing contractor could have fifteen subcontractors. Wegner said this could save tens of thousands of dollars, he said the downside to you is he would have another day to save so many dollars.

Christine Howell of 22314 7th Street NE said when she was here in November she brought forth a list of 14 cities, with their City Administrators and their pay and she is going to pick on Boyer for this one because we went back and forth on this. She said on the low side it was \$83,000 and on the high side it was \$103,000 and there was a question about Sell's starting salary, he started at \$102,000. Howell said when she questioned why he started at such a high amount one of the responses was because of Sell's experience as a previous City Administrator. She said based on his application, he had only been a City Administrator at the City of Jordan. Howell said she thinks Boyer told her not only was it based on his experience as a City Administrator for three years it was also based on his past experiences. Boyer said yes. Howell said so you started Sell at this salary based on his experiences all pulled together. She said so you said Schaaf has no experience, so basically you have to give Schaaf the same thing. Howell said again, the only reason she is looking at Boyer is she had the conversation with him. She said if Sell's was based on life experience. Voss said Sell had experience in municipal government.

Howell said she sees in the minutes it was questioned who checked Schaaf's references, she would like to know who checked Mr. Sell's references because she called Brooklyn Center, his last job before he came to East Bethel and he listed his position there as Fiscal and Support Services Director/Assistant City Manager. She said she asked what is involved in this job description and the answer she was given by the current Fiscal and Support Services Director is that this is two separate positions and it has always been two separate positions even when Mr. Sell was employed there. Howell said she then asked has Mr. Sell ever been the Assistant City Manager at Brooklyn Center and he said no, he was the Fiscal and Support Services Director, never the Assistant City Manager, so if the number one out of the chute was incorrect, who checked it. Voss asked what year was Sell in Brooklyn Center. Howell said the information she was given lists 2001 to present. Boyer said there were a lot of issues with the cities you chose. Howell asked is Jordan a metro City. Boyer said yes it is. Howell said the very first one she checked was skewed.

Teetzel said she has an election flyer and she is wondering why we are doing a research project when this says the sewer and water project is going to cost a minimum of \$50,000 for each homeowner. She said it seems that there are certain people that are treated hostilely and certain people that are given eight minutes to talk. Lawrence said you may sit down now. Teetzel said she is making a point of how unprofessional you are being.

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

Bolton &
Menk
Presentation

Kreg Schmidt of Bolton & Menk said it is good to be here. He said we have video, but we don't have audio, the microphones aren't working, so we will have to speak loud. Schmidt said he has been working with the City for three years and we have had a lot of discussion on this project, on a lot of different elements and tonight he is going to give an update. He said you have in front of you a presentation with a lot of information regarding the project and a lot of text on the ERUs. Schmidt said this will be a record of information, but he is not going to go over every little piece of information in here, we don't have enough time, there are a lot of things in here regarding the project. Schmidt said he has met with your consultant Mr. Schunicht and Mr. Schaaf, we spent 4 ½ hours together reviewing the project.

Schmidt said tonight we will review the overall project, the Phase 1, Project 1 status; review general development rate scenarios's considered and review the bond repayment status. He said this is a joint City and Metropolitan Council Project and the initial project was 40% City funded and 60% Met Council funded. He reviewed the overall municipal utility phasing plan per the comprehensive plan. Schmidt said the project location for Phase 1, Project 1 is Highway 65 and Co. Road 22. He said as far as the project 1 area, the sanitary sewer system, we have the regional waste water facility located along 65 ½ mile from Co. Road. 22 and the northwest intersection. From the water standpoint, we have a water tower and two wells, trunk water lines, water facility, some lateral water mains, etc. Schmidt said the discharge piping and RIBs are to be done by Met Council and not part of the current contracts, there are 4 ½ miles of piping to get to the two rapid infiltration sites that Met Council is planning on doing.

Schmidt said for the Phase 1, Project 1 Status we have four contracts awarded, the 500,000 gallon water tower, the 2-500 gpm wells, the 1,500 gpm water treatment facility which was planned for iron and manganese removal and reverse osmosis for wastewater irrigation reuse elimination, (which was taken out but will need to be put back in at a later date) and the sewer and water piping project which includes the Met Council interceptor and discharge piping within the City project area. He said there are also some additional non-City projects, to be done on the Met Council dime, the Met Council discharge piping outside the City project area and the Met Council Wastewater Treatment Facility. Lawrence asked about the infiltration basins, will they be done by Met Council. Schmidt said yes. DeRoche asked about the reverse osmosis, why was this put in to begin with. Schmidt said we bid this out as an alternate, but with all the tankage in the warehouse we thought the best time to do that would have been now, but then it came in too high so we had to take it out. DeRoche said so you said it will have to be put back in somewhere down the line what will that cost. Schmidt said \$2,000,000 to \$3,000,000. He said keep in mind that will be the time to open this up to discussion with Met Council. Schmidt said this is for some other time and other place. Moegerle asked how much did it cost the City to rebid this. Schmidt said in order to do the layout of the plant you would have to do this anyway, unless you wanted a very inefficient plant. Moegerle asked can we perhaps do this on Met Council's dime.

Lawrence asked whose original thought was the Water Treatment Facility (WTF). Schmidt said this was based on wanting to treat the water for iron and manganese. He said this is part of the overall process, he has seen this done for typical standard of water treatment quality and rightfully so. Schmidt said otherwise you will put water out there that customers will not be happy with. Boyer said he doesn't think there are cities out there that don't treat their water. Schmidt said you have to have chloride and fluoride. Moegerle said the plan shows that we will have eighteen wells, is that true today. Schmidt said with the FIG alternative

that is probably the number, but we have had discussions with the DNR and we have been talking about having Mt. Simon wells and then you could have a couple less wells. He said the DNR was not ready to discuss this at the time. Schmidt said for now it is two FIG wells. He said it is an aquifer above the Mt. Simon. Moegerle asked how many were you serving when you came up with number, are you planning on serving. Schmidt said the well with the tower is 1,000 ERUs out of the chute and eventually serving an equivalent of 3,000 to 4,000 ERUs.

DeRoche asked how much was our City engineer involved in design of this whole project. Schmidt said he gave us the engineering standards you have. Jochum said he was asked about the engineering standards. DeRoche said he has heard this is the Taj Mahal of WTFs. Schmidt said he doesn't agree with that statement, he thinks it is very prudent considering what the City has discussed. He said this is the backbone of the system. Schmidt said it will be a very reliable system. Moegerle asked how many people will work in this WTF. Schmidt said one person. Moegerle said it shows four stalls in the women's restroom. Schmidt said that is a building code issue. Resident asked will this go under the lake or around. Schmidt said right now none of these items have anything to do with the lake. Lawrence said most likely this is not feasible to go to the lake. Schmidt showed on the map that this project is not going to the lake. DeRoche said so basically all the information you have gotten to put this together was from the old City Council, correct. Schmidt said we are going to talk about the ERUs. DeRoche said someone had to come up and say this is what we want designed for East Bethel. Schmidt said this is what we were hired to do, to take this information and then design this for East Bethel. He said we had public hearings, and informational meetings, there were plans and specs prepared. DeRoche said what he is looking for is East Bethel came and said we want to put in a sewer and water system and what he has here is they gave information to Bolton & Menk and then Bolton & Menk put this report together and here we are. Schmidt said this was built on the comp plan. Boyer said it was built on the area to be served. Moegerle asked who determines how many parking spaces are needed at the WTF. Schmidt said they are needed for deliveries and such. Boyer said he believes they are related to square footage of the building, ask the building official.

Jochum said as long as we are on the WTF, there are a number of municipalities that start systems without magnesium removal, Ramsey did this and it seems Council is concerned about the total cost of the system, could you address this. Schmidt said that would not be a good plan for the City, it would be a thorn in your side. Jochum said so if the Council does not build a WTF, they should not move forward with the project. Schmidt said you would have iron and manganese to deal with in the water, no matter what you have to chlorinate and use fluoride, so you would have to have another facility for that, this would cost between \$300,000 to \$400,000 and you would have to figure out a way to build that stuff, he would not suggest going forward with the project without the WTF, he doesn't know that he would. Schmidt said you are going to end up running a lot of water down the gutter. Voss said he remembers having this discussion previously and the Whispering Aspen residents are having to treat their water. He said we just put a well in at Whispering Aspen to deal with the issues there. Jochum said the water is much better there, things are much better.

Moegerle said so the WTF is planned to treat the manganese and fluoride. She said she treats her water and she doesn't have rust problems. Schmidt said the quality of this water is much better than just using a pellet system or the type of systems you can use in your homes. Moegerle asked what it will cost us to build this facility. Lawrence said that he knows that car washes and other facilities have to treat the water they get from the City because they

have to have better quality water for their businesses. DeRoche asked have you done perk tests. Schmidt said no, that will be done when we are building. DeRoche said he would think you would do that beforehand, so all the information was available.

Voss said the question here was are we going to need a WTF. He said he is really lucky; he has probably two of the some of the only houses in the City that don't need to treat their water. Voss said we knew we needed treated water. He said we had discussions about the poor water at Whispering Aspen and wanted to make sure that didn't happen here. Lawrence said you are picking a whole new source of water to be testing, how can you be sure there is going to be an issue. Schmidt said that is true, but it won't meet the drinking water standards. He said he anticipates it will meet the primary drinking water standards, but not the secondary ones that people complain about. DeRoche asked what happens if you drill a well and it is no good and then drill another well and still have issues. Schmidt said you never know when you are drilling a well, things can happen. DeRoche said he can hear people sneering at him, but without decent information he just cannot make a decision. Voss said back to treatment of water and quality in terms of what we have in our homes, we don't have standards to compare to. Moegerle said she thought our building official was hot on water quality at Coon Lake Beach.

Voss said as a municipality that provides water there are a whole different standards we have to meet. Schmidt said and if you have a WTF you would have to meet those standards. Voss said we dealt with our radium issue by digging a new well and blending. Jochum said right now we are not blending. He said the well that was done at Whispering Aspen was blasted; a cavern and the proposed are screened. Moegerle asked for the benefits of each. Schmidt said sometimes you will have a cavern that won't stay intact. He said with the screening scenario it if does cave in it will come back up. Moegerle said it seems the screen would block up eventually how much does it cost to replace. Schmidt said acid washing is \$5,000 to \$10,000 and you would need to do this maybe every 5-10 years. DeRoche asked are you fairly confident this will work, are you going off data from somewhere. Schmidt said yes, from digging wells in the FIG. DeRoche said up here in the East Bethel area. Schmidt said in the metro area.

Schaaf asked the city engineer, Craig Jochum, what was his input into this. Jochum said basically he provided the engineering standards for streets and storm sewer; he helped gather data for Mr. Sell. Schaaf asked about the water quality in our FIG well in Whispering Aspen, what could we expect in the new wells we are discussing here. Jochum said he is looking at the results from Whispering Aspen and hoping to be able to compare. He asked is your plan to drill the well first and then do a drawn down, you didn't do a pump test, correct. Schmidt said time didn't allow for us to do a pump test. Jochum said it is true that a second well might need to be farther away. Schmidt said yes, said it might need to be. He said our opinion is the amount is sufficient but it might not be. Voss said the second well is for backup supply. DeRoche asked can you put a rumor to rest that the backup generator has been taken out of the plant. Schmidt said the backup generator has not been taken out. Schaaf asked Jochum if he has designed wells for other cities. Jochum said wells yes. Schaaf said what would your company's recommendation be. Jochum said it would be two wells and he doesn't know if he would agree that treatment is needed. He said he doesn't know that he would scrap a project to do this, and the other thing we would look at is smaller systems, pressure systems. Schmidt said we have been looking at large systems over time and this is a facility you are going to expand over time, mirror in the future to add additional capacity and that is why we decided this is the best way to start the system. He said this facility will be 3,000 GPM. Schmidt said that is how it will develop. He said it is a very

nice system for a city. Schmidt said in the long term when looking at a larger City and more people being served, this is what you are going to need.

DeRoche asked is this system over designed for East Bethel. Schmidt said he doesn't think so. He said he doesn't see an over design if you want to continue to expand the system. Moegerle said she would like to see examples of cities that started with a well house and moved up to systems like this. Schmidt said cities that have first put in water plants recently, such Chanhassen, which sits on top of the Jordan aquifer, are able to go without treating the water. Lawrence asked about St. Francis. Jochum said that is fairly new. Voss said the discussion through the whole process since the City has been working with Bolton and Menk was whether we want to treat the water or not. He said the Council decided to treat the water. Voss said if we want not to do so that is an option we can take. Lawrence said an option we can do is put in a well house. Schmidt said his guess is that would cost around \$500,000. Jochum asked aren't some of the controls in the water treatment bid. Schmidt said yes. Moegerle said in Phase 1 in the short term her understanding is restaurants treat their water. Schmidt said his not sure they do. Voss said an option we have is to the get the wells in and see how the water comes in. He said we can put off the WTF, we have the option to put that off, but there is a cost to do that.

Moegerle reminded Council that they needed to move to the closed session, it is 9:00 p.m.

Closed
Session –
Anoka County
HRA Lawsuit

Voss made a motion to move to closed session pursuant to Attorney/Client privilege to discuss the ACHRA lawsuit A101628 City of East Bethel et al Anoka County HRA. Moegerle seconded; all in favor, motion carries.

Vierling said the for the benefit of the record the Council concluded their closed session regarding the Anoka County HRA lawsuit. The meeting was attended by all members of the Council, George Hoff Special Council, himself and Jill Teetzel. He said no actions and no motions were made or taken.

DeRoche made a motion to schedule a special meeting for Tuesday, February 8, 2011 at 5:30 p.m. at City Hall regarding exclusively with the Anoka County HRA lawsuit, subject to being cancelled by the chair. Boyer seconded. Voss said just so that everyone understands, this will be an open meeting where we will approve the agenda, go into closed session and then come back and adjourn the meeting, correct. Vierling said that is correct. **All in favor, motion carries.**

Council consensus was to have the Anoka County HRA and City Prosecutor Presentations proceed and then go back to the Bolton & Menk presentation.

Anoka County
HRA – Karen
Skepper

Karen Skepper said she is the Director of Community Development for Anoka County and the Assistant Executive Director of the HRA. She said she is going to give Council an overview of the community development and HRA programs, she will be very brief. Skepper said it has been five years since she has been out here. She said our community development department offers federal block programs, and federal urban and housing programs. She said there are three requirements we look at. Skepper said the hardest one to meet is the urgent need; the last time the urgent need was met it was Hurricane Katrina. She said the CDBG Program has been used in East Bethel around Coon Lake Beach for non-conforming lots that were purchased and re-divided to make unusable lots, funding for the fire station and we have made funds available to your residents.

Skepper said another program we offer is Home Investment Partnership where we build housing, new construction, or we work with an existing housing development or we provided a rental subsidy. She said our newest program is we buy homes, and rehab and resell them. Skepper said we look at postal data and how long homes were sitting vacant and the east side of your community was a target area, we operated the NSP program and grantee home ownership program. She said and the third program was an interest rate reduction program. Skepper said we had such great results with the homeownership program that we anticipate funding them out of our regular home and community block programs.

Skepper said she also serves as a staff member on the Anoka County HRA. She said the HRA was formed sixteen years ago. Skepper said the HRA core function is senior housing, and we have senior housing in Oak Grove, Centerville, Ham Lake and Ramsey. She said we have a preference system, City residence, and then after five years the preference is opened up County-wide, then second preference is opened up to family members and all buildings are market rate rentals. Skepper said the HRA is not profit motivated. She said we received extremely good interest rates. Skepper said we offer conduit financing, for instance we helped finance all the sheets of ice at the Super Rink, and we make the deal happen. She said we helped many cities with their comprehensive plan updates; we participate with websites such as Metro MSP which has features that are great for businesses (some of your staff are coming to our offices to our offices on Friday to get training on this). Skepper said economic development powers were granted to our HRA. We had a committee on this and it included elected officials from the cities and townships, an exploratory committee. She said if a Council opts to in to this by resolution, we can take action, be we do not tax for that. Skepper said it is a five year committee and you can use HRA taxes for EDA redevelopment. She said we are a reactive agency. Skepper said we wait for the City Council to pass a resolution requesting we do a project. She said we have four senior housing properties and we have to meet the debt service on these buildings. Skepper said once the buildings are leased out, we can lower the amount that we are taxing. She said we have provided a lot of assistance to moderate to low income families. Skepper said we provided technical assistance to smaller cities. She said we have done quite a few rehab loans. Skepper said this is just a quick summary of what these two departments do. Moegerle asked how can we learn more. Skepper said you can call me and she will come out and explain more, she would love to do a work session. The thanked the Council for inviting her to the meeting.

City
Prosecutor –
Bill Clelland

Bill Clelland from Carson, Clelland and Schreder said he is the prosecuting attorney for East Bethel, we were selected in 2008 and the Council has liked to see me from time to time. He said we are prosecutors for eleven communities as large as Brooklyn Center. Clelland said right now East Bethel has no extraordinary matters under prosecution we are just responding to sheriff's matters, DWI's and such. Boyer said for new Council Members benefit, he has to give you kudos. He said you have really cleaned East Bethel up, not just the beach area, but more than anyone else has done. Boyer said we road you kind of hard. Clelland said we respond to requests from Council and staff. He said and in his 36 years, if it is not there, abandoned properties and derelict, if voluntary compliance is not achieved, we go directly to the lenders. Clelland said they are reluctant to do it especially during redemption period, otherwise if we have a request from Council to do this by criminal prosecution; we have been successful with this. He said with dilapidated properties and such we have effective tools to do such, you have a property where we need to deal with this, we have the means and tools to deal with this.

DeRoche asked if someone comes to you to deal with this, do you contact the property owner or do you drop the hammer on them. Clelland said usually we send out letters but it depends. He said if he sees a response and they are cleaning it up, they make a call to City Hall, a pledge that is great. Clelland said but if they are elderly or infirm, then we can shift gears, socially and do this. DeRoche said he lives on Coon Lake and he knows there were some people that had hardships and it got into litigation and they were afraid to meet with City. Clelland said we meet with everyone, sometimes it isn't until we get to the court level. He said there are grants that can help. Clelland said we are looking at them from the outside and sometimes when we get inside, we need to get child protection involved or adult protection has to get involved. He said and sometimes he has to structure a sentence to be corrective rather than punitive. He said he doesn't do his own investigation. Voss said he expects you deal a lot with the building official. Clelland said yes, he works closely with the building official. He said if the Council so desires, he would be pleased to submit an RFP for services, he likes working for you.

Bolton &
Menk
Presentation
Continuation

Schmidt said where we left off was the status of the Phase 1, Project 1 construction projects relative to the fund bond proceeds. He said the funds available for construction projects are \$16,294,000 and he has summarized the estimated needs for the projects as follows: Wells (bid) \$336,875, Water Tower (bid) \$1,072,000, Water Treatment Facility (bid) \$5,790,000, Pipe-City (bid) \$4,543,027, Land (estimate) \$600,000 and Soft Costs (estimate) \$2,200,000 for a subtotal of \$14,541,902. Schmidt said that leaves a debt service contingency of \$1,752,098, debt service reserves. DeRoche asked him to explain what are the soft costs. Schmidt said these are things such as engineering, administration, etc. Moegerle asked in your experience how many times has there been a debt service contingency left in a project. Schmidt said the pipe is where you might not run into issues because if there is additional piling or things, it would be a Met Council issue. He said the City still needs to acquire easements for the land for the towers and this does put us in a range of a 5% contingency and the good news is that based on the bond proceeds the money should be there for potential of contingency. Schaaf said his understanding is that some of that is to be used for interest. Schmidt said that is separate. Schaaf asked so that is not included in here.

DeRoche asked so the extra pilings along Hwy 65 are because of the peat. Schmidt said there is an 850 foot section south of Viking and then another 400 foot section and it all is associated with the Met Council intersector pipe. DeRoche said he is thinking about the southwest lot on Hwy. 65 and Co. Road 22, isn't that unbuildable. Schmidt said yes, it is unbuildable; the piece along Hwy. 65 may not have to be piled. Lawrence asked what is the challenge which soggy soil. Schmidt said he likes to use the weighted hammer comparison, as soon as you set the hammer on a pole it goes down. He said we worked on all this with Met Council and there were alternatives that they chose from, and the second alternative that they selected was cheaper. DeRoche asked this has been tried in this climate, right. Schmidt said yes, we have been talking to the contractor about this and the thought was it would be identified by the end of this year, and next year it would be constructed during the winter time. DeRoche asked with piling poles isn't it true that the ends might shift. Voss asked how deep is pipe. Schmidt said twenty-five at one location and the other location is twelve feet. He said each pile will be in the 60-70 foot range. Lawrence asked is there a way to determine if the pile will stay there before you put the pile in. Schmidt said the piling is all Met Council; there is no piling in any City pipe.

Schmidt explained that the general development rate scenarios have garnered a lot of discussion. He said it is an essential issue. Schmidt said when talking to the City Council over the years it has been a big thing we have discussed. He said the development rate was

considered by Council in 2009. Schmidt said also as part of the comp plan, the projected grown. He said the City and Met Council went through numbers. Schmidt said in 2009 five different scenarios were analyzed with different development rates, differing timing for Coon Lake Beach (2015, 2020 or not at all). Scenario 1 included 67% of new undeveloped ERUs and 100% of existing ERUs after 2030 with Phase 1A in 2015, Scenario 2 included 67% of new undeveloped ERUs and 100% of existing ERUs after 2030 with Phase 1A starting in 2020; Scenario 3 included 67% of new undeveloped ERUs with 100% of existing ERUs after 2030 with Phase 1A excluded; Scenario 4 included 50% new undeveloped ERUs and 100% of existing ERUs after 2030 with Phase 1A in 2015 and Scenario 5 included 50% of new undeveloped ERUs and 100% of existing ERUs after 2030 with Phase 1A excluded.

Schmidt said when we looked at the Feasibility Study in October of 2010 we refined this even further. He said with the Feasibility Study we took a harder look at the accumulative ERUs and didn't go outside of the area for cash flow analysis. Schmidt showed a table with the ERU Unit Distribution Parameters. He said what this shows is the assessed units connected to the system as it becomes operational over 2 years (2013-2014) – required by City; existing residential non-assessed units in Project 1 connected to the system over five years (2015-2019); new (undeveloped) adjacent parcel units in Project 1 connected to the system over five years (2015-2019); 50% of remaining new (undeveloped) Phase 1 parcel units connected to the system over 30 years (2015-2044); and the remaining existing Phase 1 parcel units connected to the system over 10 years. Schmidt said there are no newly constructed units figured in here until 2015. He said the Feasibility Study Cost Apportionment Mythology estimated unit distribution approximates distribution in the "Facility Plan" which is adjusted for Project 1 land use characteristics. Schmidt said the total Phase 1, Project 1 approximate ERUs are 580 and total Phase 1 ERUs are 4162. He showed graphs that compared the scenarios. Schmidt said by 2030 there should be 2,500 ERUs.

Voss asked does the Feasibility Study included Coon Lake Beach. Schmidt said it does not include Coon Lake Beach. Schaaf asked so there will be enough money with the 2500 ERU scenario to pay off the bonds with interest. Schmidt said the original bonds will be done and paid for based on this line in the graph. Moegerle asked where is the hard data that says it might actually happen like this, the olive colored line in the graph that you are referring to. She asked what is the hard data you relied on for this. Moegerle asked what is the City going to do in additional to make sure the development happens. Schmidt said projects by their nature, there is some future projections but in his experience with Met Council over the years is Met Council projections are pretty good. Moegerle said it seems to her that this is an issue that hasn't been dealt with. Schmidt said you have a market study that was completed in 2006, that was population driven; this is always the tricky question. Boyer said you taking about the when the Feasibility Study was done; he thinks she is asking was there a means and income study done. He said that is It is a great idea. Boyer said we could do this ourselves, update the Maxfield study from the census data. Moegerle said the US Census data will come out in March. Boyer said you can get year by year data. Boyer said he is answering DeRoche's question about mean and income data, which is question he was answering. Lawrence asked do we have an estimate of how many acres of land are available for retail and others. Schmidt said yes, it was done as part of the guide plan. Voss said as part of the facility plan, it is online.

Moegerle said so with that being said do you have an analysis for the 16 lots are available for a grocery store. Schmidt said it is in the appendix in the facility plan. Moegerle asked how useable is this for marketing needs. Schmidt said if you have a specific question, it

might be too specific for your needs, but he can work with you and par it down. He said in 2009 Council selected the green line, Scenario 4. He said this is the second most conservative scenario with 50% of the units considered. Schmidt said this was refined in the feasibility study in 2010 and 1/3 to 1/2 of the development rate was compared to the comp plan. He said he tried not to do a lot of reading and such as far as what he is providing here. Schaaf said so you gave someone crayons and said what is your vision for the future, the bottom line; we know how many acres are available. He asked how do you know they will come to it. Schaaf said we know you have integrity. Schmidt said thank you for the comment on his integrity, but the information before you is fact based information, based on policy decisions made by Council and math. Lawrence said when you talk about the math part and the cost of \$17,000 for hook up charges in East Bethel, are we the same as other cities, or are we high. Schmidt said that is a very good point but in general when comparing cities, every City has a completely different situation, one thing he can surely say, is if you didn't have regional partner in Met Council, you would have not been able to do this and have charge rates that were comparable. He said when you look at area charges and trunk charges it is not going to price you out of market. Schmidt said with commercial entities they are always trying to beat each other out of the punch.

DeRoche said he wants to make a point for the record. Earlier you made a statement that if you don't want sewer, you don't want sewer. DeRoche said we have never made the statement that we don't want sewer but at some point if you are going to make an investment you better make sure you can pay for it. Schmidt said he agrees with what you are saying and whenever you have a change in Council there is going to be some wrestling. Boyer said 38% of this interest is differed, we don't have to pay it, the feds pay it. Schaaf said these are taxable bonds, normally cities do tax free bonds, but the interest differed does bring it down. Voss said it is a rebate. Voss asked the green line, that is the rate of growth. Schmidt said that is the accumulated rate of growth. Voss asked what happens to the cash rate analysis, charge for services, if our growth rate exceeds, can we adjust our rates. Schmidt said he has never seen a City go backwards. He said you can certainly lower it at any time.

Moegerle asked if we took out the Water Treatment Facility (WTF) would that help our rates be more competitive. Schaaf said when you process and pump water you changed people user fees, this point it is cost recovery. Moegerle said in February of 2009 you said there are eight different ways to charge for that. Voss said when Menards and Kohl's came to Blaine they paid the core charges; some of the costs for those pads came on at the onset. Schmidt said some of the costs come at the building department stage. He said there are all these different income points. Schmidt said he is trying to explain how this functions. Moegerle asked Schmidt to send Council an e-mail of what his projections would be if we took out the WTF.

Schmidt said this is the last slide. He said we are looking at the Bond Repayment Status. Schmidt said you have approximately \$1,300,000 in capitalized interested, estimated \$1,500,000 to \$1,750,000 in contingency proceeds for debt service fund, estimated \$100,000 per year in assessment revenue and with under zero growth scenario the above highlighted fund swill support the project fully until 2015. Moegerle asked so the existing businesses wouldn't have to hook up. Schmidt said no, the bottom line of 2015 exists. Schaaf asked if we take out the WTF then it triggers another you can't assess. Schmidt said yes. Davis asked to talk about growth. He asked what kind of minimum flow do you have to have to operate the water plant. Schmidt said one of the benefits of the plant is this is a little bit simpler, it can't be simpler. Resident said he has an electric bill that goes in every month on time, what are residents paying every month for this in other cities, what will he have to pay

in 2015 for this. Schmidt said Coon Lake Beach is not in Phase 1, Project 1.

Resident from Oak Grove asked do any of your numbers include Oak Grove. Schmidt said no. Voss said he thinks Ham Lake and Oak Grove will flow in here. Another resident from Oak Grove asked when will the interceptor be required to hook up in here, we have been told there will be a requirement. Voss said that comes from Met Council and it goes to ten feet from Oak Grove. Schmidt said it is ½ mile west from 65. Schaaf said Met Council's comprehensive plan wants us to have a rural growth center. He said they are paying for the pipe to accommodate others in the future. Jochum said most of streets are bituminous, curb and what are you putting back and if not concrete what is the cost savings. Schmidt said we are not putting in concrete; we are going with the cost savings. Voss said this was an issue he thought about. Schaaf asked what is the cost savings. Jochum said about \$70,000.

Schmidt thanked Council for inviting him to the meeting.

Consent Agenda

Boyer made a motion to approve the Consent Agenda including: A) Approve Bills; B) Meeting Minutes, January 19, 2011, Regular Meeting; C) Meeting Minutes, January 12, Work Session; D) Resolution 2011-07 – Water Treatment Facility Site Plan Review – 60 Day Extension. Boyer said he wants to pull the following bills: Michael Stokes, Blaine Lock and Safe. He said eh would like Mr. Schaaf to send us an e-mail explaining what these bills are for before they are approved. Moegerle asked to have the Verizon bill pulled. Voss asked what is invoice for Moegerle for Local Government Officials in the amount of \$24.10 reimbursement for. Moegerle said this is the meeting that all Council was invited to. She said it was an Anoka County government officials meeting and it was very informative. Boyer said we have never paid for this before. Voss said and three of you went to the meeting. Moegerle said we were all invited, all Council. Voss said and he responded he couldn't be there. He said wasn't this a violation of the open meeting law. Moegerle asked because of the time, it almost being 11:00 p.m. and having other business to take care of that this bill just be pulled until the next meeting. Voss asked to have item B) Meeting Minutes, January 19, 2011, Regular Meeting pulled, because of typos. **Boyer amended his motion to pull the bills for Michael Stokes, Blaine Lock and Safe, Verizon, Heidi Moegerle and Item B) Meeting Minutes, January 19, Regular Meeting. DeRoche seconded; all in favor, motion carries.**

Pay Estimate No. 5 for the Wild Rice Drive Reconstruc- tion Project

Jochum explained that most of the construction on this project was completed last fall. He said this essentially reduces the retainage until all turf has been established. Jochum said the construction costs for this project are financed through the City's State Aid Construction Fund.

Boyer made a motion to approve Pay Estimate No. 5 in an amount of \$39,165.94 for the Wild Rice Drive Reconstruction Project to Dressel Contracting, Inc. DeRoche seconded; all in favor, motion carries.

2011 Joint Powers Agreement (JPA) Street Maintenance Projects

Davis explained that the City of East Bethel has entered into an agreement with seven other cities for joint bidding for certain street maintenance services. He said the City has been in the program since 2008 and by bidding these services collectively he estimates we have saved at least 20% over the previous cost for these services. Davis said he has broken out the cost of the projects in the table in your packet and we only commit to one year at a time. He said we would like to get approval to bid this out, with bids being taken on February 5th and we can adjust the quantities if the bids come in over what is anticipated. Davis said we do these services on an annual basis. Boyer said you are just asking to put this out to bid.

Davis said yes.

Boyer made a motion to approve the 2011 CIP projects to be put out to bid as part of the City's JPA Street Maintenance Agreement with the bids being presented to Council at the March 16, 2011 meeting for final approval. DeRoche seconded; all in favor, motion carries.

2011 Animal Control Contract

Moegerle made a motion to table the 2011 Animal Control Contract until the February 16, 2011 City Council meeting. Boyer seconded; all in favor, motion carries.

RFP for Legal Services

Boyer made a motion to table the RFP for Legal Services until the February 16, 2011 City Council meeting. DeRoche seconded; all in favor, motion carries.

Closed Session – Former City Admin. Agreement

Moegerle made a motion to adjourn to closed session for an attorney/client discussion regarding a settlement with the former city administrator. DeRoche seconded; all in favor, motion carries.

Vierling explained that Council has returned from a closed session for an attorney/client discussion regarding a settlement with Douglas Sell. He said no special motions were offered during that session.

Lawrence made a motion to accept the settlement with Douglas Sell subject to review of the external hard drive that was in the City office prior to and then removed on January 5, 2011. Boyer seconded. Moegerle and DeRoche, nay; Lawrence, Voss and Boyer, aye; motion carries.

Adjourn

Boyer made a motion to adjourn at 11:07 PM. DeRoche seconded; all in favor, motion carries.

Attest:

Wendy Warren
Deputy City Clerk