

MOUND CITY COUNCIL MINUTES
August 28, 2012

The City Council of the City of Mound, Hennepin County, Minnesota, met in rescheduled regular session on Tuesday, August 28, 2012, at 7:00 p.m. in the council chambers of city hall.

Members present: Mayor Mark Hanus; Councilmembers Kelli Gillispie, Ray Salazar, Heidi Gesch, and David Osmek

Others present: City Manager Kandis Hanson, City Clerk Bonnie Ritter, Finance Director Catherine Pausche, Interim Police Chief Dean Mooney, Nick Stoiaken, Doug Dion, Nancy Swanson, Lili McMillan, Chris Fischer, Doug Franchot, David Rahn, John McKinley, Mary McKinley, Dan Grady, William Ernst, Richard Hawks, Shirley Hawks, Duane Norberg, Joe Gibson, Joanne Gibson, Linda Princivalli, Dorothy Geyen, Kris Williams, Jeff Gresenz, Justin Gresenz, Robert & Connie Blake, Janie Skinner, Mike Russin, Phyllis Stoiaken, Lois Dion, Blaze Fugina, Jessica Loftus, Dwayne Platzer, Peter Meyer, Linda Johnson, Tom Rockvam, Bruce Dodds, Bruce Jordan, Kim Truax, Scott Spanjers, Kenny Beck, Jim Bedell, Johann Chemin, Kathy Spaulding, Bruce Larson, Patty Miller, Mary Harrell, Jeff Anderson, Kristin & John Beise, Jim Brand, Dean Fleming, Sally Koenecke, Judy Regan, Mark Regan, Dean Blackwell, Jane Carlsen, Sandy Olstad.

Consent agenda: All items listed under the Consent Agenda are considered to be routine in nature by the Council. There will be no separate discussion on these items unless a Councilmember or citizen so requests, in which event it will be removed from the Consent Agenda and considered in normal sequence.

1. Open meeting

Mayor Hanus called the meeting to order at 7:00 p.m.

2. Pledge of Allegiance

3. Approve agenda

MOTION by Osmek, seconded by Gesch, to approve the agenda. All voted in favor. Motion carried.

4. Consent agenda

Gillispie requested the removal of Item 4B from the consent agenda.

MOTION by Osmek, seconded by Gesch to approve the agenda as amended. Upon roll call voted, all voted in favor. Motion carried.

A. Approve payment of claims in the amount of \$1,110,766.70

B. (removed)

C. Approve amendment to Temporary Sign Permit for 2012 Scarecrow Stomp

D. ORDINANCE NO. 08-2012: AN ORDINANCE TO AMEND CHAPTER 119 OF THE MOUND CITY CODE AS IT RELATES TO SIGNS

E. 2011 Street, Utility and Retaining Wall Improvement Project – Highland Area (MSA Route)

1. RESOLUTION NO. 12-70: RESOLUTION DECLARING COST TO BE ASSESSED AND ORDERING PREPARATION OF PROPOSED ASSESSMENT ON 2011 STREET, UTILITY AND RETAINING WALL IMPROVEMENT PROJECT – HIGHLAND AREA (MSA ROUTE)

2. RESOLUTION NO. 12-71: RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT FOR 2011 STREET, UTILITY AND RETAINING WALL IMPROVEMENT PROJECT – HIGHLAND AREA (MSA ROUTE)

- F. 2011 Street, Utility and Retaining Wall Improvement Project – SW Island Area
1. **RESOLUTION NO. 12-72: RESOLUTION DECLARING COST TO BE ASSESSED AND ORDERING PREPARATION OF PROPOSED ASSESSMENT ON 2011 STREET, UTILITY AND RETAINING WALL IMPROVEMENT PROJECT – SW ISLAND AREA**
 2. **RESOLUTION NO. 12-73: RESOLUTION FOR HEARING ON PROPOSED ASSESSMENT FOR 2011 STREET, UTILITY AND RETAINING WALL IMPROVEMENT PROJECT – SW ISLAND AREA**

4B. Approve minutes

MOTION by Osmek, seconded by Gesch to approve the minutes of the August 16, 2012 meeting. The following voted in favor: Salazar, Hanus, Gesch and Osmek. The following voted against: None. Gillispie abstained from voting because she was absent from that meeting. Motion carried.

5. Comments and suggestions from citizens present on any item not on the agenda.
None were offered.

6. Discussion on supervisor compensation and direction to Staff and Personnel Committee regarding employee classification and compensation study, including timing of such study and any recommendations.

Hanus stated that at the last meeting individuals were told that they would have an opportunity to address this topic at this meeting.

Nick Stoiaken, 4948 Bartlett Blvd, raised concern over the level of City Department Heads' salaries and read some National Average comparisons that he had researched. Hanus stated that City Staff has also done some research as to salary comparisons, and Finance Director Catherine Pausche presented this information.

Dwayne Platzer, 5931 Sunset Rd, said it was shown that the City Manager hadn't had a raise in three years, and asked if she received a raise in PERA instead of a pay raise. Pausche answered the City Manager has been at the top of the pay scale and receives a contribution to her deferred compensation plan, but no increases since 2008, as the rest of the staff.

John McKinley, 5948 Hillcrest Road, stated that the City has picked out numerous cities to use for negotiations for contracts. When using these same cities for comparison, the City Manager and Finance Director's salaries are more, and feels that these cities should be the ones being used for internal salary comparisons. City Manager Hanson stated that a lot of the cities used for negotiations don't have a liquor store, redevelopment, etc., and internal salaries have to be compared with cities with a similar profile. Hanus stated that when Hanson was hired she designed a staff to suit the needs of the time, i.e., infrastructure needs, redevelopment, etc. Lately staff has been reduced and changed to meet the needs of the city, and this process will continue. McKinley stated that the cities used for the internal comparisons have police departments that do the same thing that Mound does. Hanus stated that the City has looked at places to get leaner and one place that hasn't been looked at yet is upper management. He suggested that the Personnel Committee take a look at this.

Mary McKinley, 5948 Hillcrest, stated that people are concerned with what is going on at City Hall. Salaries seem to be of interest, however, most are not looking at the numbers, but at the job performance involved with the compensation and don't see equity there. She has three different sets of numbers given to three different people, and it's hard to argue numbers when they change constantly. Productivity, priorities and job performance are of concern and people don't think they are getting what they're paying for. Hanus stated that the City Manager receives a performance evaluation every year and explained that some general citizens, as well as other city staff have input before the Council performs their evaluation and decides to extend her contract.

MOTION by Osmek, seconded by Salazar to refer the salaries of upper management to the Personnel Committee for review. All voted in favor. Motion carried.

7. Discussion and action on Contract for Law Enforcement Services between the City of Orono and the City of Mound

Hanus stated that he received a couple emails immediately after the last meeting that indicated the writers had contacted Orono and were told that Orono is able to delay action until a referendum in Mound is accomplished, and this would be workable for their Police Department. Hanus stated this is contrary to what he's been hearing. The other email stated that Orono prefer that Mound hold a referendum so the citizens could vote. Hanus stated that since those messages were contrary to what Orono has been conveying, he asked the emailers who they talked to in Orono, and they were unwilling to reveal this. Hanus stated when he talked to the Orono Police Chief, the Mayor, and the City Administrator, and all three reconfirmed that this is absolutely not true. This would not work for Orono, their officers, or Mound's officers. Mound officers have indicated that if there is any more delay, they will be looking for positions elsewhere. What it boils down to is that these people were trying to manipulate the Council.

John McKinley approached the Council saying he sent the first email and that the Mayor is making accusations. Shirley Hawks, 2640 Setter Circle, stated that she talked to the Orono Police Chief and asked him if this went to a referendum, would Orono pull out completely. She was told no, he wasn't saying that, but it would make it very difficult for the officers from both cities due to scheduling, etc., and that it would be harder, and she earlier conveyed that to McKinley.

John McKinley stated he met with Chief Forniok, and most of the conversation was confidential. Forniok told McKinley that it would not be his decision to make, but is the decision of Chief Mooney and the Mound City Council.

Geoff Michael, 1713 Avocet Lane, called Point of Order, being that the Council is so far off the point and needs to be brought back to it. The Council is in a hurry to make a decision about a Police Department when they should be in a hurry to get the roads fixed, keep the Police Department, and get the City back up and running by raising the tax base. He presumes that other departments will be outsourced, and asked if the Council will outsource City Management. Hanus stated he's past the Point of Order and the public forum was already held at a previous meeting.

Nancy Swanson, 5941 Gumwood, stated that at the last meeting she was told she could speak at this meeting, and asked if she could do so, and would like to be heard. Hanus told her to submit her concerns, but not at this meeting. Osmek suggested having a thirty minute testimony period and then the Council can take steps and move forward. Gesch, Salazar and Gillispie agreed with this.

Nancy Swanson, 5941 Gumwood, stated she appreciates the city looking for ways to cut costs, but feels all of the due diligence hasn't been done. She understands that the City is looking to save 15%, or \$300,000. As the process has gone on, we want to do for a 10% savings, or \$200,000, which is 4% of the entire budget. She asked if the city needs both a City Manager and a Community Development Director. Also do we need three managers in Public Works. If we get rid of two of these positions we have the \$200,000. She continued by asking why these personnel cuts weren't considered before the decision to get rid of the Police Department. She states when a Police Department goes it's bad, and it looks like we're in dire straits. She previously asked the Finance Director what the net effect would be on a \$200,000 home if the levy were increased by 1% or 2%. She was told that the effect on a \$200,000 home would be an estimate of \$7/year. She was also told there will be a levy increase in 2013 regardless of what happens to the Police Department. A 6% levy increase would add \$50/year on a \$200,000 home. Swanson is willing to pay the extra, and is asking the Council to look at these options and ways to save this money rather than outsourcing the Police Department. She also stated that there is no way that Mound can afford to re-establish a Police Department should it not work out well with Orono. Hanus informed her that it isn't a 1% increase, but a 7% increase to keep the Police Department here, plus whatever else has to be tacked on this year for general operations.

John McKinley, 5948 Hillcrest, showed an overhead regarding the contract and conversion costs. He stated that there are items that weren't brought up, i.e., the debt service on the building, electrical, maintenance, moving city hall, costs to make city hall rentable, equaling a cost of \$2,030,000 in 2013 alone. He also presented response times of Mound vs. Orono.

Johan Chemin, 6039 Beachwood Rd, stated that it will be impossible to re-instate a Police Department. He asked that if a vote is taken tonight, a provision be inserted that the next City Council can re-evaluate the outsourcing of the Police Department.

Mike Russin, 3175 NorthShore, stated he is a resident of Orono, and expressed his dissatisfaction with the Orono Police Department regarding dealings he has had with them.

Mary Harrel, 920 Upper Cove Rd, stated she is employed in Mound and expressed how sad it is to dismantle an award-winning Police Department and to do away with it doesn't make sense. She stated that the people should be able to decide.

Pat Meisel, 5501 Bartlett Blvd., posed the question: If Mound couldn't get along with Orono to build a Public Safety building, what makes them think they can get along to do this? She also asked why the City wants to compete with businesses in town on rentals by renting City Hall.

Dwayne Platzer, 5931 Sunset, asked the Council to save the Police Department and raise taxes if need be.

Geoff Michael, 1713 Avocet Lane, apologized to the Council for his previous Point of Order usage. He would like to know an honest answer as to why taxes can't be raised for the betterment of the City.

Jeff Gresenz, 5975 Lynwood Blvd, stated he transferred to Minnesota three years ago and chose Mound because of its schools and city services, which includes the Police Department. Without a local Police Department he wouldn't have chosen Mound.

Bruce Jordan, 6016 Beachwood Road, thanked the Council for keeping taxes down but for the Council to make this decision on their own instead of bringing it to the public is wrong. The Police Department is extremely important to the City.

Nancy Swanson, 5941 Gumwood, stated that response time has been discussed and one minute can be the difference between life and death. She asked that this decision not be made tonight and set the levy higher to keep the department.

With the thirty minute testimony period being over, Hanus brought the topic back to the Council for discussion.

Hanus stated that the Council has previously heard to keep the taxes down. City staff has already been reduced by 18% and now upper management will be looked at. He hears both sides by phone calls and emails and the only ones that show up at meetings are the people against the issue.

Gesch thinks the thirty minute testimony period was useful. She doesn't understand why Mound officers won't still be award winning if they merge with Orono. The force will only be bigger and better. She added up the people she's hear from at the last two meetings, phone calls and emails, and has a total of 45 out of 9,000 people that have been heard. People that have personally talked to her are more in the affirmative than negative, and the biggest thing she's heard from them is not to raise taxes.

Gillespie agreed with Gesch, stating that she's not looking at this as dismantling a department, but adding two together. She was elected to make the best decision and has talked to more people that are either for or indifferent to the merger, than against.

Salazar stated he studied the contract in detail and the service and response times are favorable. The officers will receive higher pay and better benefits and scheduling with Orono, and Mound's police station will remain a base of operation. His three goals were achieved: 1) 10% or \$200,000 savings; 2) Service maintained; 3) Mound officers treated fairly. He continued by stating that there is nothing more important than public safety, but believes there should be a referendum on a decision this large.

Osmek stated that the main reason he backed away from police dealings with Minnetrista was that there would be no presence in our facility. This is not the case with Orono. He would also have preferred a referendum, but there isn't time and Orono would have walked away. Our Police Department is currently short-staffed so now is the time to take this action. He personally asked a Mound Officer if he wanted to go with Orono and if it would be a safer department. He was told yes, and that there is better back-up and better advancement.

MOTION by Osmek, seconded by Gesch to approve the Contract for Law Enforcement Services between the City of Orono and the City of Mound. The following voted in favor: Gillispie, Hanus, Gesch and Osmek. The following voted against: Salazar. Motion carried.

8. 2013 Preliminary Budget and Levy, requesting direction

Finance Director Pausche stated that feedback is requested on five items before the preliminary budget is adopted.

A. Villa Dock Fee Increase – Pausche stated that the City issued GO TIF bonds to finance the clean-up of the Lost Lake dump and dredging of the channel in order to ready it for redevelopment. With the recession, available tax increment is currently not sufficient to provide for the debt service on the bonds, nor will it be for the uncertain future. In 2009, the HRA and City entered into an agreement to authorize an interfund loan in order to allow the City to use funds other than available tax increment to make the required payment on the bonds. The available tax increment continues to fall short as redevelopment has stagnated and land values have declined in the Lost Lake District. She is proposing to raise the fees for the Villa docks to contribute to the debt service of the bonds. This was presented to the Docks Commission and was tabled, with direction that Dave Osmek and Pausche would meet to develop a tiered fee schedule to be considered.

B. Request by the LMCC to raise Mediacom PEG access fees from \$.84 to \$1.21 – Pausche stated that the Lake Minnetonka Communications Commission has requested that the Public, Education and Government (PEG) access fee be increased from the current \$.84 to \$1.21 per month and pass on the entire amount to the LMCC.

MOTION by Osmek, seconded by Salazar to amend the Local Programming Facilities Agreement with the LMCC to reflect an increase in the PEG access fee from \$.84 to \$1.21 per month. The following voted in favor: Gillispie, Salazar, Gesch and Osmek. The following voted against: None. Hanus abstained from voting because his son is on the staff of LMCC. Motion carried.

C. Review of preliminary budget assumptions with regard to liquor store profit assumptions, transfers and equipment certificates – Pausche informed the Council that the contract award for the Police Supervisors union was 1% and 1%. When the 2012 budget was done, no wage increases were included so that during negotiations the inability to pay could be argued. The budget is going to increase so a levy increase needs to be looked at for 2013, and stated she would like to bring forward a 3% general fund levy increase for the preliminary budget.

Pausche continued stating that the liquor store transfers are about a year behind projections and anticipate about a \$50,000 transfer in 2013 to the general fund. In prior years the liquor store proceeds were used for the seal coat project but she doesn't want to assume any transfers out of the general fund for 2013.

Hanus stated he would like to entertain boosting the preliminary budget to 4% general fund levy increase, but strive for 3%. The Council agreed with this strategy.

Regarding the equipment certificates, Pausche stated that she will be putting those into the 2013 to the extent that we can. Ideally she would like to work to fund capital investments from the general levy and move away from these certificates.

D. Request to issue an RFP for prosecution services – Pausche is requesting to go out for RFPs. The current arrangement is a fee for service and the City has become aware of some firms that are willing to put an annual not to exceed amount in exchange for a multi-year contract. The Council's consensus was to proceed with an RFP for prosecution services.

E. Request to join Metro Cities Association of Metropolitan Municipalities – Pausche indicated that Metro Cities is requesting that the City join, with dues for 2013 being \$1,868 (50% discount for new members), and \$3,736.00 thereafter. It was suggested that instead of making

a decision now, that the next time Mound has a need for them, get them involved and determine what they have to offer.

9. Information/Miscellaneous

- A. Comments/reports from Councilmembers/City Manager
- B. Minutes: Minnetonka Beach/Dakota Trail Minutes: June 11, 2012
- C. Reports: Finance Department – July 2012 Reports
- D. Correspondence: Letter/Lake Minnetonka Association: August 13, 2012
Letter/Sheriff Stanek: August 21, 2012

10. Adjourn

MOTION by Osmek, seconded by Salazar to adjourn at 9:35 p.m. All voted in favor. Motion carried.

Mayor Mark Hanus

Attest: Bonnie Ritter, City Clerk