

EAST BETHEL CITY COUNCIL WORK MEETING

April 3, 2023

The East Bethel City Council met on April 3, 2023, at 7:00 p.m. for the regular City Council Work meeting at City Hall.

MEMBERS PRESENT: Tim Harrington Brian Mundle Kevin Lewis
 Tim Miller Jim Smith

ALSO PRESENT: Jack Davis, City Administrator

1.0 – Call to Order

The April 3, 2023, City Council meeting was called to order by Mayor Harrington at 7:00 p.m.

2.0 – Adopt Agenda

Mundle stated I'll make a motion to adopt tonight's agenda. Lewis stated I'll second. Harrington asked any discussion? To the motion, all in favor say aye. **All in favor.** Harrington asked any opposed? That motion passes. **Motion passes unanimously.**

3.0 – ISD 15 Presentation

Davis presented the staff report indicating ISD 15 School Board Chairperson Mike Starr and Superintendent Karsten Anderson will present a report of the School District, discuss matters of common interests and answer school board-related questions that Council may have.

Mr. Karsten Anderson, ISD 15 Superintendent, noted he did not have a formal presentation, but rather highlights of what was happening and he would like to hear the Council's questions and comments for the School District.

Mr. Anderson outlined the District's goals including working on enhancing the student behavior throughout the system, increasing the math and reading scores, and focusing on career readiness. He indicated recently they had approved several new hires directly related to the goals they are focused on including administrative support to deal with behavior issues along with instructional coaches to train teachers on increasing the math and reading scores.

Mr. Anderson stated they are having a difficult time finding people to work so they are reaching out not only locally but also across the State to find talent.

Mr. Anderson noted another good thing was their fund balance has been growing. He stated they had a good fund balance and they expected to approve a 12 percent fund balance at an upcoming meeting. He stated they were also looking at what the State Legislature will provide to the schools. He believed education will get a decent education this upcoming year. He noted there were also some mandates in the possible Legislation that would cost them some funds. He believed it was important that the State let local institutions make decisions, so they has been lobbying to ensure those decisions are made locally as much as possible.

Mr. Anderson suggested the Council visit the St. Francis schools as they had all been remodeled and he believed the funds were well spent and thanked the residents for approving the recent referendum.

Mr. Anderson stated three issues he had was they had some water issues at Cedar Creek Elementary School which was next door to East Bethel Elementary, with one of the wells testing positive for bacteria. He noted one big thing was they passed the test, with the exception of the bacteria, and

found that it was not E.coli and that was the most important result. He noted both schools water was still being tested to see what kind of bacteria they had and they had an aggressive remediation work going on so some changes will be seen to address the water discoloration. He noted in the meantime bottled water was being used, all except for handwashing in which their expert said was safe for use. He indicated they would like to access the City's water system realizing this was a longer-range plan and would cost money but he would like the City to consider this as they move forward with future planning.

Mundle responded he believed the City would be very open to that. Mr. Anderson acknowledged this was a big decision for everyone and would need to be looked at carefully, but he believed it would be a big benefit for both parties.

Mr. Anderson stated he had received a lot of information from the City about some of the plans for the City in terms of potential growth and the School District was very interested in monitoring what was being planned. He indicated he was a resident of East Bethel and so the Council represented him as well and he liked some of the amenities of the City so he would be watching both professionally as well as personally as far as what might be happening in the City.

Mr. Anderson stated as residents are being built in the City, they wanted those children to come to their School District. He was confident as far as what the District could provide.

Mr. Anderson indicated he lived about a mile or so from the Cambia building and he had also toured the building not long ago so he knows what that building has to offer. He was glad the City was trying to work out some plans for that building and it sounded like the services being proposed was what was needed. He noted he had an upcoming tour and he hoped the new owners were able to continue to provide services for the residents of that building. He stated they did have some concerns about staffing if this was a full-fledged schooling opportunity where special educational services would need to be provided, teachers, etc. and how that would be provided. He noted they had a lot of work to do there.

Mr. Anderson did not believe financially this would be a negative as they would bill back the Districts where the kids were coming from. However, they did have significant concerns about finding enough staffing.

Mundle asked if the water bacteria at Cedar Creek was coming from the well itself. Mr. Anderson responded that was one of the things they were still testing. He noted they had initially taken over the counter tests but then they brought in a consultant to do more testing and that person was testing it at multiple places to determine exactly where the source was. He noted it could be part of the piping system also. He felt confident a broad array of test had been taken.

Mundle asked if the East Bethel Elementary School's test was okay. Mr. Anderson responded it was. He noted each of those schools had separate wells, but as a precaution they decided to test both wells.

Mundle asked which aquifer those wells were in. He asked if residents were tapping from the same aquifer as the school does. Mr. Anderson responded he did not know the answer to that.

Mr. Mike Starr, ISD 15 School Board Chairperson, ?? (he was too far away from the microphone to hear).

Lewis wished him well in his new position. Mundle stated Mr. Anderson should feel free to come back to Council with any visions, questions, etc.

Mr. Anderson thanked Davis for all of his assistance and customer service. Davis thanked the School Board for reaching out to the City and indicated he was glad Mr. Anderson was on board.

Miller asked Mr. Anderson to notify the City right away on the results of the water tests. Mr. Anderson responded he would.

4.0 – Ordinance Amendments

a) Sec. 74-95 – Identification and Upgrading of Substandard Sewage Treatment Facility

b) Zoning, Sec. 28 – Architectural Standards

c) Zoning Sec. 14 – Detached Accessory Structures

d) Zoning, Sec. 24 – Exterior Storage, Light Industrial and B-3 Districts

e) Zoning, Sec. 24 – Exterior Storage, B-2 District

Davis presented the staff report indicating Councilperson Jim Smith requested an amendment of Chapter 74, Article IV, Section 74-95 – Identification and Upgrading of Substandard Sewage Treatment Facility. The existing ordinance section and proposed change are exhibited in Attachment 1 to Council's packet.

Smith stated the reason he brought this up was because he was reading the older Ordinance and the way he read it was if a resident wants to do something they had to pull a permit and a lot of people who worked on their own homes they either did not know or even if they did know, they were not interested in pulling a permit. He indicated to get a certified inspection it could be \$600 at least and if they have to upgrade, depending on what it is, would be anywhere from \$15,000 or more. To him, he believed this would scare off a lot of people from pulling a permit for any work. In his opinion, he wrote this up so it would be easier and people would not have to have a septic inspection to put in a door, window, or siding on their home. To make it easier and have people not be afraid to pull a permit, he felt this was necessary. Davis believed this really only applied to an addition or alteration to existing plumbing, but it did make it clearer and spelled it out better.

Smith noted for the larger thing he could understand why it was necessary, but not for the little things.

Lewis believed this was a good change and it could clarify it. He noted the trigger would become of owner of the property rather than a City employee who would make a determination about a substandard or insufficient sewer system. Davis noted that was not something the City did.

Smith noted the purpose of adding Item D was if the County had some kind of a grant. Davis responded the County did have some programs but the big problem with that was did have some grant funds available.

Harrington noted the watershed also had grant funds available.

Mundle asked on D, could they change the City Administrator to the City staff. Smith noted the City Administrator was the one in charge and the building official would be making the decision.

Mundle asked who would be looking up grants. Smith stated it could be changed so the City staff did that work. He indicated he had no problem with that. Davis responded that change would be made.

Davis noted this needed to go to a Council meeting for approval along with a public hearing needs to be held.

Davis stated Councilperson Miller requested amendments to:

a) Zoning, Section 28 – Architectural Standards

- b) Zoning, Section 14 – Detached Accessory Structures
- c) Zoning, Section 24 – Exterior Storage, Light Industrial and B-3 Districts
- d) Zoning, Section 24 – Exterior Storage, B-2 District

Davis indicated the proposed redline changes are exhibited in Attachment 2 to Council's packet.

Davis noted amendments to these ordinance sections will require a Public Hearing have to be approved at a regular Council meeting.

Miller stated the purpose of the architectural standards was to ensure the exterior of the structures were well designed and crafted by standards of architectural designs. He noted he did not suggest a lot of changes as what was there was a good starting point but it actually was too much and he believed it deterred businesses in a sense.

Smith and Lewis believed these were good changes.

Mundle asked on number 2-2 on page 6 where pole type building materials was stricken, was that to make it possible for pole buildings to be the primary structure. Miller replied that was correct.

Mundle asked if the pole building would meet architectural standards. Miller noted not everyone would have the money to build with brick, but if they looked at Highway 65 there were some pole buildings that had been redone and this made it easier on opening up a business or getting an existing one. He noted there were not a lot of changes being made.

Smith stated it looked good to him.

Mundle inquired on page 9, 4(a)(3) exterior storage cannot exceed 12 feet in height. Miller stated he took that out of there as there were already businesses have storage in excess of 12 feet and it was not as if they were getting rid of something the City was enforcing but this made it easier along with the setbacks for the rear of the building, etc. to allow people to have storage for their business on their facility. He noted right now it was very limited.

Mundle asked if they wanted a height restriction. Miller responded he did not know.

Mundle stated he was thinking about the perspective of a neighboring business if there was not height restriction and someone put storage 20 feet right along the fence line and it blocked the neighboring businesses views, etc. where they had some sort of a complaint that the 20-foot height they didn't like it for some reason. He saw this as an issue.

Miller did not believe 12 feet was high enough for these businesses and to extend it to the roof line of the building he was open to. He stated he saw Mundle's point, but he has situations where a business was not by other businesses that they would like to utilize that.

Miller did not know if there was a way to incorporate the best of both worlds to see if they could make it a maximum of something, but the main goal was to open up the back yard to allow the businesses to bring in more inventory to use.

Lewis advocated going with it and see if it became a problem instead of anticipating a problem in advance and try to prevent it. He stated would this be an issue. He indicated from a practical standpoint the lift on a forklift outdoors to get things off there was a practical limit as to how high they generally went. He stated practically speaking the reach for a fork life was 15 feet in most cases or less.

Davis stated one other consideration was expanding the square footage of the existing storage which would give them more space too so they would not need more height. He could only think of one

location in the City where there was storage higher than 12 feet. He did not think this was a common problem and it could be addressed down the road if this came up.

Lewis stated he would just go with it and just see what happens. He indicated the whole point of these things was to make it easier for existing businesses to use their property that they paid for and paid taxes for as much as they could so they didn't need an extra site for storage, etc. and to make it more enticing for businesses to come to the City because they didn't have a rule about everything they can possibly think of. He stated he was a libertarian so stuff like this grated his gears real good because it was like people who had no money invested had all of the control over how they used their facility. He indicated he would not be loving it if he had a million dollars in a facility and he wanted to store stuff that happened to be 13 feet high. He stated this was ridiculous.

Smith agreed that too many rules was not good. Lewis stated it discouraged people from investing in the City. Smith stated they did not want to do that.

Miller stated right now they were limited with what they could use behind there and that was going to...

Lewis interrupted and stated he was just talking to a guy the other day who wanted to acquire land and it was because of what the restrictions are as to what he could do with it that was holding him back from doing it. He indicated this a common thing whether they were already here or wanted to come. He noted they had enough obstacles running a business these days supplied by the Federal and State governments and they didn't need to be doing it on the local level too. He complimented Miller on this heavy lifting kind of work. He indicated Ordinances were not war and peace and were not captivating in anyway and to plow through them and look as to how to make changes to make it more doable for people who have businesses here or to be attracted here was the heavy lifting part of the work and so he complimented him. Miller thanked Lewis. Lewis noted he was glad it wasn't him and that he didn't have to do it.

Miller noted implementing these changes, he believed businesses would benefit from it. Lewis agreed. Miller stated this was what they wanted to do.

Lewis stated the number one think that sells business people on locating at a place was having a city that wanted to work with businesses. He stated from having done corporate planning is that plans are written to be changed. He stated nobody with any sense who was in that work said that they couldn't do it because the plan said something. He noted the plan didn't govern and it was just a guideline, but when circumstances changed because they can't anticipate every circumstance, realty trumps the plan every time and that is just the way the real world works.

Davis asked if they wanted to keep the 12-foot in there or modify it. Lewis stated he thought it was deleted. Smith and Miller agreed to take it out.

Smith thanked Miller also.

Davis stated the question remains, as he was informed by the City Attorney, that traditionally these Ordinance changes regarding zoning were referred back to the Planning Commission for their recommendations. However, the State Statute reads it can go to the Planning Commission or the governing body. He stated if this went to the Planning Commission it would go to them on the 25th and then come back to the Council on May 8. If it went to the Council it would go on April 24 and the public hearing at that time also.

Mundle asked if it went to the Planning Commission would they hold the public hearing themselves. Davis responded that was correct and then Council would not hold the public hearing.

Lewis stated he wanted to work with the Planning Commission to as a good faith gesture he wanted to do exactly what was called for. He stated he meant that and this was sincere and not a joke.

Davis stated staff would send this to the Planning Commission on April 25 to have the public hearing and this would come back to the Council in May.

5.0 – Community Development Director Update

Davis presented the staff report indicating the job advertisement for the Community Development Director's position was first advertised on December 2, 2022 but received only 5 applicants. At the direction of Council on December 28, 2022, staff was authorized to re-advertise the position.

Davis noted the second ad ran from January 17, 2023 until February 21, 2023. The re-advertisement resulted in 2 additional applications. Both ad postings were run in the *Anoka Union Herald*, the League of Minnesota's Cities (LMC) Job Opportunities Website, the City of East Bethel Website, City media outlets, East Bethel Jobs.Com and InDeed.

Davis stated from the last 4 years' experience with the tight job market and expecting the continued pattern of a low response from an additional advertisement, the top three applicants were invited for interviews. Invitations were sent on February 27, 2023 and the interviews were scheduled for March 2, 2023. Two of the invited candidates withdrew their applications 3 days before the scheduled interview and as a result only one applicant was interviewed by the Personnel Committee.

Davis indicated at the March 13, 2023 City Council Meeting, Council tabled a recommendation to approve a hire for the Community Development Director's position. Council requested that staff expand their advertising to widen the search for a candidate.

Davis stated staff has explored three government related job recruiting services and found their costs range from 20 - 30% of the first year's salary of the position as their fee. A quote was received from the firm of SGR in the amount of up to \$27,400. We have not inquired as to a reduced scope of work at a lesser cost for their services.

Davis indicated the two other government job related staffing services we've requested quotes from are GovHR and Baker-Tilly. GovHR has responded and has requested a meeting to discuss their services but they have expressed concerns that our salary for this position is below rate and may affect recruitment in the current candidate market. We have not received a response from Baker-Tilly at time this report was written.

Davis stated staff is also working with Greg Gilles, Anoka County Regional Economic Development Director, and Mr. Gilles will be providing us with additional advertising contacts for this position.

Davis noted while we have had very little response in the past from job ads placed in the *Star Tribune*, we could use them again. Generally these ads run approximately \$250- \$300 for a Sunday publication.

Davis stated in summary, the LMC site is the primary source for those looking for City employment and is usually the first-place job seekers in the profession look for positions. Beyond the sources we have used, we could advertise in the *Star Tribune* and utilize the contacts Mr. Gilles will provide to expand the coverage for the candidate search.

Davis indicated the timetable for the re-advertisement and recommendation to City Council is by no later than the May 22, 2023 Council Meeting.

Lewis proposed an "elegant solution". He stated he is mentioning this for the third time – there is no provision in the City Code for a Community Development Director. He indicated it was very clear that

in the Community Development Department, there are two managers – one being the City Planner who is the head of the City planning division and the other is the Building Official who is the head of the inspection and Ordinance enforcement division. He indicated Ham Lake, while it is geographically smaller than East Bethel, actually had 38 percent more people and they don't have a Community Development Director. He acknowledged they were a charter city, but that didn't matter in this case. He stated seven weeks ago he spoke with Julie Borer, who is the Building and Zoning clerk at Ham Lake who coordinates working with outside people who are interested in land, buying businesses, developing residences, etc. He asked her how she did this and she said, "Well, I coordinate it with the city administrator and with the city engineer who does the bulk of the work, and with the city attorney to a lesser extent." He asked how well that worked and she said, "It works great." He stated he knew Ms. Borer's salary and had also received an enormous spreadsheet from the Minnesota League of Cities with everybody's salaries and Ms. Borer makes approximately what Aaron Berg makes now as City Planner plus.

Lewis stated he was not advocating that they return Aaron to his, what his salary was when he was first made City Planner. He indicated Aaron impressed him as a professional. Aaron is prepared, he has subject matter knowledge, speaks well, and very responsive to people but he did not see that they needed anything more than the City Planner.

Lewis stated the elegant solution is it makes all of the other stuff go away and they don't need to go looking for anybody and they just have Aaron be the City Planner. He stated all it was is a title and an explanation or excuse for paying people a lot more money.

Lewis stated he wasn't going to get into the genesis of where this came from. He stated he has heard various stories and he really didn't care about them, but the fact is that they can get everything that they needed done with Aaron as the City Planner and a Building official. He stated they have a City Engineer who knew the City well and knows projects. He noted that was what they had in Ham Lake too; the same person has been their City Engineer for 25 years and he knows well what he is doing. He stated the City Attorney was certainly workable.

Lewis stated that was the elegant solution. He was proposing they don't need to do this at all; they have the solution at hand – maybe not called by the name you want, but that is what the City Code calls for and that is what he thinks in the solution to this whole thing – just have Aaron be the City Planner at the enhanced salary that was agreed on in December of an extra \$1,000 per month, which puts him \$1,000 to \$1,500 which was comparable. He stated the job is the same. Aaron works with the City Engineer, City Administrator, Building Inspector, and City Attorney – the same thing. That is his honest opinion and he has thought about this a considerable time as well as spent time talking to Julie. He stated he has spoken with the former mayor of Ham Lake also and it works great for them and that is his proposal.

Mundle asked what did the job of the Community Development Director do versus the City Planner. Davis responded the Community Development Director was in charge of the overall building department, City Planning Code Enforcement, Zoning, and the overall planning activities of the City itself – the higher-level stuff such as dealing with Met Council and was also active in the economic developments as well as working with the EDA and working on business retention and recruitment plan, etc. He stated they did have some more responsibilities and if Council wants they can develop a job description for this.

Lewis stated he came from private industry and there were many times he took on additional work and he didn't get a pay raise or a title change. He just had more work that's all and it was just part of the deal. He stated he could understand maybe Davis wanted to farm off some of his work to this

Community Development Director, but the fact is he thinks that is a critical part of being a City Administrator is the community development. He indicated Davis was certainly plugged in and talked to a lot of people. He thinks what he said is completely workable, rational, and reasonable. But again, he stated this was his opinion.

Mundle stated it was his understanding that the reason why the City got a Community Development Director was with the sewer and water development they needed to start an economic engine and have a person dedicated just to working on that.

Lewis asked what the EDA is for. Mundle noted the EDA is not staff. Lewis stated it did not matter if it was staff or not. Mundle indicated the EDA had one meeting a month.

Lewis stated this was the sole function of the EDA. Mundle stated the Community Development Director was the person who prepared everything for the EDA to talk about.

Smith stated he agreed with Lewis. He indicated they had plenty of people inside the City that can take over and fill in to help get this stuff done. He stated they didn't need to hire one person at \$100,000+ a year for one thing – everybody can work together and he believed they had enough employees here now. He stated that was his opinion.

Lewis stated maybe it was because he was fresh off of opening his once again property tax increase and he was wondering that it seemed like a lot of money got sucked out of the people in this community so he was mindful that he wanted people to be paid well who worked for the City. He indicated they had great staff, but unless it was essential he did not see the point and he did not see this from a business standpoint he would not do this and it was not where he would put the money. He noted the City had a hard time recruiting people for the Fire Department and they start out making less than they would make flipping burgers at McDonalds. He stated that was one place where he would like to see money put. He stated this was personal as his neighbor is on the Fire Department with four kids. He indicated that is where he would put the money.

Lewis stated this isn't at the top and a lot of the top people suck up the oxygen in the room, but they are not necessarily...and they have to make sure that the people doing the day-to-day grunt work are also taken care of and in the Fire Department has a disparity that he had noticed over time as he got educated about it. He stated someone said that they don't do it for the money and he agreed with that to an extent, but the fact is when you are giving up time away from your family and all, it better be worth it and as Rod said very clearly, these people see things nobody should have to see. He stated it takes a special person for somebody who is committed to helping – the same as law enforcement – protecting others, helping others in need. It takes a real unique kind of person, but it is also fine if they make some more money. He stated this is coming up with the charitable stuff – not just seeing it for law enforcement, but also for the Fire Department. He thinks they need to be better taken care of financially and not in terms of gear or building, but it is the people and putting more money in their pockets he thinks would help and it wouldn't hurt any.

Mundle asked how much of a workload this would put on the existing employees. Davis responded he has never been one to complain about a workload and this did put some different things on there, but sometimes they have had to shift some responsibilities around, maybe reestablish some priorities. He indicated this definitely could be done but there would likely be a few changes made in the amount of things that they can do or the timeliness in getting certain things done but those priorities would need to be established in relation to what they had to get done at the City.

Lewis stated they are also in a period with thanks to the Federal Reserve raising interest rates a full 500 basis points, which is the most they have ever been raised in that time period since, he thinks the Great Depression – he has noticed that commercial and residential construction has softened.

Mundle stated residential construction has not softened. Lewis responded yes, it had.

Mundle stated he was in residential construction. Lewis raised his voice and said he didn't care – he was talking about nationwide and not just in his backyard. He stated anybody knows this. Not in Florida, not next to Phoenix – no, but in other places in the Country. He did not think they would be besieged with inquiries, even though he would love it if they were, but he did not think they would be. As in business you find out and you can always try to find more people. He stated he was not suggesting they get rid of Aaron – not at all. He thinks he is a great employee, but he doesn't think they have to go over it more with the Community Developer thing.

Miller stated what Lewis was saying made total sense with the City right now and it got rid of a lot of different areas that they didn't have to deal with in terms of going through advertising for a lot of things.

Lewis indicated now it will free up Jack to go out and get new business. He stated if they don't have to do something it frees up time.

Miller stated there can always be adjustments made for what responsibilities and open the door for City workers to excel in different areas also. He liked Aaron also and thought he was a great guy.

Lewis stated in 12, 16, 18 months, whatever the time period, if they decide they definitely need this as things are changing – great you change with the need. You don't anticipate the need and play preventative defense against any future possibilities as this was not the way you manager a business, but he did not know if this is the way government manages itself or not. He stated this was his first time in government since he worked as an ocean lifeguard when he was 17.

Davis asked if they would like staff to come up with a position that fits the City Planner position and bring this back to Council. Lewis asked if they didn't already have one. Davis responded they did, but it needed to be changed to add the additional responsibilities. He stated it just needs to be tweaked, presented to Council, and go from there. He stated he wanted to get this done and he did not think they needed to hire a recruiter as they had staff for this position. He recommended they find a way to get this done and get going.

Lewis stated the EDA was going to bring in tons of new stuff and Aaron will be besieged and crushed under the workload and then they will make the change.

6.0 – Charitable Gambling Proceeds Distribution

Davis presented the staff report indicating MN State Statutes, Chapter 349 provides regulations for the lawful (charitable) gambling industry through the Minnesota Gambling Control Board to ensure the integrity of operations and provide for the lawful use of net profits. Charitable gambling is conducted only by registered nonprofit organizations.

Davis stated lawful gambling benefits cities by providing entertainment for citizens and raising revenues to support worthy purposes. However, lawful gambling proceeds may only be used for allowable expenses or lawful purposes. State law provides cities the authority to regulate lawful gambling. The most common regulation methods that cities are authorized to use are:

- **Require organizations to contribute 10% of the net profit from lawful gambling to a fund administered by the city.**

Davis noted by ordinance, a city can require organizations to contribute up to 10% per year of their net profits derived from lawful gambling to a fund administered by the City, frequently called a "Charitable Contribution". The City must file an annual report with the Gambling Control Board (GCB), and also must acknowledge financial contributions of organizations conducting lawful gambling to the community and to the recipients of the funds. The City may only disburse the funds for charitable contributions (see Attachment 1 for a list of lawful expenditures). Therefore, although a city may not require direct payments from a gambling organization to any city department, a city can establish a fund and disburse the proceeds of that fund to a city department for lawful purposes. No direct contributions or payments of gambling money may be made to a law enforcement or prosecutorial agency; and/or,

Impose a gambling tax (3% of gross revenue) or charge an investigation fee.

Davis stated this tax revenue may only be used to cover the cost of regulating lawful gambling and may not be used for any other purpose. The City must file an annual report with the GCB showing the amount of revenue raised by the tax and the use of the tax proceeds.

Davis noted the neighboring municipalities use either the Charitable Contribution format or do not require a tax.

Davis stated East Bethel approved a local gambling tax on licensed organizations of 3% per year of the gross receipts from gambling on February 15, 2006. City staff conducted regular gambling inspections to fulfill management and regulation requirements of the Ordinance. Gambling tax proceeds received in 2021 were \$72,000 as opposed to \$40,500 in 2020. \$40,000 was included in both the 2021 and 2022 city budgets as the projected income from this source.

Davis indicated the 2021 gambling revenues were more than the estimated cost of regulating lawful gambling. As the amount of revenue became much greater than the regulation expense and contracted law enforcement site inspections of the exterior premises were no longer allowed as an eligible cost, the City ordinance was amended to eliminate the gambling tax and the City adopted the charitable contribution method of collection revenues from lawful gambling on April 11, 2022.

Davis noted there are currently 5 business locations that are approved and licensed in the City to conduct charitable gambling operations. These are:

- Route 65 Pub and Grub
- EJ's Bottle Shop
- Hidden Haven
- Moonshine Whiskey
- Smokey's

Davis stated repealing the gambling tax and changing the ordinance to a charitable contribution also provided the City additional flexibility in the use of these funds as exhibited in Attachment 1 to Council's packet.

Davis indicated all proceeds the City receives from charitable gambling have been earmarked for use as funds to pay for the City's law enforcement contract with the Anoka County Sheriff's Office. Gambling tax revenues for 2022 were \$37,800 and estimated revenues for 2023 are projected at \$31,000, based on collections through February 28, 2023.

Davis stated as these monies can be used for purposes aside from paying for law enforcement expenses, Council may be requested by organizations and groups to allocate some of the charitable gambling revenues for other lawful expenditures (See Attachment 1). Unless the Council has a desire to use some of these funds to support other eligible non-city activities, staff recommends that the proceeds from charitable gambling remain dedicated for payment for law enforcement services.

Davis noted this information is provided as there may be requests presented to Council for these funds for uses other than support for payment assistance to our law enforcement services contract.

Davis stated the difference between the revenue collected by the City between the two methods is undetermined at this time. The City will have to obtain the forms filed by the licensee to the GCB for calculation of their net profits to obtain this information.

Davis noted from the information staff received when this matter was discussed in 2015, it is estimated that changing the formula for collecting these funds would reduce this revenue by at least 50%. Assuming the same level of gambling activity for 2022, it is projected that revenues for this budget category could be reduced from \$70,000 to \$35,000. This lower expectation would approximate our budgeted figure of \$40,000 for this revenue category for 2022.

Davis requested City Council direct staff to advertise a public hearing for the April 25, 2022 Council Meeting to consider changing our Ordinance regulating lawful gambling to require charitable donations in lieu of the current gambling tax and to amend those sections that are no longer in line with State Statutes.

Smith asked why this changed from gross to net proceeds. Davis explained the rules and regulations were changed internally and they made this net instead of gross.

Mundle asked if new funds also had to be audited. Davis responded that was part of the City audit. He noted they submit a report to them every year.

Smith asked about the gas station gambling proceeds. Davis responded there are five businesses in the City eligible to do charitable gambling and those are listed but no gas stations are there.

Mundle asked if charitable gambling was mostly pull tabs. Davis responded that was basically what it is.

Mundle asked if these are basically run by different organizations. Davis responded that each one of these things has to have a gambling manager of the premise so it is set up and controlled quite strictly by the Gambling Control Board.

Smith asked if that included the electronic games at the bars. Davis responded it did.

Mundle stated if an organization came in and requested a donation were they able to make a donation, or what is the alternative. Davis responded if it was an eligible expense that fit into a category they can make a donation. He noted a portion of the funds was used to pay the annual Sheriff's contract.

Mundle stated if they had one of the local sports teams come in and ask for a donation was that acceptable. Davis responded that was probably an eligible expense, but the only thing with that is would they get every sports team coming in and asking for donations.

Harrington noted there were a lot of schools that would be eligible for donations also and how many hands did they have. Davis responded that was the thing they needed to decide – if they were going to entertain this and if they did they needed to develop a policy and an application to ensure they have some control over it. He believed this might set a precedent that opens the doors for things that make the requests exceed the amount of funds they actually have.

Lewis stated he kept hearing that the Parks account was pretty much depleted or there was not much money to do things with. He asked if part of the money could go toward something for the residents

to enjoy the common/open spaces. Davis responded he would need to check on this as he did not think it was an eligible expense.

Lewis asked why it wouldn't be an eligible expense. Davis replied it was not listed as one of the eligible expenses. He noted the reason is they say public safety is one and that is why they can put money towards the Sheriff's department. Lewis believed that was a good thing to give it to, but he wondered if some of it could go into the parks. Davis stated he will research this and will get back to Council at the next meeting.

Smith stated basically the money they are getting was not required to be given to anybody else. Davis responded that was correct, they did not have to.

Smith stated if they are using it for the Sheriff's Department or if they can use it for parks, they are better off doing that then start to give it away to somebody else. Davis stated the businesses who conduct the charitable gambling were required to give so much to charitable organizations or community projects so a lot of those give to the local sports teams and he believed one of the businesses was looking for some of the local sports teams to contact them.

Miller stated they have been working behind the scenes trying to figure out how to utilize these places that have the profits and they have to basically donate a certain percentage. He stated they have had a few talks already, and this is jumping the gun a little bit as he wanted to talk to the Parks Commission to get their input, but they were trying to secure a way that they can get some of this money from these organizations for the trails and the City – which would be investing in the trails and themselves by bringing the trails to these various places. He stated they have contacted a couple of places about the natural covering on them and they have some very good ins with some woodchip companies who would basically almost give them the stuff for these trails and they would have to utilize it how they see fit.

Miller stated they were jumping the gun a little bit with what they are talking about tonight, but hopefully they can put together a plan that they can get 10 or 20 percent from some of these businesses and they would be investing in the residents and it would take the parks and commission money and have a steady flow into it. He stated they could also build up funds waiting awhile on this stuff and utilize grants as there is some stuff out there that they can get matching funds for these trails. He indicated there is a few things that they are working on behind the scene that could play out to be a very beneficial move for the City and to get them more involved in the businesses, have them invest in themselves, they can have their name on the trails as sponsors, and people playing the pull tabs in these places would know exactly where the money was going. That it was going for the City to start develop these trails and start connecting the places they have here and not put a tax burden on the residents. He stated this is a little insight as to what has been going on. Lewis thanked him for mentioning that and he didn't know that.

Miller stated they are working on this and hopefully it will come out and they can all benefit from it.

Davis noted this was an FYI. He indicated he was surprised they have not been asked for donations already, but he did speak with someone and they might be approaching the Council to ask for one and wanted to know what the Council's position was. He informed them that they Council did not have a position, but if they wanted to approach the Council for one they could and that was the reason he was bringing this up tonight.

7.0 – John Anderson Park Trail Update

Davis presented the staff report indicating Corina Peterson, spoke at the March 27, 2023 City Council Public Forum regarding a City trail project adjacent to her property. Her concerns were the proximity of trail to her home and the pedestrian use it would generate and its potential effects on her privacy.

Davis noted this trail project was recommended by Parks Commission and approved by City Council in 2022 but was postponed until this year to allow completion of previously scheduled projects. This trail project would provide a connection to Bonde Park and eventually a link to the Bethel Haunted Forest Bike Trail Park.

Davis stated staff will arrange to meet with Ms. Peterson to discuss her issues and seek options to address this situation and come back to Council with an update.

Davis noted there was segment within the park ready for paving and they are going to take bids on that, but that was inside the park itself so it would make a loop trail in the park and those would be presented to Council sometime in May. He noted the connector was up in the air and staff would work on that and try and address Ms. Peterson's concerns.

Smith asked if this was just staked right now. Davis responded that was correct and nothing had been done and nothing would be done until they had spoken with Ms. Peterson and got back to Council.

Smith asked if they had a separate price on that trail. Davis responded they can get one, but what they would do it is put this out for bids and come up with an estimate but right now he would rather concentrate on the one that is internal in the park and get that done first. He noted the other one can be done in the future at some point as the easement is still there.

Smith stated personally he did not think this one was necessary as it went to the cul-de-sac almost.

Lewis asked what drove the trail business, was it the Comprehensive Plan. Davis responded this was in the 2008 Parks Plan that was prepared 15 years ago.

Lewis asked if this was prepared by Met Council or by someone independent. Davis responded this was prepared by a consultant the City hired and this did not have anything to do with the Met Council. He indicated this was part of a way to develop some of the trails plans and proposals for the City. He noted this was one where it could connect a park to a park and they were trying to make sure if they did something it would not be a trail to nowhere. He stated this would be easy to do in terms of distance but that is all it took into account.

Smith stated basically it goes to 235th Avenue and then they had to take that all of the way to Jackson and then go all of the way to Bondi Park and to him he would say this is worthless and put it on hold at least for now.

Mundle stated at the very least it would connect the neighborhood and that was the point of having small trails was to connect the neighborhood and give people places to walk to without spending a whole lot on trails.

Smith stated if he was in the cul-de-sac, he would just drive over to John Anderson Park and he didn't need a trail to go there as there were not that many houses there.

Mundle stated not everybody wants to drive.

Lewis asked if it was just him or was there something incongruous about asphalt paths being a nature walk. He understood this was for bicycles and people with limited mobility. Davis stated those were the reasons for asphalt – bicycle traffic and handicapped access.

Davis stated staff will meet with Ms. Peterson and will report back to Council.

Lewis asked if Miller had any interest in being in that meeting also. Miller responded he was just thinking about it and he believed Ms. Peterson had valid concerns as a single mom and a trail going through her property on a cul-de-sac it might be a great thing for some people but for one particular resident it was a nightmare and the fact they are taking a step back and talking to her is what they need to do as a City; they need to find out what they can do to make this right for her and the residents. He stated he would like to be at the meeting. Davis stated he would see when Ms. Peterson was available and he would let him know.

Harrington stated as an FYI, either this month or next month there would be some big bills coming for maintenance as three trucks had blown out this weekend. He noted they were down to three trucks right now and he hoped they don't get any snow. Lewis said thanks for the heads up.

Lewis asked if there was any progress on the verbatim transcription topic. Davis stated he did receive some quotes and if Council wanted they can make this a discussion at the next Council meeting. He indicated Timesavers said they can do this and gave an estimate of the cost. He stated Timesavers can do one so they can see what it looked like. He noted one of the things on this is that every um, er, and, grunt, etc. is going to be recorded, but Timesavers did have the voice recognition software specialty stuff that they can do the verbatim transcripts. He noted on the back of the sheet he handed out is a comparison as to what they paid for minutes for the first quarter of this year and an estimate of what it would be if it were more of the verbatim type. He recommended they get one verbatim minute set so they can look at it and see what it is.

Smith stated the majority of the Minutes they have done had not been accurate – any of them – so does that cost them extra to fix it or did staff fix it. Davis responded one thing in talking to Timesavers is that it's not that they are not accurate, but they are not a complete transcript so there are some things that are not in there and they are trying to summarize them as best they can and if there are any changes then that is the staff's job to do that. He noted if there are substantial changes the Council wants the edits can be made before they are approved.

Lewis stated the Planning Commission did not meet as they were scheduled to last week. He asked on the Front Street septic situation where that was at. Davis responded it would be on the next Planning Commission meeting.

8.0 – Adjourn

Mundle stated I'll make a motion to adjourn. Miller stated I'll second. To the motion, all in favor say aye. **All in favor.** Harrington asked any opposed? That motion passes. **Motion passes unanimously.**

Meeting adjourned at 8:23 p.m.

Submitted by:

Kathy Altman

TimeSaver Off Site Secretarial, Inc.