

**MOUND CITY COUNCIL MINUTES
APRIL 17, 2018**

The City Council of the City of Mound, Hennepin County, Minnesota, met in special session on Wednesday, April 17, 2018, at 6:30 p.m. in the council chambers of the Centennial Building.

Members present: Mayor Mark Wegscheid; Council Members Kelli Gillispie, Ray Salazar, and Jennifer Peterson

Members absent: Jeff Bergquist

Others present: City Manager/Public Works Director Eric Hoversten, Community Development Director Sarah Smith, Public Works Superintendent Ray Hanson, Liquor Store Manager John Colotti, Fire Chief Greg Pederson, Finance Director/Clerk/Treasurer Catherine Pausche, Orono Police Chief Correy Farniok, City Engineer Brian Simmons.

1. Open meeting

Mayor Wegscheid called the meeting to order at 6:32 p.m.

2. Approve the agenda

Motion by Salazar, seconded by Peterson to approve the agenda. All voted in favor. Motion carried.

3. Department Head Annual Reports

Annual reports were presented by Department Heads with discussion following.

A. Orono Police Department – Police Chief Correy Farniok

Police Chief Farniok said the department has added a two-year old black lab canine support dog from Can Do Canines that will be used in nursing home settings and to deescalate tensions where appropriate. Farniok said Narcan for use in opioid overdoses has been added to all squad cars. Farniok walked through the graphs on response times and Part 1 crimes, saying there was a slight reduction from 2016, but that motor vehicle thefts and phone scams continue to occur. Farniok said there is a reduction in Part 1 crimes between first quarter 18 vs. 17, but noted that may be due to the difference in weather. Wegscheid asked about mail box thefts and Farniok said it is more prevalent where there is a group of mailboxes and that people should not put outgoing mail in their box with the flag up, but rather use the blue collection boxes. Hoversten asked about thefts from porches and Farniok said devices like Ring doorbells have helped to catch thieves. Peterson asked if the thieves are local or from out of town and Farniok said both as the thieves on County Road 6 in Orono were from Plymouth. Farniok noted that calls have increased to Balsam Hill Apartments and Townhomes since the expansion and a group of service providers are meeting to discuss issues/impacts. Gillispie asked about theft from storage units and Farniok said that tends to be seasonal when the weather is better.

B. Liquor Store – Manager John Colotti

Colotti said the store had a record high of \$3.3M in sales and that gross profit was a strong 26% due to good management of purchasing stock. Colotti said non-labor costs were down mainly due to one-time expense in 2016 for the new website and point of sale system and labor costs were up due to Sunday sales. Colotti said his year-end inventory was 12.5%, which is midway between the MMBA's guideline of 10% for metro stores and 15% outstate. Peterson asked if

there has been any impact on sales from Total Wine & More or Sunday Sales and Colotti said not really which was a relief since some muni's like St. Anthony had a 40% drop. Colotti said he will continue to evaluate the proper staffing of Sunday based on seasonality. Wegscheid asked about the Sunday sales data and Pausche said you have to look at the entire week/month and not just the individual day since it is impacting other days, particularly Saturday. Pausche said sales over prior year were higher in the first half of 2017 and basically flat the last half, so it will be important to monitor. Pausche asked if hours elsewhere in the week could be reduced instead of Sunday and Colotti said deliveries and sales reps occur all week long. Salazar asked what hours Colotti might prefer and he said 11 - 4 during the slow season. Colotti said Excelsior Brew will be doing the Surfside brew for 2018. Peterson asked about other branding/marketing efforts and the new website. Colotti said website and Twitter are both huge for craft brew enthusiasts. Gillispie asked if Twitter linked to Facebook and Instagram and Colotti said yes. Peterson asked if the store highlights what it gives back to the community and Gillispie agreed that we need to do a better job getting the message out. Colotti agreed and said some people think the store is part of Jubilee. Wegscheid suggested it would be interesting to compare to MGM's contributions to their community.

C. Fire & Rescue/Emergency Response/Emergency Management – Fire Chief Greg Pederson

Chief Pederson noted the department was favorable to budget in large part due to \$56K in grants. Pederson said activity was up and that 5 new fire fighters were hired and a psychological exam was incorporated into the selection process that looks for dedication, teamwork, and customer service strengths. Pederson said the aerial ladder truck was put in service and was used 87 times and the Suburban rescue truck was used 255 times for medicals. Pederson said the Suburbans are a great way to decrease apparatus/maintenance costs, noting the E1 had a \$12,500 repair in 2017. Pederson noted that Minnetonka Beach is considering their options, including changing from Mound Fire to Long Lake Fire. Discussion ensued about how to measure quality of service and cost and Pederson said he expects to know their decision in the next 1 to 2 months.

D. Finance & Administration/Docks Administration – Finance Director/Clerk/Treasurer
Catherine Pausche

Pausche noted that the Gillespie Center contract for services with the area cities expires in 2021 and that Staff will follow-up with them to ensure they are preparing for the end of this funding. Pausche noted no bonds were issued in 2017 and further analysis is being done as the projects close out to see what funding needs there are in 2018, but that will be part of the discussion on Agenda Item 4. Pausche said the paperless agenda production is going well and Gillispie volunteered to try to work without her paper copy as a test pilot.

E. Community Development/Planning/Zoning/Building Inspections –
Community Development Director Sarah Smith

Smith noted the average value of permits was up significantly, mainly due to large, complex projects like Harrison Bay Senior Living and Balsam Hill Apartments and Townhomes, both of which took a lot of staff time and effort but moved along efficiently. Smith mentioned construction management activities the City engages in as well as the e-permit project. Smith said the new Field Officer is coming on board just in time for the code enforcement season. Smith said the comp plan update and two large abatement projects were also a focus in 2017. Wegscheid asked about progress on Serenity Hills and Smith said she heard they were closing on some properties on the Minnetrista side but it is expected building will begin on the Mound

side. Pederson noted they have been invited by the developer to do some live burn trainings on two of the properties.

Smith said code amendments continue with the Short Term Vacation Rental discussion as well as exterior storage and nuisance. Smith said the special events permitting process has been revamped and has been well received. Peterson asked about a Junk Day curbside collection with no questions asked like Spring Park and Excelsior provide for their residents. Discussion ensued on the cost of such a program and alternatives, including better education on options with current haulers, county drop-off services, Mound/Minnetrissa clean up day, where to donate vehicles, newsletter/press releases, etc. Pausche said she will look into further but noted the stress on utility rates may restrict the level of service the City is able to offer at this time.

F. Public Works (Parks) Operations & City Projects - Public Works Superintendent
Ray Hanson and City Manager/PWD Eric Hoversten

Hanson said multiple projects were executed in 2017 and highlighted that the watermain loop on the island increased pressure and provided consistent flow and allowed the booster pump and stand pipe to be taken off-line. Hanson said the department has been fully staffed since January which really helped during snow removal events. Hanson said there have been 8 water main breaks this season, and that Commerce Blvd near Bartlett continues to have issues. Consumer Confidence water standards were exceeded and Well 8 was taken off line in 2017 and Well 3 in 2018 for maintenance that will now be performed every 10 years. Hanson said Staff is studying configuration for a single site public works shop with the parks garage providing off-season storage, noting that this is in the very preliminary stages. Hanson said the new hoop house for salt storage has increased equipment and material preservation and reduced run-off. Hanson said the parking lot will be resurfaced as part of the street project and that will be a big improvement as well.

Wegscheid asked if any wells have been decommissioned and Hanson replied that Well 4 on Three Pts has two well houses and one was mandated to be taken off-line by the DNR to manage potential shortages due to the water source. Hanson said Well 7 is also off-line after the change in allowable arsenic levels from 50PPM to 10PPM, stating that a reverse osmosis system is the only way to remediate. Hoversten mentioned the City may seek grant funds to cap the wells if the agencies do not need access to do testing. Wegscheid asked about the I&I initiatives for private lines. Hoversten said the Met Council is seeing diminishing returns on funding work on the municipal lines and has shifted focus on manhole rehabilitation projects from sewer main lining. Manhole rehab was completed in Three Points in 2017 and Island Park in 2018. Hoversten said Staff estimates a cost of about \$2500 per property to address I&I issues on private lines, particularly for those properties built between 1950 - 1970 where they were allowed to connect foundation drains to sewer laterals. Hoversten predicts this will become a priority for the Met Council in future years. As for the City, Hoversten acknowledged there are a wide range of issues and opportunities with the challenge of how to fund, particularly in this climate of pressure on utility rates.

G. City Manager/Administration

Hoversten noted the packet contains an update on his goals and priorities for both 2017 and 2018 and that he will continue to refine them as planning for 2019 and beyond continues.

4. Long Term Financial Plan

Pausche walked through the proposed layout and assumptions of the Long Term Financial Plan (LTFP) including the frequency of street and utility improvements and noted that the Public Works and the engineers were able to forecast out until 2050 once the asset inventory and improvement frequencies were determined. Pausche said assuming the status quo for staffing structure, contracts and essential services, the City is able to predict when relief from debt service will occur and what is needed to plan for the next round of improvements. Pausche said more work is needed to inventory buildings, technology, parks and open spaces, but that a 'place holder' of \$75K for building improvements and \$60K for the Community Investment Reserve Fund have been assumed. Pausche said the annual contributions will be level while the expenditures may fluctuate which will help with planning levy increases and building reserves. Pausche said she will be analyzing the General Fund fund balance to see what initial fund transfers or interfund loans may be possible in 2018. Wegscheid asked what the goal for fund balance is and Pausche replied that the City has maintained a minimum target of 20% of expenditures, but that it has always been higher and that fund balance will become increasingly important when we are no longer bonding and cash flow becomes more of an issue.

Pausche walked through the summary schedule and noted General Obligation (G.O.) levy supported debt has 15 year terms compared to the 20 year utility revenue bonds. Pausche said the schedule assumes a \$5M bond issue in 2018 supported by the levy with interest only payments for 5 years. Pausche said Staff will be making recommendations on the interfund loan terms for the utility funds later in the year, but that interfund loans and keeping all rates flat, with the exception of the sewer rates, is probably the best the City can offer in terms of utility rate relief after last year's reduction. Discussion ensued about cost drivers and conditions/topography in new cities like Eden Prairie where the comp plan guides development only in lands that are easily serviced versus older cities like Mound that is surrounded by water with low and high elevations requiring 30 lift stations. It was also noted that many older cities have yet to address their deferred maintenance needs. City Engineer Brian Simmons noted the 57 backups that occurred in 2014 could have been much worse if the work had not been done, but that it is hard for ordinary residents to appreciate improvements that they can't see. Peterson said people ask if the City can take a year off. Pausche said the City did suspend projects in 2010 but that it is difficult to stop mid-stream and that one-year would not have that much of a financial impact at this point. Pausche said the City is assuming some risks with delaying the remaining lift station improvements, and managing to the LTFP will be critical to making future projects more affordable than they were in this generation.

Mayor Wegscheid said it is helpful to have this LTFP to show residents what is driving the tax and utility rates and why they need to be where they are at. Wegscheid also noted the plan is important to provide continuity if the event there are changes in the council and/or staff.

Wegscheid complemented the council and staff on working through challenging issues and thanked the group for their contributions.

5. Adjourn

MOTION by Gillispie, seconded by Peterson, to adjourn at 9:13 p.m. All voted in favor. Motion carried.

Mayor Mark Wegscheid

Attest: Catherine Pausche, Clerk