

EAST BETHEL CITY COUNCIL WORK MEETING

May 1, 2023

The East Bethel City Council met on May 1, 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
 Nate Ayshford, Public Work Director

1.0 – Call to Order

The May 1, 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 – City Council Minutes Discussion

Davis presented the staff report indicating TimeSaver Off Site Secretarial Service, Inc. has prepared the City Council minutes since April 2, 2014. Over the course of their work, there have been several discussions regarding the type of minutes City Council has preferred. These have ranged from "semi-verbatim" type to summary minutes with the "detailed style" minutes (see Attachment 2) having been the standard since 2015.

Davis indicated Carla Wirth, President, and CEO of TimeSaver, will present options to City Council regarding different forms of minute formats that can be produced and present these to Council for review and discussion. Ms. Wirth has provided a comparison of the options available for minutes using an excerpt from the April 3, 2023 Work Meeting, Agenda Item 4.0 – Ordinance Amendments to outline the differences between the alternatives.

Davis stated attachment 1 to Council's packet was presented to the Council at the April 3, 2023 Work Meeting and provided an estimate as to the cost of verbatim transcripts.

Davis stated this is an information Item and staff requests direction from City Council at the conclusion of discussion of this item.

Carla Wirth, TimeSaver Off Site Secretarial Service, Inc., stated they had prepared Minutes for the City before 2014 under a different contract. She noted she had prepared different options for the Council which were in their Council packet including going with the bare minimum action minutes, all of the way down to an unedited transcript which is produced by an AI phonetic transcription software. As an example, she stated with that software if they are talking about numbers or citing sections in the code, it will give the transcription as alphabetically instead of numerically. She indicated what the City was getting now was detailed styled minutes, which was getting close to a transcript. She indicated there is not a lot of information in their minutes that is not included in the transcript. She noted, however, that the formatting was different. She asked if Council had any questions.

Lewis asked for the exact sequence of events from start to finish in preparing the Minutes as they are

done now. Ms. Wirth responded a day or two after the meeting, staff uploads the video to Dropbox and then they download that into their equipment and upload it into a program called Express Scribe, which is not a voice recognition program but rather a transcription program. She indicated by having that downloaded onto the laptop, foot pedals can be used as well as headphones. She noted that without this program, they would need to take their hands off the keyboard to pause and restart the video.

Ms. Wirth stated when they actually get to typing the Minutes, they have Express Scribe running on one side of the screen which shows the video and on the other side, they are typing the Minutes in a Word document.

Lewis stated that must take some getting used to. Ms. Wirth replied it did.

Lewis stated he liked the full detailed Minutes, but it seemed at times there is no proofing of it and some things did not make sense as it was read. He asked if anyone edited this. He stated he would like to get the Minutes directly from TimeSaver so he could see the raw material. Ms. Wirth stated their employee, a transcriptionist, is transcribing the Minutes and doing a visual proof on them. The Minutes are then sent to her and she is doing grammatical checks and formatting checks. Then, anything they are not sure of, that they did not catch, such as an address, name, or a term they are not familiar with, they will leave that highlighted. When the Minutes are sent to staff, she will ask staff to verify and correct whatever is highlighted before the Minutes come to Council.

Ms. Wirth indicated their contract as it is stated right now, authorized her to give the Minutes only to a staff person. She stated the Minutes are not released to anybody else.

Lewis stated that was open for discussion, but he had a question about the procedure so he could understand it as nobody had ever explained it to him.

Harrington asked the Council if they had any further questions or thoughts.

Smith asked which transcription type where they going by now. Ms. Wirth responded it was the detailed Minutes.

Smith asked what was the difference between that and edited transcription. Ms. Wirth replied she just worked on a 30-minute transcript off the one agenda item, which she picked because all of the Council was there, and it didn't involve a really long staff report, so the number of pages will depend on the topic and how long the staff report is. She indicated if it was a half an hour discussion and the staff report is 10 or 15 minutes of it, that is in one block of text. However, if it is a discussion between members, then that is many smaller paragraphs, which ended up being more pages. She noted it was hard to nail it down.

Smith stated personally he liked the edited transcript better as he believed it explained it more, but this was his opinion.

Lewis asked if anyone remembered what the original motivation was for moving to full detailed in 2014. He asked if it was to save money and to reduce the number of pages that have to be read. Ms. Wirth responded the City has never had an edited transcript type of Minutes.

Lewis asked what type of Minutes was it before 2014. Ms. Wirth responded it was probably more summary Minutes.

Lewis stated one of his concerns was he didn't want to read 85 pages of notes for a meeting he was just at a week prior. Ms. Wirth stated Council needed to consider what their meeting Minutes were going to be used for. She noted the Minutes are supposed to be the historic record for actions and Council needed to decide how much they need to create, store, archive, etc. and the ongoing cost for doing this.

Lewis stated Mundle had previously said the ultimate historical record was the video and audio, which they presumably had. He indicated though that lately they have had issues with audio and video.

Mundle stated they have been using the written Minutes and the video/audio hand in hand. He noted if they want a review, they go to the Minutes but if they want a more detail they go to the video to get the verbatim wording. Ms. Wirth stated usually someone would go to the paper document because they are shorter and also because those never change, but the media has changed from video to digital. As long as they are keeping up their digital files, there isn't an issue, but most cities stick with paper.

Lewis stated in that case, it should be verbatim instead of full detail. He stated full detail Minutes had an element of interpretation in it by the person who is doing the transcribing. Ms. Wirth responded that was correct.

Ms. Wirth stated with respect to the ownership of the documents, TimeSaver creates the documents and by the contract it is provided digitally to the City Manager or whoever is designated by the City to receive the Minutes, and at that point the City owns the Minutes.

Ms. Wirth indicated their contract is only for drafting the Minutes with the expectation that staff and Council will read the Minutes and if they see anything they don't agree with or think is misstated, they are corrected at the meeting where they are considered for adoption and then the document is owned by the City.

Lewis stated they have had discussions where things have been omitted or misstated. He stated that wasn't from him and he asked the Council what it was. Smith stated he remembered at the last Council meeting where Lewis made the statement where Ehrenberg was sitting there and he had the name tag in front of him Community Director and he made that statement saying, "Oh, you already have the title there," and that wasn't in the Minutes at all. He stated stuff like that sometimes is important to have there for just a statement. He asked if she was the one who made the decision not to put it in. Ms. Wirth responded yes, but if that was what Council wants in, then that is what they will put in. She explained every city is different, but most cities won't include off the cuff or light-hearted comments as they are not important for the decision making.

Lewis stated but with verbatim, those comments would be put in. Ms. Wirth responded that is correct.

Lewis stated this was all a balancing act – a balance of money and a balance of volume. Ms. Wirth stated another consideration they need to look at is how their Minutes will be used. She asked once they are approved, how they are being used after that. Lewis responded they are being used little for the most part.

Mundle stated the Minutes are put on the website and there they pretty much sit. Ms. Wirth stated if they are going to research a past action, they might go back and read the Minutes for information as

to how a decision was made, but they wouldn't go to the Minutes to find the off the cuff comments, or banter – they would go back to the Minutes to find substantial information. She indicated, however, they will create the Minutes at the level Council wanted.

Lewis asked Davis what his thoughts are. Davis responded it was the Council preference as to what they wanted. If the Council wants more detail then that is what will be provided, or they can keep the Minutes as they are. It just depends on what the Council thinks they need for the Minutes.

Mundle stated he liked the Minutes the way they are with the detail style. He indicated they give sufficient information to know how they got to the decision. He noted if more detail is needed, they have the video recordings. He stated the price was reasonable for the amount of detail they do get in them versus going to a transcript, which is almost twice the price. He indicated right now all they do with the Minutes is to put them on the website and they don't go back to them much, but on some occasions they might for research. He believed the Minutes gave a very good display of what happens and he thought this was a good balance.

Davis stated these are draft Minutes and it is up to staff and Council to edit them. He indicated staff corrected the highlighted by correcting spelling, adding names and addresses, etc. However, if anything the Council feels needs to be added or was misstated, the Council has the option of correcting the Minutes at the meeting. He stated staff can go back and add anything the Council feels is left out or anything that needs to be omitted or changed.

Smith stated that is one concern he has is that the video is not even available to look at, such as the Planning Commission meeting. Davis responded there was an issue with the video of the Planning Commission and someone would be retrieving that video and it would be available shortly.

Smith asked what caused this. Davis responded there were a number of things that caused it including a power outage that affected some things. Smith noted the power outage was the week before. Davis stated he understood that, but at the Planning Commission meeting there were a lot of people in the Chamber that were on their phones and the computer they are using is on a wi-fi signal and that is what caused the lock-up. He indicated now they are using a computer that is on a hardwire. He stated staff is assuming that was the issue, but somebody will come in to look at this and get it corrected and to retrieve the Planning Commission file.

Harrington stated the current recording equipment is a big 'band aid' and that equipment needs to be upgraded. He believed the equipment was junk. Davis stated it might be more of a software issue, rather than a hardware issue. He noted they had somebody out here last week to look at it and they are going to give estimates on what upgrades/fixes the City needs to make sure these problems are resolved.

Harrington stated it seemed like every week somebody was texting or calling that something had gone out (i.e. YouTube, Channel 10, etc.). He stated this needed to be fixed one way or another. He acknowledged this would cost some money, but he believed this is something that they had to fix. Davis responded they did have estimates coming and they hoped to get these to the Council in the next couple of weeks.

Smith asked how much money was spent on the current system. Davis responded the system they have right now none of the components are consistent and there is different equipment, but the software interface is probably the biggest issue. He noted they did have some upgrades to the City Hall 4 or 5 years ago and it was about \$80,000. He indicated it was not cheap.

Mundle understood all of the equipment got added as technology changed and they've tried to put everything together to make it work. He noted for the most part it has, but apparently now they might just have to break down and get something that won't have issues.

Smith asked if there was any possibility they could sell this equipment. He asked what happened to the last equipment. Davis responded most of it was additions that was in the Chamber, but anything they have right now probably has no value.

Mundle stated they might be able to donate it to the High School if they still had their AV program. He noted they might get some good use out of it.

Harrington asked the Council what their preference was with respect to the Minutes. He stated the detailed Minutes was fine with him and if they needed the details they could go back to the video for correction, or they could get ahold of Ms. Wirth.

Miller stated he agreed and he liked the detailed Minutes more. He stated this was a nice "clearing of the air" to find out where stuff was being edited and by whom because they know certain stuff is said and it is not there and it is a question mark and to be able to clear that up helps a lot. He thanked Ms. Wirth.

Ms. Wirth stated if there is an item that's controversial or they want more detail, they need to let her know ahead of time and they can add the additional detail.

Davis stated unless there is further direction, he understands they will stay with the same style of Minutes and if there is something Council wants more detail on to let staff know so they can inform Ms. Wirth. He stated any edits or corrections to the Minutes when they are approved in the draft form, can be done by staff when they are approved.

Ms. Wirth stated if it would be helpful, they can also line number the Minutes.

Lewis asked if it was okay if they talked to Ms. Wirth directly. Ms. Wirth responded no and communication needed to go through Mr. Davis. She noted TimeSaver is totally non-political and they don't get involved in the politics.

Lewis stated he only meant if they wanted changes to certain words. Ms. Wirth requested those changes be brought to Mr. Davis. She stated TimeSaver is totally unbiased and impartial and that is why cities hire them. She indicated she does not want to have conversations offline with one Councilmember while others are not included.

Mundle stated Ms. Wirth would not want ten cooks telling her what to do. Ms. Wirth responded that was correct and it was easier to have one source for the Minutes and it was up to Mr. Davis to get the Minutes to the Council.

Smith asked if it was difficult to put numbers on the Minutes. Ms. Wirth responded it was very easy to do this if that is what the Council wanted done.

Smith stated he would appreciate numbers being added. Ms. Wirth responded she would make that change.

4.0 – Conduit Bonds Presentation – Nexus/Cambia Hills

Davis presented the staff report indicating the City Finance Committee met with a potential purchaser for the Cambia Hills facility on Tuesday, April 4, 2023. The purchaser is Nexus Family Healing and they propose to provide the same service that was offered by the Hills Group.

Davis indicated a major topic of the discussion at the meeting related to the issuance of conduit bonds for the financing of the purchase of the facility. We've been assured by both our financial consultant, Ehlers, and the Nexus bond counsel that East Bethel would have no liability exposure if we should be involved in the issuance. Dorsey-Whitney representing Nexus and Ehlers will be present at the Work Meeting to explain the process, benefits, and any potential issues for the City to consider in upcoming discussion regarding participation in this type of bonding for this project.

Davis noted Nexus and Certus representatives are also in attendance at this meeting. As cartas is the court appointed receiver representing the previous owner's trustee, they are present only as observers. The ISD School Board Chairperson and Superintendent have also be invited to attend.

Davis stated a typical charge by a city for this type of assistance is 1% of the par value of the bonds. In this case the City portion of the issue would be \$10,000,000 which would generate up to \$100,000 to cover any expenses relating to the issuance and for our participation in this form of financing.

Davis indicated this is a discussion and information item, and any action on this matter can be set for a Regular Council Meeting at a date to be determined.

Rhonda Skoby, Dorsey-Whitney, stated she was here tonight as the bond counsel to the City. She noted Nexus is separately represented by their own counsel. She indicated Nexus has proposed the City issue conduit bonds. She shared the process for conduit bonds.

Ms. Skoby indicated conduit bonds were a pass through with a two-step process that would enable the borrower to benefit from tax-exempt status for the bonds. She stated that meant the borrower, who is a non-profit, could borrow at a lower interest rate because the investors are willing to accept a lower rate of interest if they are not being taxed on it.

Ms. Skoby stated the City could issue the initial bonds and then it would loan those proceeds to the borrower – Nexus. She indicated Nexus would have the full responsibility for paying back those bonds and the City would have no financial obligation to repay the bonds. She noted State law required a notice right in the bonds saying the City had no liability for this debt.

Ms. Skoby noted the borrower would also be responsible for all costs, such as a notice that needs to be published. She stated they will pay their attorney's fees as well as the City's attorney's fees also and any other costs associated with the financing.

Ms. Skoby stated one sub-set of tax-exempt bonds, a category within that, is bank qualification. She indicated smaller issuers, which less than \$10 million of tax-exempt bonds in a year (along either other qualifications), can issue these special bank qualified bonds, which means that banks along with other bond investors, can purchase these bank qualified bonds. She stated this gives a bigger pool of investors and brings the interest rate down a little bit more. She indicated that is what Nexus is asking the City to do – to issue bank qualified bonds.

Ms. Skoby stated this particular bond issuance would use all of the City's bank qualification capacity for 2023. She indicated it was her understanding that the City did not intend to issue its own bonds or any other tax-exempt bonds this year so using that capacity shouldn't present a problem for the City.

Ms. Skoby indicated they often put items in the documents that if something happens in the City and they do wish to do something in 2023, that the borrower would be responsible for making up any interest rate differential that the City would have to pay by not being able to issue its own bank qualified bonds.

Ms. Skoby stated if the City wanted to go forward with this, there would be two more meetings where they would hear about this process. She noted one meeting could be the May 8 meeting if that is what the City wanted, where they could call for a public hearing. She stated they would handle publishing notice of that public hearing more than 14 days ahead of that public hearing. She indicated that public hearing could be held at a later meeting which could be the June 12 meeting if the City wanted to go forward.

Lewis asked if the type of assistance is one percent of the value of the bond, and if they issue a bond for \$10 million and can generate up to \$100,000 as the Council packet says, that is used to cover any expenses related to the issuance for the form of financing. But, he thought he heard Ms. Skoby say that the City was not responsible for this, which would make the \$100,000 generated not going for paying for any of this. Ms. Skoby responded they see a wide range of fees on these deals, and she will leave it to Nexus and the City's financial advisors to talk about what fee level makes sense in this particular situation. She stated Lewis was correct and there should be no fees born by the City as a result of this transaction.

Mundle asked if there were any risks to the City. Ms. Skoby responded the bank qualification cap issue was what she saw as a big risk, but in her mind it was a "soft" risk, and there were ways to mitigate that by putting into place the covenants that would require payment of that lost savings. As far as other risks, she indicated there was no risks for being held responsible for these bonds.

Mundle inquired about the bank qualification issue. Ms. Skoby responded that was the \$10 million cap. She noted each city, county, redevelopment agency, etc. has the potential to designate up to \$10 million in bonds as bank qualified every year. She noted this was a special sub-category to tax exempt bonds that opens up the market the banks instead of other types of bond holders and as a result for debt that is designated as "BQ" (bank qualified), that type of debt can carry a lower interest rate than other tax-exempt indebtedness. She indicated to protect against this, there would be covenants put in the deal that if they did want to later designate their own bonds as BQ but were prohibited because they had issued this debt, the borrower would be responsible for making up that inability to do it as BQ.

Mundle asked if this would affect the City's borrowing ability as far as asset debt ratio or any debt. Ms. Skoby responded it would not and it did not count against the City's debt ceiling or debt limits.

Mundle asked if this company gets the conduit bond, if they default or go bankrupt, etc. what would happen. He asked how is this covered and what are the risks to the City. Ms. Skoby responded in this

scenario and things did not work out as planned and if there was a default, it would not go against the City, but it would go against the borrower. She stated the borrower would look at presumably a mortgage on the facility to sell that and pay off the debt.

Mundle asked in this scenario, would that have anything to do with the City's credit rating or anything else. Ms. Skoby responded it would not. She noted it truly passed through the City and went to the borrower.

Davis asked for making up the BQ differences, if they exceed \$10 million and the City wanted to issue bonds this year, was that only for this year. Ms. Skoby responded that was correct. She stated in 2024 a new \$10 million would come into place.

Lewis thanked Ms. Skoby for her concise explanation.

Mundle asked by doing this would that set any precedent of the Council for doing it in the future. Davis responded no, and he believed everything had to be looked at on a case-by-case basis. He noted just because they would do it on this one, doesn't mean they have to do it for another one. He indicated it was the City's option that things are evaluated based on the information given by the financial advisor as to what is sound for the City.

Mundle asked if the City has done a conduit bond before. Davis responded no.

Mundle asked if there was any information from Ham Lake if they will be doing part of this conduit bond as well for this company. Davis responded that the only thing he knew was that Ham Lake had tentatively agreed to participate.

Ms. Skoby stated she believed Ham Lake was meeting tonight as well and having similar conversations. She noted they represent Ham Lake as well and they will report back when they know more about whether Ham Lake will participate and they will also share with Ham Lake whether East Bethel is willing to participate. Mundle thanked her.

Lewis stated he had spoken with someone earlier who had spoken with the Mayor of Ham Lake and they don't seem very positive about doing this. He indicated they did not see how it benefitted Ham Lake and they are not in the St. Francis School District, but how it turns out tonight it is not up to the Mayor alone but the entire Council.

Miller asked if East Bethel and Ham Lake are the only two cities considering this in the area. Ms. Skoby responded they are the only two that are needed and both of these cities have been asked. She noted there are some other options, but these two cities make the most sense based on the location of the project.

Davis asked Stacie Kvilvang, the City's financial advisor to approach the podium to inform Council of any issue she saw with this proposed bond issuance.

Stacie Kvilvang, Ehlers & Associates, stated Ms. Skoby did a great job with her presentation and she had a couple of additions to it. She stated there is no financial risk to the City with this. She noted the big thing that typically comes to play is any IRS audits they get. She indicated with the City being

the conduit, the IRS does not contact Nexus, but rather the City. She stated they have worked with Dorsey on these and what the IRS is looking for is if the funds were spent appropriately and what the spend-down was. She indicated that was usually for new construction and the nice thing about this one is that they are just buying an asset and it was her understanding there was not going to be any rehab, improvements, or expansions. She noted this would really be if the City was drawn for an audit.

Ms. Kvilvang stated with respect to the fee, traditionally most of these either charge either one percent of the par amount; some charge a smaller amount up front and a fee over time, but more people switch to the fee up front because it is an administrative thing where that they have to follow over the years to make sure you are getting the fee collected from them on an ongoing basis. She indicated this is something that is negotiable and it was in their purview to do but she did not think they were in a position to negotiate that at this meeting as they have not seen the financials yet.

Ms. Kvilvang indicated most cities are looking at what they want to do to help benefit the end user. She stated usually when it is the for-profit developers, they are willing to charge the full fee but when there are non-profit users or uses like this there might be more negotiation.

Ms. Kvilvang stated part of their process is once the City decides if they want to proceed forward, they will request the financials from Nexus because even though the City is not financially responsible, they want to have an understanding that based on their operating performance that there is a good likelihood they will be able to repay the debt so the likelihood of them defaulting in the future would not come to fruition.

Mundle inquired for the repayment of the debt, who would repay who - was Nexus repaying the City or are they skipping that and going right to the borrower. Ms. Kvilvang responded it goes directly to the lender. She stated the City was not involved at all and the City was only in the upfront process and are just acting as a conduit. She indicated the City would not get involved in the annual payments or anything else.

Lewis asked would the payments go directly to the bank. Ms. Kvilvang replied that was correct.

Davis asked over the term of the bond, what kind of accounting reports would the City be faced with annually other than the upfront cost for legal and financial services. Ms. Kvilvang responded essentially there is nothing for the ongoing. She indicated if this was a housing project it would be different and they would get reports on the affordability that was linked to it, but with this type of project there was not that kind of reporting at least not that she was aware of.

Lewis noted it was a single transaction.

Smith asked what happened if Ham Lake said no. Ms. Kvilvang responded they have other options and they can go to other cities to find someone some other city who would be interested in it. She noted this happened routinely throughout the Metro area. She stated if East Bethel chose not to do it and they found someone else, the City would still be required to give host approval. She stated the reason for this is that they don't want developers shopping prices on fees.

Lewis thanked her for the concise description.

Davis introduced Margaret Vimont with Nexus.

Ms. Vimont, Nexus Vice President of Strategy and Service Development, stated Nexus Family Healing is in Minnesota and for 50 years the agency has been dedicated to serving the mental health needs of youth and families. She indicated they have deep end experience in residential. She noted this was their commitment to identify where the gaps are in the mental health delivery system for youth and bringing their expertise to meet that gap. She stated they are a large organization that has 9 agencies and is deep end residential, which is what Cambria was built for and the East Bethel site was designed beautifully to serve youth with various mental health needs. She stated they run six of the facilities in four states that are longer term, very intensive mental health, and then two shorter term facilities that they have built for communities in Minnesota when they were identifying that mental health need.

Ms. Vimont stated this is a project they have been interested in before Cambria closed and Cambria said they knew they were closing and were interested in having the work continue because of the dire need for the youth in Minnesota this type of high-end service. She noted there was a dire need because they have youth that are being stranded in emergency rooms and in some cases in detention because they have intensive mental health needs that foster care and other lower-level care in communities cannot serve.

Ms. Vimont noted one of the reasons why it has taken them so long to say they are ready to do this is because Nexus is a very deliberate organization and they took a very careful look at sustainability and the funding of this level of care is something the State has really wrestled with in figuring out how to have a rate system that allows organizations to run a high-quality system in a way that is financially sustainable by the State funding system. She stated the State now has a process in negotiating the rate with them and they have been very careful to build in sustainable living wages for the people in the direct entry care positions so they can compete with the work force and making sure they have all of the clinical layers they need to serve these youth. She stated they were given a rate that they can be assured they have use in a sustainable way.

Ms. Vimont stated they are in the process of having the contract finalized at this time and they are hoping to get the support they need by entities such as East Bethel and Ham Lake as well as others to proceed to restore the facility to the reason it was built in the first place, which was to meet the needs of Minnesota youth.

Mundle asked where the sale process was at. Scott McGuire, Nexus CEO, responded they have a signed Letter of Intent in place right now and they are negotiating an Asset Purchase Agreement. He stated he felt comfortable that they are going to have the Asset Purchase Agreement signed in the next couple of weeks.

Mundle stated if everything went well by their timetable, when they would be looking to open the doors. Mr. McGuire responded that ideally the finance process was around three months, which would be August 1. If they close on August 1 and take possession of the property on that date, they have a four month ramp up, which is for hiring and training with the thought that they would take their first client on December 1.

Harrington asked if this would be one-half the youth that Cambia Hills had – 31 or 32. Ms. Vimont responded their capacity would be 40 youth with a slow ramp up. She believed it would take a full 18 months before there would be 40 youth there.

Miller asked if there were any numbers as to what it would cost East Bethel schools or District for the funding and staffing. He asked if the City would be responsible for this. Ms. Vimont responded it was her understanding that when a youth came into the District, there was funding that came from the home district for their education.

Lewis stated he believed Nexus was ideally suited for this facility and the majority of the citizens wanted to see a nice asset put to good use.

Karsten Anderson, St. Francis Area School Superintendent, stated he was a resident of East Bethel and on his way to work every morning he drove by the facility and has toured it twice. He indicated he had met with representatives of Nexus and they do seem like a high-quality organization trying to do important work.

Mr. Anderson stated the School District did have significant concerns. He indicated first of all there were a lot of unknowns and he needed to have information before the District could be supportive of the project. He stated there have been a lot of changes in State law that will be forthcoming and they will find out more information on that in May as the session ends.

Mr. Anderson indicated he has a lot of questions about the needs of the students they would be serving (i.e. one-on-one paras, how many kids will they have in the classroom, etc.), as well as finance. He noted anytime there are unknowns like this it was his responsibility to try and get information so they can cross some things off.

Mr. Anderson stated as the provider, the School District is mandated to provide these mandated services in terms of education. He noted this could be contracted out to another entity like Intermediate School District 916, which was the original school plan, but the problem is that they would require the School District to be a member school district and in doing so they would be obligated to a lease levy, not only for these particular projects, but for all of their projects. He noted that is how cooperatives work in the school world. He indicated he did not have a specific number as far as what that would cost the taxpayers including the taxpayers of East Bethel, but he imagined it was hundreds of thousands of dollars per year.

Mr. Anderson noted the reason he did not know the number is because 916 is not interested working with them because they are not members, so it is difficult to know what that cost would be.

Mr. Anderson stated another big issue was staffing. He indicated they have significant challenges in fulfilling the current staff needs including the needs for special education services for kids. He indicated they don't have enough teachers and enough education assistants. He stated he was worried about how they are going to staff this particular program.

Mr. Anderson stated Nexus agrees that if they came here they would have to provide competitive wages, but that also impacts their ability to keep and find their own employees and this was a huge issue for them.

Mr. Anderson noted with respect to finances, Nexus would charge them rent for using the facility for school-related purposes, but he did not know the amount. He stated it was critical that he knew the amount. He indicated he would not rent an apartment in East Bethel without knowing the cost and it was critically important to him that he had that information. He acknowledged Nexus was going through the financial processes right now and they don't know the rates or the details, but he at least needed to know a range.

Mr. Anderson stated they need time to figure everything out with Nexus and with the State. He stated this was an important service and everything he heard about Nexus was good in terms of the quality of service, but as a school district and in the interest of the taxpayers, they need more time and more information.

Mundle asked if he would be having additional meetings with Nexus and obtaining answers to all of his questions. Mr. Anderson responded that was correct and Nexus has been very good to work with. He noted one of the big missing pieces though is how much rent they would be expected to pay. He indicated that part he really needed to find out.

Mundle asked when they get all of the information they need, would be please update the City. Mr. Anderson responded he would and once he received all of the information he will run it by the State because they have some unique funding streams for care and treatment programs, which this was. He noted the only problem is that it is related to their own financial position of the School District. He stated he would share this information with the City after it was given to the State.

Mr. Anderson noted the finances were very complicated in the school setting, especially when it came to care and treatment programs. He stated while the State would pay them back for the costs, they are under the hold harmless provision and that significantly raised the concern level. He indicated they needed time to sort all of this out. Miller thanked him for being cautious and in checking out everything as there was a lot of money involved here. He indicated it was difficult to get teachers and now to have to fill 90 some jobs he did not know how this would happen. He appreciated him checking into this.

Miller stated he had a concern that this would cost taxpayers hundreds of thousands of dollars and while he was hearing there was little risk to the City, this was a huge red flag to him. He indicated anything that attaches cost to taxpayers of the City there is going to be questions. He stated he did not understand that they went from one portion of no risk to the City and when he was saying the City he included the taxes and the people who paid the bills, and then there was \$100,000 plus for what he was not sure and then he mentioned they did not have a cost on rent.

Miller stated they were going to be renting something they are going to be funding and paying for with the school system dollars and it could impact the City's taxes, and every piece of information Mr. Anderson can get for every dime that is being spent is going to be greatly appreciated in this decision. Mr. Anderson emphasized that he was new as far as starting a care and treatment program, but he has worked with several in the past. However, he believed it was important for him to do his due diligence to figure this out. He stated potentially there is a significant impact to the school and potentially there is an impact to local taxpayers, or not. He indicated this depended on some other factors that would take significant time for them to figure out.

Mr. Anderson stated he wanted to be fair to Nexus also and they are willing to work with them to iron the details out, but the first thing he wanted to know if what the rent would be so they could determine if they are going to get State reimbursement for that or if it would have to go to the local taxpayers.

Davis stated what the Council need to do is to decide if they want to discuss this at the May 8 or May 22 meeting to call for the public hearing for the issuance of the bonds, and the question he had was if they do this and they start this process and the School District had serious objections to this then what was the status of the project. Harrington stated those were his exact thoughts and they needed to ensure their bases were covered.

Smith stated he did not think they should put the cart before the horse when they don't know what was in front of them. He stated Mr. Anderson needed to know what the rent was, so why would they start doing all of these other things and get the wheels spinning when they don't know what is going on. Davis responded he believed this was a critical part of the whole thing and before they approved anything, he thought this was one thing they needed to know and that was the reason he was asking. Davis stated this was what was before them tonight, which was to start the process and they had heard some concerns from the School District and it was important to coordinate the timing of this so that everything would hopefully work out.

Lewis asked what Davis's thought on going ahead with this was. Davis responded he believed they might need more information from the School District. Davis stated he knew there was some concern last time with Cambia and there were some things that weren't accounted for and the School District was placed in a precarious position. Davis indicated wanted to make sure that didn't happen again, but he also felt the School District's position on this would probably influence how this project went forward because ISD 16 is not an alternative in the process of being a provider and he believed it would fall on the St. Francis School District to provide the educational components on this.

Mundle asked what kind of a timetable were they under to get this accomplished. Mr. McGuire stated this was the first time he had met the Superintendent so he wanted to meet with him further, but he did not think this would be a problem as far as he was concerned and he believed they could get something negotiated that was beneficial to both parties. He stated his original thought was to wait until they had a signed Purchase Agreement, which kind of drove the entire process. He stated they were very close to that and he would be willing to meet with the Superintendent this week or next week to have these discussions as he did not want to have this held up.

Mr. McGuire stated with respect to timing, the timing was very imperative. He indicated they needed to close on this by August 1 so they can take possession and have the four months to hire and train. He stated if they can't to that then they would have to push this out past the first of the year to Spring as trying to hire during the holiday season and the referral for clients during the holiday season were not strong. He stated it was very important to them to keep this moving for an August 1 closing date.

Mundle stated with August 1 being the projected closing date right now, and he assumed they needed to conduit bond in order to close. Mundle asked how long it would take a conduit bond to

proceed. Mr. McGuire responded he had been told it would take 90 days. Mr. McGuire noted the way it was working right now, they could get there by August 1.

Davis asked in terms of the timing issue, he believed he wanted some direction by next Monday. He stated they could also put this off until May 22 for the City to call the public hearing if that is the direction the City wanted to go and still meet the June 12 fourteen-day timeline. He asked if three weeks would be enough time for them to get back with some basic information regarding their negotiations with the school on some of these issues. He stated this would give the City more comfort level in going ahead with the conduit bond financing. Mr. McGuire responded that the only issue he heard regarding Nexus was the negotiation of the lease and the other items brought up sounded more like school district challenges in terms of hiring. However, in terms of the lease, he could have those conversations in the next week or two. He stated he wanted to make this work and he did not want to have that derail this project.

Davis stated that would give the school district another two or three weeks to work on this and they could get back to the City and still meet the timelines. He stated if the City called for the public hearing on the 22nd, it would still give time to have this on June 12 which would give the City time to get additional information. He asked Mr. McGuire to give him any information he gathers so he could keep the Council formed.

Mundle asked what kind of direction was needed on this. Davis stated if Mr. Anderson and Mr. McGuire would keep him apprised of things, this could be given to the Council by email and at the May 8 meeting, if necessary. He indicated this could tentatively be put on the May 22 Council meeting. He believed they had plenty of time to get questions answered.

Lewis stated if they were to proceed with the public hearing, this wouldn't oblige the City to go ahead with the conduit bonds. Davis responded they could have the public hearing and then vote it up or down.

Lewis stated he had been through these types of things before where all of the loose threads needed to be pulled together and at some point you just have to grab one of them and tie it off. He indicated you just need to fix something as a start to the process otherwise there are loose ends flying around. He believed they were well assured by the City's bond counsel that they were not exposing the City to financial risk by issuing the conduit bonds and he believed that was a big question. He indicated the second question from the City standpoint is the tax risk through whatever is worked out through the school system. He believed they could proceed with the public hearing at least get that done. He stated if it was going to happen, then at least they would be prepared to do their end of it.

Davis stated they could call for the public hearing at the May 8 meeting and the public hearing wouldn't be until June 12 and by then they should know more by that time.

Mundle asked if that was an okay timeline for Nexus' point. Mundle noted the answer was in the affirmative from the audience.

5.0 – 2024 Parks Capital Improvement Plan

Ayshford presented the staff report indicating the Parks Commission prepares an annual Capital Improvement Plan (CIP) which updates needs and costs of proposed projects, evaluates priorities and

establishes funding for these works for the coming year and for each of the subsequent years for a five-year period. This plan is presented to City Council for their approval and used in the preparation of the 2024 budget.

Ayshford noted approval of the plans only commits the City for the projects identified for 2024. Projects beyond 2024 are for planning purposes and will be reevaluated annually for funding prioritization during the capital improvement planning process.

Ayshford indicated the budget includes a general fund transfer of \$100,000 for Parks Capital Improvement Projects for 2024 and is subject to City Council approval. It is anticipated that Park Dedication Fees from developers will provide an additional \$40,000 to the Parks Acquisition and Development Fund for 2024.

Ayshford stated the Park Commission voted unanimously to recommend the attached 2024-2028 Parks Capital Improvement Plan to the City Council for their review at the May 1, 2023 Work Meeting.

Harrington asked with respect to the playground equipment in 2025, where was that going. Ayshford responded that the funding for these projects come from development. He indicated this is what they voted on at their last meeting for the park dedication fees. He stated if they do not have the funding from a development in a certain year, the project was pushed back a year as place holders. He noted in 2024 they are looking for a shade structure at Booster West to be used by the fans of athletic softball games taking place there. He indicated they had \$50,000 budgeted for that.

Ayshford stated they did not have anything specific for 2025 yet and part of what they are looking at for 2025/2026 and beyond was the need for a project in the new development area near Viking and Highway 65.

Smith inquired about the \$60,000 parks acquisition and development fund for 2024. He noted Ayshford said \$40,000, which was different than the packet. Ayshford responded it should be \$40,000.

Harrington asked if the lights being proposed in 2028 at Booster were electric and was it just for the lights or was it for everything. Ayshford responded that was an estimate from Musco, which included putting poles in and running power, etc.

Harrington asked if they would need to run a separate transformer to the field, or could they use the existing one. Ayshford responded he was not sure.

Ayshford indicated the Parks Capital Fund was funded from transfers from the General Fund. He noted there are no changes requested from that transfer amount. He indicated they have been slowly ramping that back up and they have left it at that value for right now. He stated for 2024 there was a big project planned for Coon Lake beach. He indicated that was the oldest playground equipment in the City. He stated it was secondhand playground equipment from a different park that was transferred. Maynard Peterson Park which was secondhand equipment transferred there also. He stated they were looking at somewhere around \$50,000 for the actual playground equipment and some other site improvements as well as some items to be determined as to what is going to take place at the skateboard park.

Ayshford stated all of these items will come back to the Council in 2024 before there are any actual purchases. He noted right now they are just approving the plan and funding.

Smith asked if there were any grants for these items. Ayshford responded there were grants available from the DNR and sometimes the playground companies have grants also, but most of the items they buy was on a State contract so it is at a very reduced price and the grants come up to be about the same price. He indicated the MN DNR has a number of matching grants that are competitive, which are usually for a major project. He stated they had a previous grant where the City used it for Booster East to help do that development. He indicated the Commission, along with the Council Liaison Miller would be discussing grants at a future meeting.

Lewis asked if the Coon Lake Beach equipment would be new. Ayshford responded it would be new equipment. He indicated it was actually hard to reuse playground equipment and most of the time they have to donate it to a group where the equipment was taken out of the country to areas that need it.

Ayshford stated for 2025 there was another chunk of the trail segment and moving onto 2026/2027/2028 that was where they were starting to look at the development of a new park in the part of the City where the Viking golf course is. He noted they were trying to get away from the small neighborhood parks and focus on larger parks. He indicated another focus the Commission had was trails and they had done two surveys in the past in 2012 or 2013 with the biggest request from residents at that time was for walking and biking paths and the second request one was athletic facilities for organized sports. He stated this is where a lot of the focus has been on – upgrading Booster Park and looking at trail connections.

Ayshford indicated they do have some new trails coming in with the Elevage property and a portion with Sandhill Crane project also. He noted there was a general outline for the trails on the comprehensive map also.

Ayshford stated Anoka County has a trail that runs east to west following County Road 74 which will be funded by the County when they do highway improvements, but that was a long way out. He pointed out they do have another small trail that catches the SE corner of the City going past Coon Lake Beach that connects Lexington Avenue up to Martin Lake.

Smith asked if Elevage would have their own park and trails. Ayshford replied they were going to have public trails along with a private clubhouse.

Harrington asked if they would tie into Viking. Ayshford responded they would.

Mundle stated this was looking good and a larger new park on the south end of the City would be something to look forward to. Davis pointed out on the map where in the City there would be some residential growth in the new few years and where the City was lacking facilities.

Ayshford stated this will be included in the budget process also. Davis stated this will be presented at the next Council meeting for approval of this preliminary plan for budgetary purposes.

Mundle request Ayshford pass on thanks to the Parks Commissioners for all of their hard work and time.

6.0 – 2024 Roads Capital Improvement Plan

Ayshford presented the staff report indicating staff prepares an annual Capital Improvement Plan (CIP) which updates needs and costs of proposed projects, evaluates priorities and establishes funding for these works for the coming year and for each of the subsequent years for a five-year period. This plan is presented to City Council for their approval and used in the preparation of the 2024 budget.

Ayshford indicated approval of the plans only commits the City for the projects identified for 2024. Projects beyond 2024 are for planning purposes and will be reevaluated annually for funding prioritization during the capital improvement planning process.

Ayshford stated the budget includes a proposed general fund transfer increase of \$50,000 for road improvement projects for 2024 subject to City Council approval.

Ayshford indicated staff recommends the attached 2024-2028 Roads Capital Improvement Plan to the City Council for their consideration and approval.

Ayshford stated there are two separate funds – Fund 402 is the Municipal State Aid fund and the projects are funded from money received from the State of Minnesota that come from gas tax, license tax, etc. He indicated the City was allocated an amount each year and right now the annual amount is \$641,430. He noted these funds can only be used on municipal State aid roads, which are the major connector roads. He indicated these are basically the higher speed, higher volume roads that connect typically between the State Highways or two County roads.

Ayshford noted for 2024, they are showing a negative beginning balance because with the State Aid it was a different funding mechanism, but they can advance fund their allocated amount up to \$3 million ahead of time which is what the City has been doing for a number of years. He indicated basically the City is getting the money ahead of time with no interest on it to fund these projects when they come due. He stated this was a common practice for most cities and that was why they were showing a negative balance.

Ayshford stated the balance on the 2024 includes a project for University Avenue joint project with the City of Oak Grove, which he believed East Bethel's portion of that was approximately \$500,000 to \$600,000 and that was figured into the beginning balance. He noted for 2024, they are looking at Davenport Street reconstruction. He noted they would widen the road out and put concrete, curb, and gutter there. He indicated that road has been on the schedule for a number of years. He stated this was the MSA project for 2024. For 2025, he indicated they do not have anything planned, so they will allow that fund to build back up again. In 2026, he noted they are looking at Polk, Jackson, and Klondike going back to 65 which would be a mill and overlay with possibly a couple of spots that would have to be reclaimed.

Ayshford indicated \$750,000 was for the open portion of Jackson and \$125,000 was for the Klondike Drive portion.

Ayshford indicated for 2027/2028, there are no projects planned right now but that could change going forward.

Ayshford stated the amount received from the State varies from year to year as well but has been between \$625,000 and \$650,000 for the past number of years and he anticipated it would stay in that area. He noted this amount was based on traffic counts on the MSA roads.

Smith asked if they had to apply for that money. He asked how they determined this. Ayshford responded they did have to send in a request for advance funding. He noted at the last meeting the City Engineer sent in a request for the \$700,000 to help pay for 181st Avenue from Acapulco to the west and to help pay for the upcoming University Avenue project. He indicated at times the State froze the advanced funding, which was done over Covid, but now they were allowed to reapply for it.

Miller noted the City had a lot of gravel roads in the City and who made the decision when/if the roads got blacktopped, and who has to pay for that. Ayshford responded the City had about 15 miles of gravel roads, which was a significant portion of the City. He indicated the City policy was the neighborhood had to petition to pave the road and the neighborhood would then pay the brunt of the project. He indicated the City changed the policy a few years back to try and get more neighborhoods involved in wanting to do this and the City would go up to \$100,000 to help cover the cost of the project because they had a number of costs in the road already for drainage and resurface with class 5, so they would use those costs and use it towards the blacktop. He noted this very rarely happens because you had to have the majority of the people who want to do this and they had a hard time doing that. He stated this was assessed to the property owners because they are increasing their property value.

Ayshford stated if they have two developments that are identical or built at the same time with one having paved roads and one having gravel roads, the house on the paved portion would cost more because that developer has the cost of the blacktop when they made the road and that is passed onto the price of the lot/home.

Davis stated the cost of the assessments can vary greatly depending on how many residents live on that section of road. He noted the last petition they had was in 2018 and the average assessment cost was going to be \$17,000 per lot for the paving. He believed this involved about 40 houses and it was 2 miles of road. He stated it was quite expensive. He noted the City would replace all of the drainpipe work, ditch work, figure out the number of Class 5 applications over a number of years and credit that towards the cost of the project.

Smith asked if there was any credit for the homes the people have paid through the years. Davis responded no, even though they are paying to keep the dirt road portion up. He stated the dirt road portions are still maintained along with ditch work and Class 5 applications so that is what their taxes are paying for the maintenance.

Mundle noted some of those roads get dust control as well.

Lewis asked if Ayshford had looked at the soap suds. Ayshford responded he had looked into this but he could not find anyone who did it around the area. He noted this was a viable option though. He indicated though that it was hard to get enough quantity and they would have to be close to the

supplier for it to be feasible. He stated it appeared it was used a lot more in the farm country. He stated sugar beets was another thing used in the Red River Valley. He noted it did not have the environmental effects that chloride had and it was better for the environment.

Lewis stated he was looking out for the environment. He indicated he had come across this in his past life in agri-business.

Ayshford stated the Street Capital Fund was funded through the General Fund transfer. He indicated currently they are transferring \$500,000 to the budget and in looking at how this was going to play out, they are severely underfunding some of the road projects. He indicated the needs are getting higher than what they are funding, so they are requesting a \$50,000 increase now and then another one in 2026. He stated he had compared some of the neighboring cities and what they have for roads and needs and East Bethel was pretty low compared to other cities.

Ayshford indicated for 2024, the funding sources are the General Fund transfer and then they have a couple of assessments the City has already paid for that they are getting payments on. He noted each year they have a number of projects they do on the City streets that they budget for (North Metro GPA maintenance projects). He stated they are going to budget \$100,000 for that which includes crack sealing, seal coating, and restriping of the streets. He indicated for 2024 they are looking at redoing a variety of streets as outlined in the Council's packet.

Ayshford stated for 2025 they have quite a few projects planned also. He noted for 2026, they are looking at a couple of different developments, along with a joint project with the City of Linwood for Sunset Drive, which they are predicting around \$600,000 for that project with \$300,000 being East Bethel's share. He summarized the 2027 and 2028 proposed projects. He stated by the end of 2026, they were getting the fund balance down. He noted what the other cities had regarding the miles of roads and the amounts of their budget funds. He stated the City can patch and maintain the roads, but a number of the roads would require total reconstruction at some point.

Mundle stated they could only patch the patches for so long. Ayshford noted this happened year after year and it took a couple of months to get through everything. He believed the current plan as it was right now tackled the biggest needs but they would see more pop up as they go forward over the next 5 years.

Harrington asked if they were actually going to do Sunrise and that Linwood was going to go in on this one. Ayshford responded they have had initial discussions with Linwood. He noted Linwood has a different funding mechanism for their roads. He stated Linwood did not get the MSA funding East Bethel received because they are not a city. He stated Linwood has access to some Township money which was somewhat different so their budget was pretty small.

Ayshford stated right now they are just looking at the 2024 budget and then other projects would come back to the Council for approval before they begin.

Ayshford state if any Councilmember wanted to look at these roads, he would make himself available to show them on a one-on-one basis.

Mundle stated this looks good and thanked Ayshford.

7.0 – SRWMO JPA and Funding Formula Update

Davis presented a summarization of the staff report indicating at the March 27, 2023 City Council Meeting, Council was presented with an update on the progress of updating the Sunrise River WM) JPA and member funding formula. Council was advised that the Sunrise River Water Management Organization (SRWMO) conducted meetings on October 4 and 19, December 6, 2022 and March 1, 2023 with City Administrators and Council member liaisons from each member municipality to discuss amendments to the Joint Powers Agreement (JPA) that would update the agreement to align with current state statutes and consider a new funding formula for assigning costs to the members.

Davis stated these meetings did not produce any resolution on a funding formula that would be acceptable to all the members (East Bethel, Columbus, Ham Lake, and Linwood) with Ham Lake being the only dissenter to an agreement.

Davis noted after the March 1, 2023 Meeting, which included representatives from the Board of Water and Soil Resources (BWSR), the DNR and the Anoka County Attorney's Office, Ham Laker remained resolute in their position on the funding formula and the requirement for ratification of the proposed annual budget. Ham Lake's stance on this matter was unchanged even as attorneys made clear at our March 1 meeting, that state law prohibits requiring unanimous ratification of budgets. MN statute 103B211 Subd. 1(c) states decisions by a joint powers board may not require more than a majority vote, except a decision on a capital improvement project, which may require no more than a two-thirds vote.

Davis indicated the funding formula remains a point of contention. The most recent Ham Lake council meeting reaffirmed that their city would accept only one option with that option being 4-A outlined in Attachment 1 to Council's packet.

Davis stated the committee (SRWMO representatives from Columbus, East Bethel, and Linwood) wants to clarify that funding formula 4a, favored by Ham Lake, does not differentiate between operating and non-operating expense, it applies the funding formula to the total budget. Ultimately, Ham Lake would accept option 4a and that is what they could offer if all three of the cities agreed to this compromised offer. The committee suggested we use this revised list of possible options to request our respective councils/boards to consider: Keep the Status quo; Request and engage in mediation; Compromise by non-mediation discussions between cities; Use Ham Lake's favored funding formula 4a; Council member not required on WMO board; Budget ratification not unanimous, but there is a process to hear all budget objections; All 4 cities pay \$1000 for update; Concede to Ham Lake's demands; or dissolve and re-form the SRWMO and JPA.

Mundle asked with the option of dissolving and reforming, what happens to Ham Lake's section and can they even do this without the Ham Lake section since it's in the watershed. Davis responded the Ham Lake section would either be taken over by the County or BWSR would set up another district for Ham Lake to go into. He noted that was one of the drawbacks to dissolution. He noted then if they have a project with Coon Lake they are dealing with two different organizations. He believed Linwood was fairly firm in their stance that they wanted to go their own way with a dissolution and Columbus could go either way. He indicated did not know if that would be a major issue in dealing with two issues with Coon Lake in the future and it is something they have to experiment with as there has been no experience with it so there has been no basis as to what they would encounter.

Harrington stated BWSR, Coon Creek, and the County does not want Ham Lake to go. He indicated Ham Lake is going to have to be in some kind of a watershed though. He stated Ham Lake was holding them hostage.

Mundle stated if dissolution were to happen, some entity would have to take on that southern portion of Coon Lake.

Harrington stated Ham Lake could always come back if they did leave. Davis stated if this was dissolved, Ham Lake would either have to be taken over by the County for that portion of the watershed which the County wanted no part of it. He indicated the County might do it temporarily, but they are going to put pressure on Ham Lake to get out of there as quickly as possible or BWSR would step in and finally issue a directive to say this is what is going to happen and they are the group that oversees this, so Ham Lake needed to stay in the watershed and had to work with everyone in it.

Harrington stated he was disappointed in BWSR because BWSR does not want to say this is what it had to be done and they are beating around the bush. Davis stated both the County and BWSR are the same way and they are both in a difficult position, but somebody needed to step up and say this is the way it is going to be.

Lewis stated when he went through the information, all he wrote down was one question which is: What was Davis's and Harrington's recommendation moving forward. He noted they are the ones involved in this and he wanted a recommendation. Davis stated personally at this point he thought dissolution may be the best course of action. Harrington stated otherwise they would just keep playing the game.

Lewis asked what the estimated cost of doing it would be. Davis responded it would be the legal cost and he thought for each participant it could be around \$3,000 or \$4,000.

Mundle stated this is not terrible, but not what they wanted to pay either. Davis stated this would give them finality to the matter and they would not need to deal with it every year and fight over the budget and allocations. He indicated this would buy a little bit of stability if they went this direction.

Mundle asked if there was any way they could put pressure on BWSR to make a decision before they came to dissolution. Davis responded he did not think so. He noted this would dump it in BWSR's lap if this happened because since BWSR would not make a decision BWSR is going to end up dealing with Ham Lake as a sole entity. He stated he understood Ham Lake's desire to cut their expenses, but it was not a great deal of money and in the long run it was probably not going to save anything.

Mundle stated what Ham Lake was trying to save versus the time and effort that has gone into this already didn't make sense. Davis stated this had already cost East Bethel some money and it would cost them some more no matter which way they went.

Lewis asked if Davis needed a motion. Davis responded he only needed direction. He indicated they will have another meeting if it was Council's intent to go with dissolution.

Lewis suggested they just call Ham Lake's bluff and go for dissolution and Ham Lake could go out into the twilight zone and hang out there. Davis stated staff would sit down with Linwood and Columbus

and have another meeting to give them the consensus of the Council. He believed right now they were just going to be playing this game without getting anywhere and they had better things to do than this.

Lewis stated this was like dealing with a truculent child and at some point they have to get real. Davis stated if that is the consensus of Council, staff will set up another meeting with Columbus and Linwood.

Lewis stated that was just him talking and they didn't have any consensus here. He stated it was him "flapping his gums."

Harrington stated the Upper Rum was going to deal with this at some point also. He believed they were watching to see what happened with this.

8.0 – Ordinance Review – Storage Containers, Appendix A - Zoning

Davis presented the staff report indicating Councilmember Tim Miller has requested that City Council review City Ordinance Appendix A – Zoning, Section 10-4, Accessory Storage Containers. That section of the ordinance reads, "Accessory storage containers, as defined in Section 01. General Provisions of Administration, are not a permitted use within the City of East Bethel."

Davis stated the definition of an accessory storage container is found in Appendix A – Zoning, Section 1 -9 Definitions, and reads as; Accessory storage container: A container placed outdoors and used for the storage of goods, materials, or merchandise that is used in connection with a lawful principal or accessory use of the lot. The term "accessory storage container" includes, but is not limited to, containers such as boxcars, semi-trailers, roll-off containers, slide-off containers, railroad cars, piggyback containers, and portable moving and storage containers. The term "accessory storage containers" does not include a garage, barn, or storage shed accessory to a dwelling provided such structure is not of a type designed, equipped, or customarily used for over-the-road transport of goods, materials, or merchandise.

Davis indicated the City permitted the use of a storage container in a rural residential zone on November 8, 2021 but only with the condition that the exterior contained architectural features and was framed and sided with material and of a color that matched the finish of the home. Complaints related to this type of accessory structure have resulted in removal of 4 of these units over the past 6 years.

Davis noted options for modification or the removal of the prohibition of these containers could include but not be limited to:

1. Allowance of these units in all zoning districts with only setback requirements,
2. Allowance of these units in limited zoning districts with restrictions on location and requirements for screening;
3. Allowance of these units in limited zoning districts with restrictions on location and requiring exterior finishes of the container units that match the materials and color of the principal structure on the site; or
4. Any of the above but with lot size restrictions required to accommodate set back and screening requirements that would set the standard for use or prohibition of the units;
5. Other considerations as appropriate.

Davis stated this is a discussion Item with staff seeking direction on the Ordinance review.

Miller stated it would be a proposal to amend Appendix A, Section 4 where this amendment changes the rule to allow accessory storage containers with conditions. He indicated this proposal amendment changes the existing ordinance to allow storage containers in the rural and agricultural properties. He indicated it sets requirements for size, color, and placement of containers and outlines and enforcement measures for violations.

Miller stated the accessory storage containers as defined in Section 1, general provisions of the administration were permitted within the City of East Bethel on rural residential and agricultural properties subject to the following requirements: The storage container shall be free of text and graffiti; the storage container shall be of a neutral color or shall match the general aesthetics of the primary structure of the property. He indicated neutral colors would be light beige, gray, or similar earth tone. He stated the storage container shall not exceed the height of 12 feet and the storage container shall not be stacked on top of one another. He indicated the maximum square foot storage of these containers shall be up to 320 square feet for properties under 4 acres, an additional 80 square feet for each additional square foot thereafter. He noted that was thrown in here for conversation purposes for larger properties. He indicated the storage container shall comply with all setback requirements as specified in the City of East Bethel's Zoning Ordinances. He stated the storage container shall be screened from view from any adjacent public right of way unless the screening is not required due to the location of the storage container on the property. He noted storage containers shall comply with all other applicable City Ordinances and regulations, and any violations of this Ordinance may result in fines, penalties, or any other legal action as deemed appropriate by the City of East Bethel.

Miller stated basically what he was saying is when done right, these storage containers are second to none, waterproof, and mice proof. He indicated he saw them around and in East Bethel. He believed people in rural/farm areas should be able to use them.

Harrington noted they just did one of these on Jewell Street a couple of years ago and they did the upgrades with siding, windows, etc.

Miller believed when it was done right it could be utilized and it was something they should seriously consider for the residents. Lewis agreed. Smith also agreed and noted they were rodent proof and people that built sheds, the sheds were not rodent proof. He indicated storage containers were also well sealed.

Miller believed the residents would respect what the City was asking and take into consideration what the resident could do with the storage containers. He stated the residents could dress them up nicely to match what was going on around the property and the containers would be utilized. He indicated what they don't want is something with graffiti on it, or in the front of the house for years and years.

Harrington stated they did a nice job on the one on Jewell. He recommended the Councilmembers go look at that one. Smith stated if the containers are painted and kept up, they would look nice.

Lewis asked what was needed. Davis stated staff needed direction and staff will write the changes up

to be submitted to the Planning Commission for review and comments.

Lewis stated this made sense to him.

Mundle asked if there was a lot size restriction on this. Miller responded 320 square feet would be a 40-footer – 40x8. He noted rural residential was something they should talk about as far as what is the limit on where they want to put it. He stated they did not want these to fill up the neighborhoods either.

Mundle stated there are some rural residential that are showing .68 acres and are under one acre.

Lewis stated he is a libertarian and they know what his thoughts are, “who the hell’s business is it if it is a decent looking thing.” He indicated one thing that drives him nuts in the Zoning Ordinances was that everything had to look the same. He stated he did not know where that was coming from but he could not think of a more boring way to design a town where everything looked the same. He indicated he did not see where the lot size should be a factor.

Miller stated as long as it was following the proper setbacks. Smith and Lewis agreed.

Lewis noted there are people who are behind changes like this who wanted to lighten up the hand of government upon the residents. He understood they have to do things so they are not damaging the neighbors’ property values, etc., but the City staff had other things to think about besides going out and inspecting every shed.

Mundle stated traditionally it wasn’t allowed as it is an industrial container and not everybody likes to look at an industrial container. He indicated however that if there is a property big enough where it could be properly screened and nobody off the property could see it, then he could see that being a possible allowed use.

Lewis noted they were not talking about a tractor trailer. Mundle noted though that there are lots in the City that are under an acre (one to two acres), where some residents might not appreciate having a shipping container to look at versus looking at a shed. He stated if an individual wanted to get a shipping container and do what they did on Jewell Street and put a different exterior on it, then he saw no issues with that.

Davis noted the one on Jewell Street was unique in that the container was already there and they were issued a citation for it so they appealed for an administrative hearing, so this was a compromise in trying to work around it. He indicated the City said they could keep it there but they had to mask its appearance that it is a shipping container with a wrap around. He indicated they did a very good job on it.

Mundle stated in the past this has been complaint driven and complaints did come from residents and that was why those things were enforced so that would lead a person to believe that not everybody liked looking at a bare shipping container.

Miller asked if the complaints were because of graffiti on the side, a container of a different color, etc. Davis responded that most of the complaints were because they were highly visible and they

were not screened. He noted one of them was almost in the side lot on a busy street.

Miller stated if the residents do what they are asked to do there should not be any issues. Davis responded that should address a lot of the complaints. He stated they have had this discussion before, especially on the agriculture property. He indicated if someone had 40 acres, they could pretty much put one out anywhere and nobody was probably going to see it. He stated the rural residential was another option. He believed some of the R1/R2 zones were probably a little smaller lots where it would make it more difficult, but he believed this is something good to consider. He noted staff has had preliminary discussions on this in the past but have never acted on it.

Miller believed if there were conditions on this then they should have no issues. Lewis stated and if they did, it could always be changed instead of writing zoning ordinances that anticipates anything that could possibly happen.

Miller stated it seemed to him there were a lot of shipping containers around and to do this as a complaint basis only before they are looked into, was not the way he believed they should be looking at this any longer. Davis stated there are a lot of shipping containers and they are in demand. He noted these are ways the people could store a lot of stuff that would otherwise be stored in their yard. Davis stated the ones the City had run into was when somebody just unloads the container and it is rusted, which is not the greatest addition to the neighbor's property. He believed this was something worthwhile to look into.

Lewis asked what staff needed Council to do. Davis responded he needed Council to direct staff to present this to the Planning Commission for their review.

9.0 – Conduct Policy

Davis presented the staff report indicating Councilmember Miller has requested that City Council consider the adoption of an Advisory Board Etiquette/Conduct Policy. Mr. Miller's request was sent to Council on April 28, 2023 as an addition to the Work Meeting Agenda.

David stated the City Personnel Policy primarily addresses full and part-time employees but Advisory Boards and City Council are generally exempt from the rules outlined for the employee group.

Davis indicated should the City desire to develop a values statement expressing core principles for and etiquette/ethical conduct, or a formal code of conduct, staff can contact the League of Minnesota Cities for policies that have been adopted that address this matter.

Davis noted at the conclusion of the discussion of this topic, Staff will be seeking direction from City Council for this item.

Miller stated when he asked about this he was frustrated and wrote a letter to Davis about this. He indicated his tone was different when he was writing a one-on-one letter as his frustration was different. He indicated he would have written that letter entirely differently if he had known it was going to be cc'd to every citizen in the City. He stated when he wrote it to Davis, it said it was to Jack Davis. He did not write it to Jack Davis and everyone else.

Miller stated he was trying to take advantage of what Davis said to him after every meeting - that if

there was anything Davis could do to try and help him, to let him know. He apologized to the people who were offended by his letter. He indicated they have good and excellent people on their Committees.

Miller stated he would have chosen his words a lot differently to explain his frustration at what was going on. He believed every Councilmember knows exactly what he is talking about when it comes to the attitude and what they are getting from some people on the Committees.

Miller stated the Council had been accused of not using *Robert's Rules*. He stated he spent most of his free time in trying to get positive results for the City and all they are getting is insults and that bothered him. He read verbatim a section of *Robert's Rules of Order* defining a committee as a group of volunteers who are not their own master. He noted they have been having issues which he was not going to go into directly because it involved certain people who were on the Committees and/or Council before.

Miller stated if the Council wanted to go through things and why he supported them, he would be more than happy to talk with anyone personally about them. He indicated the fact remains that they need their Committees to get their jobs done. He stated they needed the feedback, intel, ideas, knowledge, and analysis to help Council's decisions be the right decisions for the City. He stated by bringing back some of the things they did such as the Public Forum, it was hard to sit here and take some of the abuse and some of the things that were said, that according to this, you've taken a position to work for a Council – to give it your best effort. And, even if the decision goes the wrong direction, it is not time to stand up in front. He was all in favor of the First Amendment and saying what you've got to say, but to continually bad mouth us publicly that has got to come to an end because they have an opportunity to do some great things for the City. He thinks they are absolutely missing it 100 percent. Miller indicated we need to understand both sides of what their jobs are going to be. He is not saying, they're all at fault, or we're all at fault. He noted there are equal parts here that are in play, but the bottom line is this needs to end.

Miller stated the Committees have to understand that if a decision is made by the majority of their elected officials, they have to get behind that decision and respect that decision. He stated they don't have that right now and they need it. He indicated the City can be run a lot differently than it is right now. He stated that is why there a few of them sitting here right now because they wanted to go a different direction; they wanted to try something new; they wanted something changed and they are trying to deliver it and right now weren't able to deliver it.

Miller stated there are 26 Ordinances where he wanted changes, but he cannot get in front of the Committees he needs to get in front of because they're playing this game round and round. He indicated in certain ways, he has tried to tell different Committees, such as the one he is on – Parks, that he is willing to work with them and they want to work with them. He stated they are here for a reason, it is not an easy job, and they are not doing it because of the pay, but because they want to improve this City. He noted as a City Councilmember, the Committees should understand it is in our best interest to give our businesses every advantage we can to come here to succeed and to move on. He stated it is to everyone's advantage, and then some, to be successful and that is what they are supposed to be doing. That is why he wanted to be a part of this City Council, bring some changes, and we are starting to do things.

Miller indicated they are four or five months into this, and they should be way further than they are now and as he said in his letter, he really did not want to go down this road because he thinks they can be much better. Miller indicated if they had to, at least they could establish some boundaries that would respect each other, and respect the process. That is really what he is looking for here and that is why he wanted to talk about it. He stated it is something they haven't talked about as a group. He indicated it is not like they can go out for a beer after this and say, "Hey, what can we do to fix this?" He noted this had to be fixed in areas like this. He stated he mentioned earlier that he apologized to some people who were offended by it; that letter was not meant for the public, but he would own it; he wrote it and he said they are 100 percent accountable for what they do. He believed in that both privately and publicly and to those people he does apologize. He indicated, however, there are certain circumstances, they all know what they are, and he is asking this Council what they should do about it – how do they fix this, how do they move on, how do they make a decision that affects the residents without having these major blowups here.

Miller stated this is not getting City government done and they owe the residents a lot more than this and that is why he asked to talk about it.

Lewis stated he was glad Miller did.

Miller stated if they Google, for example, what is the role of an advisory committee it was to provide current knowledge, critical thinking, analysis to increase confidence of the decision makers who represent the city. He stated that was huge and they are not getting that. He indicated he did not want to be a rogue Councilman and he did not want to say they are doing things just their way. He stated they are reaching out so they understand each other and they can take advantage of each other's knowledge. He indicated there is a lot that goes into these decisions and they are very important decisions, but they need to start making them as a team even if it means they have to get some sort of code of conduct so they don't do what they are doing now.

Lewis stated sometimes you've got to reshuffle the team. Miller stated that is what he wants to talk about and if the Council wants to touch base on it, that's fine.

Lewis stated what Miller was saying was common sense. Smith agreed.

Lewis stated if people don't want to abide by it, then they should just voluntarily have some honor and say, "I can't get on board with what you guys are pursuing and so I am not contributing so I am going to put myself on the bench and leave the team and let us try to find somebody who will." He indicated this is not being yes people to them or anything, and they want to hear a difference of opinion. But to actively work against the people...and that is why he wasn't interested in having two people who were up for nomination placed on the Committee they were nominated for, because he knew they would be actively undermining it. He heard it from other people that they are actively doing it every day. He asked why they would invite a 'fox in the hen house' on purpose. He indicated that seems like a very dumb thing to do and asked why bring conflict that you don't need. He stated the other case where the Council didn't vote for somebody, he felt they needed to live in the City longer and that was the only thing. He indicated there was not anything wrong with the person and he appreciated their desire but thought it would be helpful if they lived in the City for a longer period of time and got to know it a little bit better like they all had to. He noted it didn't mean they had to live here 25 years or something, but a little bit of time is good. He stated those are the only three

things they've gone contrary on and, boy, you'd think they murdered one of their kids. He indicated it is ridiculous the reaction.

Lewis believed he has had the brunt of it at this point and that's fine as he told them upfront that he was a two-year man, so he will take the brunt of it and the rest of them can live with it the rest of the time. He stated in the case of a couple of people, they are just going to have to find something else to do because they seem...he was reminded of the movie *Network* where Ned Beatty was the big boss and he was opposed to their plan and somebody asked Robert Duvall, "Really, he objected to it?" He indicated these people are not going to get with the program and are not going to stop opposing us every step of the way and they have to respectfully say, "This isn't working and we have things to get done and you are a big obstacle and you like being that obstacle. And we don't like you being that obstacle, so we're just going to have to...it says right there...I noticed you didn't use the revised version of that portion of the muni Code Section 271 which has been revised as of recently, but it says right there that Commissions members shall serve staggered terms of three years and may be removed by majority vote of the full City Council and that is all it takes." He indicated these are not birth rights and it doesn't matter how many years you've been doing it – if you cannot get with the current program, have the honor to resign – that would be his advice.

Lewis stated they want as many residents as possible in East Bethel to participate in this government, but they don't need people who are just trying to frustrate them at every move. He indicated that was just unproductive.

Miller stated that is the problem they are facing and in some aspect, we know they are qualified for the position, but they also know they are getting shredded in the public at different places. He did not know who would want somebody on their advisory board if you know this is going on and that is some of the things that the general public doesn't know. But these are the things that are real, they are dealing with, and they are dealing with them the best they could. He did not know who in their right mind would have a job after that if they hired someone who they knew was doing that to a company.

Lewis stated not anybody who ever managed people. Smith responded he was correct.

Lewis stated you would never intentionally hire a saboteur; somebody that was going to undermine you ever step of the way, lie, steal, use drugs, etc. He indicated you would never have them around because all they are is trouble from dawn up to sunset and they are just better off avoiding it all together. He stated he was not saying any of these people had any of those problems, but it was just like a child that will just not behave. He stated they just had to deal with it at some point – go to your room or whatever it is, but this isn't working.

Miller stated and they have work to do.

Lewis believed they have been pretty patient and he has been told by a number of people who somewhat know him who have said, "I can't believe how patient you've been when people are talking to you like that." And he said, "You can't believe it, I can't believe it either because it's not my nature to sit there." He indicated, but that the role they play so that's how they have to behave. Just listen to them and don't react.

Smith stated it is a decision they all have to make, but it is a decision that in some form is necessary. He stated they have to protect each other and protect the professionalism of both sides and they do not want to look divisive or divided because they will never get the trust of the public that way and they need them to believe what they are doing because they've got some big things and they've got a lot of things they want to do to help improve this City and the way of life.

Lewis stated that is bigger than anybody's personal desires. Smith responded absolutely.

Lewis indicated he did not know if they needed a code of conduct, but they need to make it clear that they are serious about it.

Mundle agreed something had to change. He did not believe that this was the way. He indicated he thought that by instituting this, it would drive a bigger wedge between Council and any Commission. He stated in some of this it talked about forcing respect.

Lewis asked if this was from the Minnesota League of Cities. Miller stated that was not from him, he did not put that in there, nor did he add it.

Lewis stated this was from the League of Minnesota Cities and it was incredibly overwritten. He stated you cannot mandate respect and that is not even feasible.

Mundle stated he had served on and seen many different Commissions over the years and they've served under different City Councils. For the most part, everybody always had a decent decorum with each other. Mundle questioned why this is the way it is right now, he wasn't sure.

Lewis responded it is because they didn't give them what they wanted. He indicated it was simple and Mundle knew that. Lewis stated they didn't go along with recommendations and they didn't do it because they didn't want people who would be fighting us every step of the way.

Mundle stated they can avoid that discussion because there would be just more disagreement there. Lewis stated that was obviously just his opinion. Mundle indicated he knew that and they probably won't see eye to eye on that and that's okay.

Lewis stated it wasn't probably just his opinion – it was probably three of them. Mundle stated he did not believe this would be the proper way forward.

Lewis asked what would be the proper way forward other than them abandoning everything. Mundle stated he did not know on the spot as he did not present this item, nor would he be ready to present anything else. He indicated he just looked at this simple item and he thinks it would drive a bigger wedge in the issues that are happening between Council.

Lewis stated ironically, and this might surprise Mundle, but he agreed with him. He did not think a policy was going to do it and it would require some actions on their part to make it clear what they are talking about and the Council is not going to make people love them any more than actions they have taken so far. But that is just what is going to have to happen. He honestly believed that because the people he was thinking of were adamant about this. He respected them as a human being, but he did not want to deal with their issues.

Miller read from the Model Statement of Values stating City staff, elected officials and advisory Board members should always conduct themselves with professionalism and courtesy from the public. City representatives, elected officials, and each other when addressing City business. They should approach disagreements in a positive fashion and refrain from personal attacks and abide by the decision of the City Council. The City of East Bethel is best served by a fair, ethical, and accountable local government which earns the public's full confidence for integrity, honesty, and transparency. The close working relationship between Council members and advisory board members is essential to fulfilling public responsibilities. The role of an advisory committee is to provide recommendations to the City Council that are based on current knowledge, critical thinking, and analysis.

Miller stated that is simple. It is straightforward and it is simple. He indicated this is what they need to have happen and this is what the committees and this Council need to understand in how to work together. He noted they do not need to have a five-page list of this or that – they need to have an understanding between the two groups that what they are doing.

Lewis stated they need to treat each other exactly with the respect those people who came before them demanded for themselves, while not showing them any. He found that ironic at the time. The claims that they just want to be respected, meanwhile they are doing nothing but dumping on them. He thought, "That's interesting you would have that perspective while you're doing it." He found it kind of funny. He stated this was very well said, but what they did about it he didn't know and everybody had their own view.

Miller indicated this was a starting point and his opinion is they need to work together with this and now he's asking other people right here, "I'm willing to work with you. I'm going to show you all of the respect I possibly can, but you've got to be willing to try. You've got to be willing to see a vision for the future. You've got to be able to believe why we were put in these chairs; why people wanted us here." He stated when you get the chance to make the changes we need to make, we need the people on board to do it and like Lewis said, if you don't want to be part of this change or part of what they are trying to do, then let someone else sit in.

Lewis stated they need to be honest with themselves and everybody else and just say, "No I'm done - no great offense taken." He indicated they didn't expect everyone to think the same as them. He stated that's fine, they are entitled to their own opinion too, but you aren't the ones who are voted into office – we are and we have job to do and we have to do it. Or, we can resign, but we don't see we need to resign; we just need people who are willing to help us. That's all.

Miller stated that is all he had to say.

Smith stated he agreed exactly with what he was saying. He indicated he looked at it differently and this was his own opinion – if people are not willing to work with you then you are just holding us back. He indicated they were voted in here by the residents, the businesses, and they all wanted change. He stated it was obvious. He noted they are used to doing things one way, we're thinking different ways, and we are here for the residents and the businesses. He stated the simplest thing is if you don't want to go along with that they're doing, then just resign. He indicated if you're not going to resign and if you are still going to be against what they're doing (because they are looking out for the residents), he would rather hear from all of the residents that live here than someone on

a Commission that he doesn't know if it's their own ego, or whatever it is, that they are upset because they are sitting here and they're not. He stated the people put them there for a reason and we are going to do the best that we can and if that takes the case that we've got to remove you, then we are going to. That's all I've got to say.

Lewis stated one of the things he has to say, Jack, is that the new Ordinance requires people to prove their residency. He indicated he followed his own propositions and showed a copy and gave Davis a copy of his driver's license where he has lived for 27 years as of next Monday night (May 8, 1996). So, he expected everybody on every Commission to be able to provide some means of proving that they are a resident of the City. He indicated that is part of the Ordinance now, whether it's published in the Muni Code yet or not, they've adopted it.

10.0 – 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 9:32 p.m.

Submitted by:

Kathy Altman

TimeSaver Off Site Secretarial, Inc.