

EAST BETHEL CITY COUNCIL WORK MEETING

July 5, 2023

The East Bethel City Council met on July 5, 2023, at 7:00 p.m. for the regular City Council Work meeting at City Hall.

MEMBERS PRESENT: Kevin Lewis Brian Mundle Bob DeRoche
Tim Miller Jim Smith

ALSO PRESENT: Jack Davis, City Administrator
Mike Jeziorski, Deputy City Administrator/Finance Director
Rodney Sanow, Fire Chief
Aaron Berg, Interim Community Development Director
Nate Ayshford, Public Work Director

1.0 – Call to Order

The July 5, 2023, City Council meeting was called to order by Mayor Lewis at 7:00 p.m.

2.0 – Adopt Agenda

DeRoche stated I'll make a motion to adopt tonight's agenda. Miller stated I'll second. Lewis asked any discussion? Lewis added Item 6, Capstone Discussion. To the motion, all in favor say aye. **All in favor.** Lewis asked any opposed? That motion passes. **Motion passes unanimously.**

Lewis stated to keep things interesting, he was going to do the agenda in reverse order starting with Item 6.

6.0 – Capstone Discussion

Lewis noted he saw Capstone on the Council meeting agenda for next Monday. He asked if that was going to be the same presentation as they had at the Special Meeting on June 21. Davis responded it was essentially the same presentation. He indicated it had to be held before the Council as a public hearing on the concept plan.

Lewis asked if was scheduled as a public hearing on Monday. Davis responded it was not.

Lewis asked if they could hold the public hearing on the 24th. DeRoche and Smith thought that was a good idea. Davis responded it was hard to tell how long the next thing would take. He asked how critical was it to be on that schedule.

Lewis asked why the special meeting was necessary. Davis responded that the special meeting was to get everyone briefed on the background of it, so when they had a concept plan, it would cut down on the time required to give the basic information to Council and the Planning Commission. Or, if the Council had any questions, they could develop those and present those when the actual concept plan was presented.

Lewis stated he had checked the Ordinances and it is called a special meeting, not an emergency meeting. However, a special meeting required the Mayor and one Councilmember. He understood Mundle called the meeting, but asked who was the Councilmember. Davis responded the Mayor themselves could call the meeting, or two Councilmembers could call a special meeting.

Lewis stated he read it in the Ordinance that it was the Mayor and one Councilmember or two Councilmembers that could call a special meeting and he thought that was an odd thing. Mundle stated he had always known it as the Mayor could call a special meeting, but he could be wrong.

Lewis stated he did not claim to be perfect, but he read that not that long ago. He indicated the special meeting to him seemed unnecessary. Davis recommended keeping this on the 10th as there were a lot of things to do and the EAW process took 90 days, so after the 10th, the City would not be hearing anything back from them for a while.

Lewis stated he was glad to see a lot of people show up at the Planning Commission public hearing and asked if they had done anything. Davis responded staff was going to meet with them tomorrow and go over those things as well as suggest a few other things.

Lewis requested Davis let the Council know what comes out of that meeting, otherwise they could put this on the 24th meeting and he believed it was fine to have the public hearing at the City Council level. Davis responded Council wait until he had the meeting and if staff felt it needed to be continued, then it could be pulled off the 10th agenda and rescheduled.

DeRoche stated he had heard they were trying to push some of these things through due to time constraints and the 60-day rule, but he believed they had 120 days and the City could get another 60 days before the first 60-day expiration. He did not believe they needed to immediately be thinking this needed to be done within 60 days because they actually had 120 days. Davis responded they could extend it and staff was not trying to push it through. He noted the developer had schedules and if the City could help the developer keep to his schedule, it was fine, but if they couldn't then that was fine also.

DeRoche stated he wasn't talking about any particular one. He clarified he believed Mark Vierling cleared that up at one of the meetings in 2012. Davis responded this definitely fell outside of the 60-day rule limit.

5.0 – Code Violation Complaint Form

Davis presented the staff report indicating Councilmember Smith has requested that City staff develop a code enforcement complaint form. This form would be used to register and document complaints related to reporting code violations. Completed forms would be non-public data.

Davis stated City staff requested authorization to prepare a Code Violation Complaint form for City Attorney review and presentation to Council.

Smith stated the reason he mentioned this and wanted a change was because a lot of complaints they have been hearing were anonymous calls. He stated if they changed the form and someone had a complaint, he wanted to see them come in and fill out the complaint or fill it in online and bring it in where they should show an ID and sign it in front of staff. He noted if someone in the heat of the moment contacted the City and complained, but there were no consequences, then they would do it every time, but if they knew they had to come in, show proof of residency, they would probably think about it and might decide it was not that big of a deal and not make a complaint. He believed that would eliminate a lot of the anonymous calls and save staff time and work. He indicated that way they had a written complaint they could take action on.

Davis stated he had no problem with a written complaint, but when staff took an anonymous call, they did have to identify themselves with their name and address. He noted staff did not release that information though. Smith stated he understood that but there had been times when staff had said there had been anonymous complaints made. Davis responded that was true and he did not have any issues with a written complaint being required.

Smith noted he had written out a few different things and had looked at Bethel's complaint forms. He also looked online at the City's website to see what was there and there was not much there. He

believed the complaints forms they used in the past were much better. He presented what he had come up with. He asked if it could be given to the City Attorney at the next Council Meeting to inform them if it was okay and the City would not be violating anything. He noted they were paying the City Attorney \$400 just to sit there anyway. Davis responded that was possible.

DeRoche stated as long as they were not releasing the information, could they put the stuff in a file and then they would know if the same person was continually filing the same complaint. Smith stated that was what he was talking about and if people knew they had to come in and do this, they would think about it first – like a cooling off period. He believed that would get rid of a lot of complaints they didn't need.

Mundle asked if Davis could email the forms to the City Attorney for his review for the next Council meeting. Lewis agreed this would be a good idea.

Mundle asked if the tool Smith talked about that showed proof of residency, was that needed to make a complaint, or could anyone even a non-resident make a complaint to the City. Davis responded that would be a question the City Attorney would have to answer. He indicated he knew that they could not accept comments from non-residents in public forums, but he was not sure if that applied to complaints. He thought someone would need to be a resident, but that would be up to the City Attorney to give his opinion.

DeRoche stated he did not know why the City would not require it. He believed that would filter things out and it would be easier on staff.

Mundle stated one concern would be if it was a business member filing a complaint where they had their business in the City but lived elsewhere. Or if they were leasing a building in the City but lived elsewhere. He stated other than that he had no issues with the form. Lewis noted those were good points.

Lewis summarized that staff was to prepare a complaint form for the City Attorney to review and present to Council. He asked if anyone wanted to do a motion for this. Mundle noted the Council just gave direction at this meeting.

Lewis asked if anyone had any objection for this complaint form. There were no objections from Council.

Davis stated staff would send it to the City Attorney for his review tomorrow. Smith told Davis to tell the City Attorney they wanted a discount on that review.

4.0 – Cedarwood Expansion Proposal

Davis presented the staff report indicating in February 2023 City staff received a request from Continental Communities, the owner of Cedarwood Estates (formally Village Green) Manufactured Home Park, to consider a proposed expansion of the development. The expansion would provide for 43 new manufactured home spaces on property owned by and within the current 31.9 acres of the park.

Davis stated the City staff and the City Attorney have conducted research in regard to the proposal and offer the following information for consideration.

Davis noted a review of Chapter 38-1 MANUFACTURES HOMES AND MANUFACTURED HOME PARK, which was first adopted on March 4th, 1987, with some sections amended on December 7th, 2005, it was not clear that an expansion was allowable based on the current ordinance for a variety of reasons including:

Chapter 38-20 (d) states that no person shall construct, locate, operate, or maintain a manufactured home park within the city without first obtaining a Conditional Use Permit and all other permit and licenses as shall be required and described herein. (Ord. No. 142, § 2(subd. 2), 3-4-1987) (See Attachment 2 to Council's packet)

Davis stated City staff as well as Continental Communities Management have conducted research and cannot locate any documentation of an existing Conditional Use Permit.

Chapter 38-20 (e) states that no person shall construct, locate, operate, or maintain a manufactured home park in the city unless the proposed are zoned for B-1 business commercial district as stated in the city's zoning ordinance. (Ord. No. 142, § 2(subd. 2), 3-4-1987) (See Attachment 2 to Council's packet)

Davis stated the parcels in which Cedarwood Estates are located in a Zoned R-2 and the proposed expansion is also located in the R-2 Zone. The single-family and townhouse residential (R-2) district is intended to allow a mix of single-family and attached/detached townhomes at a more typical single-family density; to reflect the character of its transitional setting on the fringe of the urbanized area of the city served by public sewer and water; and to broaden the choice of residential living styles in the city. The mix of detached and attached housing units shall reflect a minimum 60 percent detached and a maximum 40 percent attached dwelling ratio in any given residential subdivision. (See Attachment 3 to Council's packet for Zoning Map)

Chapter 38-44. Existing manufactured home parks. Manufactured home parks in existence or for which Conditional Use Permits have been issued as of the effective date of the ordinance from which this article is derived may continue to operate for a period not to exceed two years from the effective date of the ordinance from which this article is derived, during which two-year period this article shall not apply to such parks; at the termination of said two-year period, however, all the provisions contained herein shall apply and must be met by such parks within the following exceptions: sections 38-24(2) and (3), 38-25, 38-26(d) through (i), and 38-27(a) and (b); other variances may be approved by city council if strict compliance with said provisions of this article would be an undue hardship upon the owner of the park. (Ord. No. 142, § 11, 3-4-1987) (See Attachment 4 to Council's packet)

SECTION 05. – NONCONFORMITIES Within the zoning districts established by this chapter, or amendments that may later be adopted, situations may occur where, as a result of the requirements contained in this chapter, an existing lot, structure, site improvement, or use does not conform to one or more of the requirements of this chapter. (See Attachment 5 to Council's packet)

Minn. Stat. § 462.357(1e) supports the prohibition on expansion of a nonconformity however, Minn. Stat. § 462.357(1e) (b) does permit an expansion by ordinance, A municipality may, by ordinance, permit an expansion or impose upon nonconformities reasonable regulations to prevent and abate nuisances and to protect the public health, welfare, or safety.

Davis indicated complicating the proposal of expansion is that Cedarwood Estates is located in the Municipal Urban Service Area. Permitting an expansion of the park could necessitate the connection of the new units to the city sewer system if their private treatment facility lacks the capacity to handle the additional flow. While they have a private well that serves their current tenants and appears capable of supplying water to a new addition, the city should require that any new sewered areas also be connected to the city water system.

Davis stated the new owners have indicated they would prefer to have the entire park serviced by city utilities but that would require an agreement with Met Council (MCES) to modify their policy as to SAC (Sewer Access Charges) unit designations. Currently, the MCES standards require that each lot

in the park be counted as one SAC unit as opposed to assigning a lesser designation to the park as a whole. Unless there was an exception granted, these fees alone could exceed over a \$1 million.

Davis indicated from the City's perspective, the connection would be beneficial in that we would have a large water user as an end of the line connection that would generate user fees to add to the income for the operation of the system.

Davis stated should there be a case made to consider this expansion, other items that would have to be resolved include, but may not be limited to:

- Replacement of open space/playground facilities for the park;
- Designation or creation an additional access point that would provide, at a minimum, ingress and egress for emergency service vehicles.
- MPCA approval of additional connections to their privately owned treatment facilities or connection to the city system to serve the new units;
- Options for complete service as private system, split system, or dedication to the city;
- Options of city service extensions and responsibilities of costs should they be required;
- Acceptance of the condition their system with requirements for any upgrades to address the age of their infrastructure and correction of any inflow/infiltration problems;
- Decommissioning their existing sewage treatment plant should Cedarwood connect their entire system to the city utilities;
- The approval of a new CUP along with associated zoning and city code matters if required.

Davis stated staff was requesting City Council review the proposal and provide direction to staff regarding the request for expansion of the Cedarwood Estates onto parcels contained within their existing contiguous properties.

Lewis stated he had reviewed the materials in Council's packet 2.5 times and he could not figure out what their proposal was. He believed the management had to sit down with the Met Council first.

Davis stated the question was if the Council even wanted to allow this, and if they did, what was the best legal approach to ensure they were in compliance with everything. He noted staff had talked to the City Attorney and he believed the City could do it because they were requesting an expansion within their own property.

Lewis asked how could they do this without a Conditional Use Permit (CUP). Davis responded that this was done in 1974 and he could not speak to what happened before 2006. He believed the major question was if this was something the Council wanted to discuss to allow this to happen (i.e. the expansion of the trailer court within their existing property) and the Met Council items. He indicated if they answered that question, then the other thing was if they were willing to comply with the Met Council directives as far as connection fees, if they cannot hook up and utilize their own system.

DeRoche stated if Davis recalled around 2011 when that came up and some information had come out that one of the old city administrators had made a deal with him about the connections and hooking them up to the system. He indicated they made some kind of a deal and the guy came in and pleaded his case at which time they had looked at the pond out there and the pond was not necessarily in the best shape. He stated for some reason, it just dropped off. He indicated back in 2011, the City said they were within the sewer water district and was told they would need to hook up all of the trailers they had, but that did not happen and nothing was pursued. Davis believed DeRoche recalled that correctly and stated he recalled that the only people who were required to hook up initially were the businesses and the credit union was exempted from that, but it was always anticipated they would hook up. He indicated they had new owners now and they would like to hook

up if there was a way that would be done, but that would need to be between them and the Met Council. And he understood that would be about \$1 million plus fees. However, there was a deferred payment plan available. He stated the question was on the new extension and did they have the capacity within their own treatment plan to handle this.

Lewis asked if there had been an evaluation of that and who would do it. Davis responded the MPCA would have to.

DeRoche believed in 2011, they were looking to expand and at that time the City was looking to put a road behind them. He noted it was discovered that the pond was not very big and it would not fit the capacity to go any bigger because it was "holding on by a string" with what they already had going in there. Davis responded he had not seen any information on that. He noted their pond was twice as big as the pond at Castle Tower, so it was a fairly large lagoon. He indicated Cedarwood essentially serve the same number, or maybe a few more, customers than Castle Tower did. He noted they also had a second pond area they have never used.

Davis stated the big question was how efficient was the plant now. He noted it might be permitted for a certain flow, but it might have to have certain upgrades for any new customers added on it.

DeRoche noted the one on Castle Towers was MPCA who told the City it needed to be redone and that was why the force main ran up there. He stated that was to serve Castle Towers decommissioned plant because the big tank that was up there was being held with tape and fiberglass. He stated it was either the City run a force main up there and decommission that or within he thought ten years they would have to put about \$5 million into it, so that was the reason the force main was ran up there.

Davis stated the City saved \$4 to \$5 million in bond funds on the construction costs because they redesigned the water treatment facility where the City took it from an osmosis system to just a general treatment system and what the City wanted to do was take that savings and put it back toward the payment of the bonds. He noted the way it was structured, that was not possible because this was stimulus funds, so the City had to spend it on infrastructure or turn it back in, but the City still owed whatever it was and were not off the hook with anything. He indicated that was when they looked at running the force main up to Castle Tower because the City knew they were going to have some expenditures up there to get the plant taken care of for the future and the City wanted to get out of the sewer business also.

Davis believed at the time it was going to cost approximately \$1 million. He indicated they were going to have to keep it operating for a long time and they were looking at spending at least \$2 million to keep that plant running and upgraded.

DeRoche stated his memory was different. He asked if staff would figure out the size of the force main by the next meeting. He noted they were always talking about hooking things into it and he thought if a company wanted to hook up to the force main, it would be about \$75,000 at that time because they would have to dig it and put pumps in.

Mundle asked if there would need to be a lift station.

Lewis noted there were so many ifs and right now it was just a black hole. He asked instead of them spending their time, why don't they get some answers before they make a decision one way or the other if they wanted to go forward with it. He noted right now they did not have enough information to make an intelligent decision about what they want. Davis did not believe these questions came into account unless they said no and didn't want to expand.

Lewis noted technically they didn't even have a CUP and they would need to get a new CUP. He stated what they are going to do about nonconformity was on top of that. He stated it was like trying to make an octagonal peg fit into a round hole. Davis stated there were some zoning issues that had to be resolved, but first they needed to get answers from the Met Council and MPCA.

Davis stated the new owners had shown interest in connecting, but in order for them to do that, the City had to tell them they either could or could not do the expansion. He noted if the City said no to the expansion, then all of the other questions were moot. He stated it depended on which ones they wanted to look at first.

Mundle stated the first decision was if the Council wanted to look at considering the expansion and if they did, all these were the questions that were in front of them right now.

Lewis stated right now this was technically an illegal operation because they did not have a CUP. Mundle noted that might be a question for the City Attorney. He asked if they could not find the CUP, were they still in compliance and if not, how would they get into compliance.

Berg stated he had researched back to 1957 when East Bethel became a City as well as the changes in mobile homes to manufacturing ordinance up to 1979. He noted the new management had indicated they were operating under the terms that came into existence in the 1970's, so if the City's ordinance had changed, they would be an existing non-conforming.

Lewis inquired about the two-year conditions. Berg responded that some of the conditions had to do with street upgrades, setback locations, number of parks, and lot sizes needed to be conforming and those were given two years to conform. He stated it didn't say they had to conform with any other standard in that two-year time period, but it did state they needed to have a CUP to operate, so that was one major hurdle they needed to accomplish. He noted he had a conversation with the City Attorney who indicated that if the City allowed the expansion, a separate CUP would need to be granted for the new park and a second CUP should be applied for the existing park. He indicated combining the two CUP's into one was not advisable because of the conditions in the existing park with all the non-conformities versus the conditions in the new park.

Berg stated the current ordinance read that manufactured home parks could only be located in the B1 Business District and both of the current manufactured home parks in the City were currently located in an AR2 zoning district.

DeRoche asked if they would need a variance. Berg responded they would need to look at potential changes, but the City could not do spot zoning and just change the zoning right around the trailer park to make it the manufactured home parks match the applicable conditions.

DeRoche asked if they could do a zoning text amendment. Berg responded according to his conversation with the City Attorney, there were some language in State Statutes that allowed for local units of government to enact ordinances to essentially get around all of the non-conforming situations by allowing the non-conformity to exist, which it shouldn't be. He indicated there were many layers to this. He noted they had not even talked about the long-term Comprehensive Plan, which might need to be amended as a result of this, which would rely on the Met Council. He believed the sewer and water connection might be a secondary concern over all of the existing statute items that Council needed to accomplish before they could get to the point where they could move another manufactured home in and even think about connecting it to sewer or water. He noted staff would need the City Attorney's opinion every step along the way, so that they would make sure this was done correctly.

Mundle believed at the very least they should figure out how to bring them into compliance and what should be pursued after that. DeRoche noted they might be “opening a can of worms.”

Davis stated staff could bring this before the City Council and get definite approval if the Council wanted to pursue this. He noted the applicant would then need to set up an escrow account to pay for any added attorney’s fees.

Lewis asked the Councilmembers what their thoughts were.

DeRoche stated he would not have a problem with the expansion, but with the hurdles before them, he did not know if it would be fiscally possible for them to do this.

Berg stated they were planning to expand on land they already owned and it was part of that land that was non-conforming. He indicated that was a “sticky” question on whether that nonconformity existed on land that they already owned and never expanded to, or if that was looked at separately because it was never built on or established.

DeRoche stated if this were virgin land, how could it be non-conforming.

Lewis stated he was looking for a recommendation on how to proceed.

Mundle asked what did the Planning Department recommend. He asked if Berg knew if there had ever been a ghost plat or anything concerning this undeveloped land that was still part of the same parcel that was at some time approved by the Council for its expansion. Berg responded he had looked through all of the electronic records, short of him driving to the County Tax Assessor’s Office and looking through all of the property files they might have. He noted there was no plat for any expansion or proposal that he could find.

Mundle noted if there was a ghost plat this would be a different argument that the City would not like to be in. He believed they needed to figure out how to get them a CUP or determine what needed to be done at that point to bring this into compliance with City Ordinances. He noted once that was done, they would be legally non-conforming and at that point the Council could have a discussion if they wanted to take this any further.

Lewis asked if it was possible for a CUP to have a sunset revision. Berg responded there was not. He believed the conditions could have changed, but he had researched each individual parcel as far back through the County record system and he could not locate anything connected to any one of the parcels in terms of a conditional use, or an agreement between the City or Village. He indicated he had not reviewed the Council Minutes around the dates of the Ordinance changes to see if that forced the existing part to come into compliance, but it was his assumption it was not there. He indicated he would continue to look though as he had other questions that needed to be answered for the existing park as they continued through their remodel. He indicated they were currently working through non-conformities and placing trailers where they were not necessarily in conformance either.

Mundle stated to shut down trailers parks would be very difficult and there were many laws that protected closure of a trailer park so he did not think that was something the City wanted to go down that road.

Miller stated when he saw something like this and all of the questions that started coming up, if he saw this at a Council meeting, he would have no choice but to table things like this. He did not believe they were seeing everything that needed to be seen before they could make a decision and the general public was going to start thinking the Council was tabling everything. He noted it was tabled because there were key issues still to be considered. Davis stated he understood what Miller

was saying and that was why they had the Work Meetings. He noted staff was looking for as many answers as the Council was and there were a lot of layers to this. He stated staff was trying to get some direction to see if this was something Council wanted to pursue by looking at an expansion or not. He noted if Council chose to allow the expansion, there were still a lot of questions to answer and that was the reason this wasn't brought up at a Council meeting. He indicated at the Work Meeting was where Council had the opportunity to have a discussion and narrow this down to give staff some direction on what else needed answering so staff could provide information and get some primary answers on this.

Mundle stated they don't necessarily have to table this and just say this was the first step towards this. He noted they did not need to make a decision of whether they wanted to allow it or not tonight.

Miller stated he was not going to table this tonight, but he wanted to make the point that things like this kept coming up at Council meetings and got tabled.

Mundle stated right now this was the information the City had. Miller asked if Mundle would approve this without any of the information. He indicated he would not. He stated there were a lot of unanswered questions still.

Mundle pointed out they were talking about the trailer park right now.

Berg stated with respect to the manufactured home park, there were too many non-conformities and zoning issues. He stated his easy answer to the applicant would be that the City would not approve this, but there are some things built into the law that allowed for those things. He indicated if he gave them a denial, and they want to appeal it, the Council would have to hear the appeal, so if staff could get some information from Council now, then staff could feel confident saying yes or no to them.

Smith stated he definitely did not want to ever say no to their expansion and there were many different ways to get through this, but they needed to get the stuff answered. He did not believe the Council wanted to deny this.

Miller stated he was not anti-development in any way, shape, or form.

Berg noted the City Code specifically said what was approved and what was not approved. He stated if the City could work with them to get them an answer whether positive or negative, Council wouldn't have to see them on an appeal and still end up making a decision. He stated staff could gather as much information and facts and give it to Council with the initial questions for Council to discuss. He indicated if this went to an appeal, staff would not get the chance to do a lot of homework ahead of time for the appeal hearing.

DeRoche stated he had seen a lot of zoning changes over the years through zoning text amendments, so zoning could be changed but it has to benefit everyone. He indicated if the applicants wanted to spend the money, he didn't see anything wrong with the expansion as long as they got through all of the hurdles.

Lewis stated they had a more fundamental issue than whether to expand or not, which was that they didn't have a CUP for what they were doing now. He believed that was the primary issue before expanding. Berg stated the City Attorney had indicated that a nonconformity could stay in nonconformance as long as they didn't expand.

Deroche stated this was grandfathered in. Berg responded existing nonconformity would be the industry term for grandfathered in.

Lewis asked if they were limited to that. Berg responded to some degree there was.

Mundle asked now that this had been brought to the Council's attention, was a CUP necessary for this trailer court to have everything done properly for them. Berg responded he needed to do further research on this in order to ask for a CUP. He acknowledged that maybe this didn't get filed with the County, but the failure of an administrative action didn't negate the fact that it happened. So, if they did apply for a CUP and there was a hearing, which there would have to have been, that process had not changed.

Mundle stated if staff could not find the CUP, would they need a new one. Berg responded according to the City Ordinance, they would need to, but he needed to confirm this with the City Attorney to ensure that was the proper process.

Mundle recommended to let the search play out to see if the original could be found and if it was not located, then to take steps to issue a new one so they were compliant in their operation. Once that was done, hopefully, some more of these questions could be answered. He noted once they had more information, Council could then decide if they want to pursue taking it further with an expansion.

DeRoche asked if any correspondence had been sent out saying they were non-conforming. Davis responded that had been the general discussion with all of their meetings with them and he believed they recognized that.

DeRoche asked how could this be sold and why didn't the title company catch this. Davis responded sometimes the title companies did not go back that far and it just depended on the title company.

DeRoche stated there were a lot of things that were done in the City years ago, so he wasn't surprised if something wasn't there, but it was worth looking at.

3.0 – 2024 Draft Preliminary Budget

Davis presented the staff report indicating on May 10, 2023 the City Finance Committee met with City staff to review and discuss the 2024 budget. The Finance Committee also discussed the City general fund balance, the actual City financial performance for the prior year and the City's debt service requirements. Concurrent to the Finance Committee meeting, the base budget was submitted to Department Heads for preparation of their individual department budgets.

Davis stated based on inputs from the Finance Committee and Department Heads, the budget model and budget book was prepared for the City Council to review at tonight's meeting. The draft 2024 general fund expenditure budget is projected to increase by 4% or \$234,400. This expenditure increase would then result in a corresponding levy increase (general tax levy and debt service levy) of 4.2% or \$253,500 in order to balance the 2024 budget. Overall, the general tax levy, debt service levy, EDA levy, and HRA levy would increase by 4.0% or \$253,500.

Davis noted the 2024 budget model currently reflects the following expenditure inputs, which are the primary drivers of the overall increase. Davis stated the Minnesota Public Employees Association Labor Agreement was approved at the June 13th, 2022 City Council meeting. The Labor Agreement included employee wage adjustments of 3.5% for 2024 and an increase to the cafeteria contributions for city employees of \$25 per month. The MN Public Employees Association represents 9 of the 22 full-time City Staff.

Staff – Salaries and Benefits

Per Union Contract – 3.5% COLA increase

Per Union Contract – increase to \$1,450 per month cafeteria contribution

Per Fire Department – 3.5% COLA increase

Overall, Salary and Benefits - \$53K increase over 2023

**FTE count needs to be finalized (Community Development Director, City Planner, and Fire Department Outreach Coordinator positions)

Contracted Services

Law Enforcement Contract – 4.7% or \$57K increase (Estimate per Anoka County)

City Attorney Contract – 9% or \$15K increase

Metro-INET JPA - \$15K increase (Estimate per Metro-INET)

Audit Contract - \$2K increase

Elections – \$17K increase

Supplies

Public Works - Streets (Salt and Asphalt Patching) - 20% or \$17K increase

Transfers

Street Capital Fund - \$50K increase

Davis noted City staff from the Administration, Finance, Community Development, Fire and Public Works Departments will present their proposals and be available for questions on line items within their budgets. The Anoka County Sheriff's Department will present their contract and budget proposal at an upcoming Council Meeting. The remaining schedule for the discussion and consideration of the 2024 Budget is tentatively set as:

- Other Council Meeting agenda items as required prior to September 11, 2023
- September 11 Council Meeting: Consideration of the Preliminary 2024 Budget and Levy
- December 11 Council Meeting: Consideration of the Final 2024 Budget and Levy

Davis stated the City Council was requested to discuss the initial draft of the proposed 2024 Budget and provide direction to staff regarding any adjustments to be made in the budget proposal.

Jeziorski presented an overview of the 2024 draft budget.

Fire Chief Sanow presented the proposed Fire Department budget noting the Fire Department was proposing a full-time employee. He indicated they had applied for a Safer Grant to cover this person for 3 years, but if they do not get the grant it would need to be taken out of the budget. He requested a 3.5 percent increase in wages for everyone across the board, including the paid-on call firefighters. He noted their staffing was currently at 27 and they had a budget for 35 people. He stated there was a possibility of losing three daytime firefighters in the next year due to retirement also.

Mundle asked in the event firefighters retired, would another firefighter be promoted to fill that position. Sanow responded unless someone else joined, this could not occur. He noted they were always trying to recruit new firefighters.

Mundle asked if they would need to create a new position. Sanow responded that was what he was proposing and this third person would be a community outreach, recruitment, helping with inspections, and be someone to run calls.

Sanow noted the daytime firefighters currently were people that were home during the day and had night jobs.

DeRoche inquired what was the biggest stumbling block for getting firefighters. Sanow responded nobody wanted to do firefighting.

Lewis asked if firefighters were paid for their training. Sanow responded they were paid for any hours they put towards the Fire Department in a Fire Department function. He did not know what pay they would need to be at to get people interested. He indicated right now they were at \$15 per hour. DeRoche responded that was not enough.

Sanow noted at some point, the City might need to look at duty crews and possibly even full-time crews.

Sanow asked if the Council had any questions about the budget. DeRoche responded he needed more time to go through it as he wasn't going to waste the whole weekend.

Jeziorski noted the Fire Department budget currently reflected a 12 percent increase which was primarily driven by an added staff member.

Jeziorski reviewed the staffing in the Community Development Department noting the City Planner position was eliminated from the budget. He indicated the Planning and Zoning had a decrease of 36 percent in that budget with the primary driver being the elimination of the City Planner position. He indicated the Building Inspection Department was seeking an increase of 3 percent with the primary driver being the 3.5 percent COLA increase for the three employees within that division.

Berg stated he was proposing a potential part-time employee to help fill in with the elimination of the City Planner position. He reviewed the remaining budget for the Department.

Lewis asked how long did Berg think they could get along without a City Planner. Berg responded in terms of workload, the number of applicants that came in dictated the amount of work they had to do.

Lewis stated he had heard through the grapevine that the Department was maxed out. Berg responded he had a number of weeks where he reached the overtime level by the end of Thursday and took Friday off in compensation because there was not the extra time budgeted for overtime.

Davis stated at the beginning of next year with Elevage starting and if Capstone went through, they would be looking at 3 to 5 years of anywhere from 70 to 100 building permits a year. He noted this would put a demand on the Building Department. He indicated in previous conversations, they expect the position of the City Planner would need to be filled by perhaps 2025.

Berg noted that currently things were getting pushed out a bit further than they had been in the past, but staff was taking care of items that were of time importance.

Berg stated with respect to the building inspections, there would be a need for vehicle replacements, attending conferences, fuel, etc. and he was recommending a cost-of-living raise across the building inspections budget.

Davis noted they had utilized a part-time inspector before with good results and it was cheaper to do that than hire an additional person. He believed this would be a good solution for 2024.

DeRoche asked for an explanation of a City Planner versus a Community Development Director. Berg responded that a Community Development Director had more to do with community engagement and overall management of long-term projects where a City Planner answered zoning related questions.

Davis noted at some point they would need a City Planner, but that position was not necessary right now. He indicated staff was trying to keep the costs down and the budget as low as possible while still managing to get the work done. He believed they were okay through the end of this year and beginning of 2024 at which time this could be reassessed.

Miller believed it was “refreshing” the way they were looking at this position as it was based on needs and they were not putting the “horse before the cart.” He indicated this was a way to save money and still be efficient. He stated he respected and liked it.

Jeziorski reviewed the Public Works Department budget including the parks maintenance and street maintenance budgets. He noted both budgets were seeking an increase of 3 percent with the main drivers being the COLA increase for the union employees and the Public Works Manager.

Ayshford noted the only increase they were seeing in the parks maintenance budget was the union budget cost of living increase. He stated with respect to both budgets, there was a lot of variability that depended on weather events also.

Ayshford noted with the street and maintenance budget there was an increase in wages for cost of living. He indicated the only large change was due to the increase in asphalt patching material.

Ayshford reviewed the road capital fund for 2024 and noted they were requesting \$50,000 more because of underfunding on what they need to do the road projects.

Davis noted the worst thing that could happen was to get behind on road maintenance as they could never catch up then and it was extremely expensive.

Ayshford reviewed the park capital and equipment replacement.

Jeziorski finished the review of the budget with civic events, which was unchanged. He noted there was an increase of 413% for the 2024 election where they would need to hire elections judges, etc.

Lewis asked who negotiated the Minnesota Public Employees Association union contract. Davis responded this was done by staff and brought to the Council.

Lewis asked who were the members of the Finance Committee in June, 2020. Davis responded he believed it would have been former Mayor Steve Voss and Councilmember Wanda McLaurin.

Lewis asked what drove the increase of 3% in 2015 sewer bonds. Jeziorski explained how the bond payments were done.

Lewis inquired about the PARA coordinated plan. Jeziorski responded that was the retirement plan.

Lewis inquired about the 43% increase in prosecution costs in the last 7 months of 2024. Berg assumed there were no prosecutions going on during Covid for the last two years and now what had been on hold was entering the Court system.

Lewis asked questions regarding what certain items meant in the budget which Jeziorski and Davis answered.

Davis asked if the Council wanted to continue this discussion at a future meeting. Lewis stated he did not think a special meeting was necessary and this could be continued to the next Council Work Meeting.

7.0 – Adjourn

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

Meeting adjourned at 9:33 p.m.

Submitted by:

Kathy Altman

TimeSaver Off Site Secretarial, Inc.