



Approved: August 12, 2013

**CITY OF ARDEN HILLS, MINNESOTA
CITY COUNCIL WORK SESSION MEETING
JUNE 17, 2013
5:00 P.M. - ARDEN HILLS CITY HALL**

CALL TO ORDER/ROLL CALL

Pursuant to due call and notice thereof, Mayor Grant called to order the City Council work session meeting at 5:00 p.m.

Present: Mayor David Grant; Councilmembers Brenda Holden, Fran Holmes, and Dave McClung

Absent: Councilmember Ed Werner (excused)

Also present: City Administrator Patrick Klaers; Director of Finance and Administrative Services Sue Iverson; Public Works Director Terry Maurer; Finance Analyst Kyle Howard; Parks and Recreation Manager Michelle Olson; and Deputy Clerk Amy Dietl

1. APPROVAL OF AGENDA

The Council accepted the agenda as presented.

2. AGENDA ITEMS

A. Utility Billing Discussion

Public Works Director Maurer stated that there are two properties in Arden Hills that raised concerns about their utility billing and water usage. The first property is at 4139 Norma Avenue and the second is 1364 Arden View Drive. He explained that Ken Henick at 4139 Norma Avenue is concerned about the water rate and Henry Snyder at 1364 Arden View Drive questioned how he could use 200 gallons of water per hour over several days at his townhome.

Public Works Director Maurer explained that he visited Mr. Snyder's home after he voiced his concern and the meter was checked. No problems were found with the water meter or reader. He requested the Council discuss these items and direct staff on how to proceed.

Ken Henick, 4139 Norma Avenue, stated that he found a leaky faucet on the back of his home, which increased his water usage. He reported that the leak has been fixed.

Discussion ensued regarding the water usage at 1364 Arden View Drive.

Public Works Director Maurer stated that the previous spikes coincided with Mr. Snyder watering his trees last fall. He explained that Mr. Snyder's son had hired a plumber to have the guts of the toilets replaced. Since that time, no spikes in water usage have been found.

Councilmember Holmes recommended that the Council take no action on this item.

Councilmember McClung stated there has to be some burden of proof on the homeowner to provide the City with evidence that the equipment is faulty. In this case, the City found no fault with the equipment and the issue has resolved itself.

Mayor Grant questioned how often the meter reading software provided readings to the City.

Public Works Director Maurer stated that these readings were taken once every four hours. He further reviewed how the alarms within the meter reading software can be set to alarm the City of extra/additional water usage.

Mayor Grant reported that the consensus of Council was to deny the utility bill appeals for both cases. A payment plan would be established for Mr. Snyder.

B. 2014-2018 Capital Improvement Plan (CIP)

Director of Finance and Administrative Services Iverson requested that the Council review and discuss the CIP for 2014-2018.

Councilmember McClung questioned if the City had a spending problem or if it would be able to catch up financially.

Mayor Grant found this to be mainly a spending concern for the City and to a lesser degree a revenue concern.

Councilmember McClung stated that it could be a combination of the two based on decisions made by previous Councils. He encouraged the Council to keep these concerns in mind while reviewing the 2014-2018 CIP.

Councilmember Holden explained that past Councils did not put money into infrastructure improvements and maintenance or into parks, so in her opinion, this Council was playing catch up. She was pleased that the City has been able to pay for these improvements over the past several years. The water, sewer and lift stations are crucial to the community.

Mayor Grant began reviewing the CIP and requested the Council assess it line by line and provide comment to staff when necessary.

Councilmember Holden questioned if the park structures scheduled for replacement currently meet all code requirements.

Public Works Director Maurer stated that the structures meet code, but if altered in any way, these structures would have to be brought into compliance with new safety standards.

Councilmember Holmes recommended that the play structure funding be removed from the CIP as this was a want instead of a need. She requested the Council's policy on play structures be changed to replace play structures every 25 years or as needed.

Mayor Grant was not in favor of pulling these items out due to the fact it created a placeholder for routine maintenance of the City's parks. He stated that the item could always be pushed back several years if the play structure was still in good condition.

Councilmember McClung suggested only one play structure be replaced per year.

Councilmember Holden was in favor of having additional beautification measures be taken at Freeway Park since \$65,000 was allocated for improvements. She recommended that this item be put on hold as this was a want and not a need.

Public Works Director Maurer stated that the removal of the chain link fence and gravel parking lot would enhance the appearance of the park, along with additional landscaping.

Councilmember McClung further discussed the 2014 park improvements. He recommended the trail connection near the Mounds View High School be pushed back to 2016-17 or 2017-18 as this item would require coordination with the County and school district.

Mayor Grant recommended that a letter be sent to the school district encouraging them to financially plan for a trail in the next two or three years.

Public Works Director Maurer noted that the bridge near the high school was slated to be replaced in 2016. He encouraged the Council to bear this in mind with their planning for this trail.

City Administrator Klaers indicated that the City could apply for State funding for the school trail connection, which could assist in completing the project.

Councilmember Holden was in favor of striking this item from the CIP.

Councilmember McClung recommended it be moved to 2016.

The Council supported moving the preliminary work to 2016 and the project work in 2017 in order to time the work with the bridge project and to seek funding from grants and other governmental agencies.

Mayor Grant questioned how the Council wanted to address the proposed improvements for Freeway Park.

Councilmember Holden suggested that the \$65,000 be removed from the budget.

Councilmember McClung recommended it be moved to 2016, with the Council reevaluating the parks needs in 2015. This would assist with leveling expenditures for 2014.

Councilmember Holmes wanted to see the fence and parking lot improved before that time.

Councilmember Holden was willing to move the item out a year or two to allow the Council time to evaluate expenditures.

Mayor Grant agreed.

Council consensus is to move Freeway Park to 2015.

Discussion ensued regarding the Perry Park #4 field renovations. It was noted that the Association was willing to pay \$10,000 of the expense.

The Council supported the hard court reconstruction at Floral Park in 2018.

Public Works Director Maurer reviewed the bridge replacement schedule as proposed by MnDOT and encouraged the Council to set aside funds for pedestrian facilities. He commented that it was MnDOT's practice to put pedestrian facilities on one side of the bridge and the City would be responsible for the additional expense to have the second side completed.

Mayor Grant recommended that the amounts be lowered slightly and that this item be spread out over three years, instead of two years within the CIP.

Councilmember McClung questioned if the City needed pedestrian facilities on both sides of every bridge. He did not feel this was necessary for each bridge.

City Administrator Klaers noted that the Council would be able to evaluate each bridge further before completion by MnDOT.

Public Works Director Maurer stated that the City had approximately \$1.5 million in MSA funds at this time and the City receives \$200,000 annually for MSA streets. He noted that West Round Lake Road would cost the City approximately \$2.6 million to complete. He indicated that the City also had \$1.4 million in TIF that could be used to assist with the expense of the project.

City Administrator Klaers recommended that the Council seek additional information on the Round Lake Road project in order for it to move forward in 2014. Otherwise, the TIF plan would need to be amended. He commented that the project could be funded through a combination of TIF, Utility Enterprise Funds, and MSA funds. Staff would need direction from the Council on how to proceed.

Public Works Director Maurer stated that the City would be penalized in 2015 if MSA funds were not used for a street project. He indicated that if this project was completed, Lift Station #11 could be eliminated, which would save the City sewer funds in the long run.

Mayor Grant commented that by using MSA funds on this project the enterprise funds could be spared.

Director of Finance and Administrative Services Iverson reviewed how the TIF plan would have to be modified if the project were not completed.

Discussion ensued regarding the use of MSA funds versus the use of TIF funds for the West Round Lake Road project.

Councilmember Holmes was not in favor of completing West Round Lake Road in 2014.

Councilmember McClung did not want to see the City lose out on utilizing the available TIF funds. He recommended the funds be used and that the project be completed.

Councilmember Holden agreed and requested that staff investigate if any portion of the project could be assessed to benefiting properties.

Mayor Grant questioned if the project could still be completed in 2014 as he did not want to lose the use of the TIF funds.

Public Works Director Maurer indicated that staff would have to begin working on the plans immediately.

It was Council consensus to move forward with this project using TIF, MSA, and Enterprise funds. The final decision on how this would be broken out would be determined at a future meeting.

Councilmember Holden supported gateway signs but questioned if each sign had to be lit. She suggested that each sign be reviewed on a case by case basis to assist in reducing the overall expense to the City. She recommended \$40,000 be set aside for 2014 and 2015.

Councilmember McClung does not support the gateway signs in any way.

Councilmember Holmes was in favor of the gateway signs proceeding with \$40,000 in 2014 and 2015.

The consensus of the Council was to proceed with the signs at a level of \$40,000 per year for 2014 and 2015.

Mayor Grant did not recommend a new vehicle be purchased for the Building and Code Enforcement Inspector. It was his opinion that now was not the time to purchase a new vehicle.

Public Works Director Maurer explained that this vehicle would be used by staff as building inspections were on the rise for Arden Hills.

City Administrator Klaers indicated that the current Building and Code Enforcement Inspector truck was in poor condition.

Councilmember Holden supported the purchase of a vehicle at no more than \$20,000.

Mayor Grant agreed.

Councilmember Holmes was in favor of the vehicle purchase at \$25,000.

Councilmember McClung saw the vehicle as a want and not a need.

The Council was in favor of proceeding with the vehicle purchase for no more than \$20,000.

Director of Finance and Administrative Services Iverson commented that the City may be in need of licensing for the City's water meter reading software. The Council recommended that \$10,000 be budgeted each year for this expense.

Director of Finance and Administrative Services Iverson indicated as of April 2014, Windows XP would no longer be supported. For this reason, several work stations would need to be replaced.

Mayor Grant recommended the 2013 and 2014 budgeted amounts in technology remain as is (at \$13,000 per year) and that \$10,000 per year be budgeted after that for 2016-18.

It was the consensus to reduce the Communication Equipment estimate to \$7,500 per year.

Discussion ensued regarding sewer lining.

Mayor Grant was in favor of reducing this expense in 2014.

Public Works Director Maurer stated that this work could be delayed and a larger sewer lining project could be planned for every three years. He stated that grants could be applied for to assist with the expense.

Councilmember Holden supported the sewer relining as she wanted to see the City's infrastructure improvements completed.

Councilmember Holmes recommended that the CIP budget \$400,000 in 2015 and \$400,000 in 2017.

The Council concurred.

Mayor Grant was in favor of this recommendation as it would fall in with State grant program years. He then questioned if storm pond maintenance was necessary at \$50,000.

Councilmember McClung recommended the Council support budgeting \$50,000 every other year for storm pond maintenance; starting in 2015.

The Council concurred.

Councilmember Holden questioned how staff would be replacing fire hydrants throughout the City. She anticipated that the City would need to replace more than six hydrants a year given the number of hydrants in the City.

Public Works Director Maurer commented that the hydrants were reviewed systematically starting with the oldest ones first. He indicated that hydrants would only be completely replaced when absolutely necessary otherwise broken parts were swapped out. All new hydrants would have stainless steel bolts. He explained that the City had more problems with the valves than with the hydrants.

City Administrator Klaers reviewed the timing and phasing of the County Road E bridge project and B-2 corridor that were written into the CIP. He explained that the Council did not have funding for Snelling Avenue within the CIP.

Public Works Director Maurer discussed the timing of the Snelling Avenue bridge replacement.

Mayor Grant requested the Council now discuss the revenue portion of the CIP and the possibility of setting up a franchise fee program in the City.

City Administrator Klaers indicated that the City had no park dedication funds to assist with park and trail improvements. The Equipment Fund balance and needed equipment was reviewed. It was noted that 46% of the community was in the tax exempt classification. These properties generated no tax revenues for the City.

City Administrator Klaers discussed the use of franchise fees and how these funds could benefit the budget. He commented that a 1% franchise fee would generate approximately \$220,000. This percentage could be increased up to 4%, which would generate \$880,000 in additional revenue for the City. It was noted that 75% of electricity usage in the City is consumed by commercial and industrial properties.

Mayor Grant stated that hypothetically, the levy could be held down if a franchise fee were put in place.

Councilmember Holden was in favor of investigating the franchise fee further. She did not support a 4% franchise fee. She recommended the funds be earmarked for a specific purpose, such as parks.

Mayor Grant agreed that the funds should be dedicated.

Councilmember McClung also agreed suggesting that a portion of the funds could be dedicated to public safety.

Councilmember Holmes asked how much an average residential customer spends on electricity monthly.

City Administrator Klaers stated that he did not have this information.

Mayor Grant questioned if the Council supported a franchise fee beginning in 2014.

The Council was in favor with starting a franchise fee in 2014.

Mayor Grant supported the franchise fee at 3% or 4%.

Councilmember Holden stated that this percentage could be too high as homeowners have already been facing increasing expenses in a slow economy.

Councilmember McClung and **Councilmember Holmes** were in favor of a 4% franchise fee.

The Council requested a representative from Xcel be present at a future work session meeting to discuss this matter in further detail, and that staff report back to the Council regarding the process for establishing a franchise fee program as well as suggestions for uses of the funds.

3. COUNCIL COMMENTS AND STAFF UPDATES

Councilmember Holmes stated that a foundation meeting was held last week. She requested staff encourage residents and businesses to contribute to the foundation.

Councilmember Holmes asked that a letter be drafted to thank the military personnel for their painting.

Councilmember Holden indicated that the rules for Eagle Scout final projects have changed. Ideas for projects must be generated by the Eagle Scout and brought forward to the City for review before approval.

Councilmember McClung commented that the Planning Commission was holding a special meeting on Wednesday to discuss Lexington Station.

Councilmember McClung noted that he may be late to the July 8th Council meeting.

City Administrator Klaers reviewed the agenda items scheduled for June 24th.

ADJOURN

Mayor Grant adjourned the City Council work session meeting at 8:20 p.m.



Patrick Klaers
City Administrator



David Grant
Mayor