

CITY OF NEW HOPE  
4401 XYLON AVENUE NORTH  
NEW HOPE, MINNESOTA 55428

City Council Minutes  
Work Session Meeting

February 16, 2010  
Conference Room

**CALL TO ORDER** The New Hope City Council met in work session pursuant to due call and notice thereof; Mayor Hemken called the meeting to order at 6:33 p.m.

**ROLL CALL**

Council Present: Kathi Hemken, Mayor  
John Elder, Council Member  
Andy Hoffe, Council Member  
Eric Lammle, Council Member  
Daniel Stauner, Council Member

Staff Present: Kirk McDonald, City Manager  
Jim Corbett, Recreation Facilities Manager  
Shari French, Director of Parks & Recreation  
Curtis Jacobsen, Director of Community Development  
Valerie Leone, City Clerk  
Steve Sondrall, City Attorney

Also present: Steve McDonald, Abdo, Eick, & Meyers LLC

**IMP. PROJECT 857**  
**Item 11.1**

Mayor Hemken introduced for discussion Item 11.1, discuss recommendation of firm to hire to perform an engineering study for the New Hope ice arena (improvement project 857).

Mr. Kirk McDonald, city manager, stated Shari French and Jim Corbett were asked to attend tonight's work session. He also introduced Ken Pronovici, chair of the citizen advisory commission, who was one of the persons who served on the committee that helped score the engineering proposals. Mr. McDonald stated staff is recommending contracting with Stevens Engineers to perform the ice arena engineering study. He stated a community based committee will be formed to seek community input and a grant from Xcel Energy is being pursued to fund up to 75% of the engineering study.

Ms. Shari French, director of parks and recreation, introduced Scott Ward of Stevens Engineers. She stated Jim Corbett, recreation facilities manager, is aware of many cities that utilized the services of Stevens Engineers and have been pleased with their work.

Mr. Scott Ward of Stevens Engineers shared information regarding the firm and past projects including Burnsville, Brooklyn Park, and Edina. He stated his specialty is ice arenas.

The Council inquired of the timeline for the study and an overview of the components.

Mr. Ward stated the study will likely take three months, but it will depend on the number of meetings. He noted he has experience with Xcel Energy and is aware of Xcel Energy's energy-related requirements. He stated the key elements of the study will include understanding the city's needs, goals, and long term objectives; sensible application of architectural improvements; accurate information to base decisions (options and costs); reporting results; and securing financial assistance from Xcel Energy for the study. He reported the evaluation would include the entire facility. He explained the involvement by 292 Design Group, Nelson Rudie, and Wenck.

Mr. Ward emphasized the importance of seeking input from arena user groups, and relayed his firm's responsibility is to provide an honest assessment to the City Council.

Mr. Kirk McDonald indicated staff would present the engineering study proposal for formal approval at the council meeting of February 22, 2010. He noted Stevens Engineers will work with Xcel Energy and staff to form the community committee.

**HABITAT FOR  
HUMANITY  
Item 11.2**

Mayor Hemken introduced for discussion Item 11.2, Presentation by Habitat for Humanity.

Mr. Curtis Jacobsen, director of community development, introduced Mike Nelson from Habitat for Humanity. He stated he has been meeting with Habitat for Humanity recently to discuss possible city partnerships to utilize Neighborhood Stabilization program funds and CDBG funds. He stated Habitat has been considering redevelopment along 62<sup>nd</sup> Avenue as well as various foreclosed single family homes throughout the city.

Mr. Mike Nelson, land acquisition manager for Habitat for Humanity, was recognized. He utilized a power point presentation to inform the Council of the organization's background and programs. He stated Habitat for Humanity International is an ecumenical faith-based organization founded in Americus, Georgia in 1976, with a focus on affordable homeownership. He reviewed the organization's programs including: Brush with Kindness (volunteers assist homeowners on maintenance issues), Mortgage Foreclosure Prevention (counseling and advocacy to homeowners delinquent on mortgage payments), Affordable Home Ownership (sell homes for no profit at zero-percent interest; homebuyers must give 300-500 hours of sweat equity), Transform Hearts and Minds Strategy (community outreach), and Bridge the Gap Strategy (homeownership preservation, foreclosure remediation).

Mr. Nelson stated more than 20,000 persons volunteer annually for Twin Cities Habitat.

Mr. Nelson asked for a letter of support by the city for Habitat's HOME grant application they are currently pursuing to fund foreclosure remediation efforts in suburban Hennepin County.

The Council discussed possible opportunities for the 62<sup>nd</sup> Avenue corridor in the

city. Mr. Nelson noted the financial challenges may be excessive at this time but would like to continue working with the city.

Mr. Nelson shared the high success rate of families staying in the homes and contributing to their communities. He stated there were 50 partner families who purchased Habitat homes in 2009 after successfully completing their sweat equity and homeownership education. He noted the organization received recognition for their energy efficient construction.

The Council unanimously supported their interest in partnering with Habitat for Humanity if the opportunity arises in the future. Additionally, the Council expressed its agreement to submit a letter of support for Habitat's HOME application and participation in the First Look Program for the remediation of foreclosed properties.

## **RECESS**

The Council recessed at 7:25 p.m. and reconvened at 7:30 p.m.

## **BOND REFUNDING Item 11.3**

Mayor Hemken introduced for discussion Item 11.3, discussion with Bruce Kimmel (Ehlers & Associates) and Steve McDonald (AEM) regarding bond refunding opportunities.

Mr. Kirk McDonald, city manager, introduced Bruce Kimmel of Ehlers & Associates. He stated he and Steve McDonald of AEM recently met with Mr. Kimmel and discussed possible cost savings by refunding outstanding bond issues.

Mr. Bruce Kimmel reported that he has 13 years of municipal and financial advisory experience. He reviewed bond refunding opportunities as described in his memorandum dated January 26, 2010. He stated a combined refinancing could result in a savings of \$85,000.

The Council discussed options for the callable bond issues. Mr. Kimmel explained the city's bond rating remains with the bond. He stated the city is required to go through rating again for a new issuance. The Council discussed the 2002 bonds that are not callable until 2011 and the advantages of consolidating that refunding with any new needed debt to achieve a greater cost savings (larger issuances).

Mr. Kirk McDonald also reported Ehlers' recommendation that the city pay off the \$400,000 outstanding golf course clubhouse revenue bond and fund it by another fund such as the EDA at a lower interest rate. He noted the approximate savings of \$10,000 per year by doing so.

Mr. Steve McDonald commented that Ehlers gathered the public information independently.

Discussion ensued regarding payment for services. It was noted that the company would receive a transaction fee depending on the size of the bond. Mr. Kimmel noted \$1,730,000 in issuance would cost \$26,000 (\$15,000 in Ehlers fees, \$5,000 for bond attorney, and \$5,000 for rating agency, and \$1,000 for miscellaneous costs). All costs would be funded through bond savings. He projected an average interest

rate of 1.6% and noted it could be 1% more without a bond rating.

Mr. Kirk McDonald stated the next agenda item relates to advisory services. He questioned whether the Council is comfortable working with Ehlers & Associates or if they would prefer seeking formal proposals for advisory services. The Council commended Mr. Kimmel for taking the initiative to contact the city with their findings, and expressed support for utilizing the services of Ehlers & Associates.

The Council discussed Mr. Steve McDonald's memorandum dated February 9, 2010, regarding potential debt financing. Mr. Kimmel reported the bond market favors higher bond issuances and it may be beneficial to postpone funding the debt for the Winnetka Water Main project until the fall.

Mr. Steve Sondrall, city attorney, noted historically the city has utilized Jerry Gilligan of Dorsey & Whitney for bond counsel. Mr. Kimmel stated the city can select the bond attorney. He noted Mr. Gilligan's experience.

The Council directed staff to proceed with the bond refunding and debt issuance for the 2008 street infrastructure project's watermain costs. Mr. Kimmel stated he could address the Council on March 8 to set the bond sale date and authorize moving forward with the bond package. He indicated the bond results could be presented at the April 12 Council Meeting.

Council Member Stauner expressed support of the concept. He recommended a future bond sale for the Winnetka Avenue Water Main project and the 2011 callable bond.

Staff was directed to prepare an agenda item for the February 22 Council Meeting regarding the refunding issues and new debt issuance.

Mr. Kimmel thanked the Council for the confidence in Ehlers & Associates.

**DEBT ISSUANCE  
Item 11.4**

Mayor Hemken introduced for discussion Item 11.4, Continue discussion with AEM regarding debt issuance and request for proposal for financial advisory services.

Mayor Hemken noted Item 11.4 was considered during the previous agenda item. The Council unanimously supported proceeding with Ehlers & Associates for financial advisory services.

**CONSOLIDATION  
OF FUNDS  
Item 11.5**

Mayor Hemken introduced for discussion Item 11.5, Discussion regarding consolidation of funds.

Mr. Kirk McDonald, city manager, stated during an analysis of the TIF Funds of the city, Krass Monroe found many redundant funds related to redevelopment. The recommendation is to close three EDA Sinking funds and the HRA Administration fund and consolidate into EDA funds. He stated Steve McDonald of AEM supports the action.

The Council reviewed the draft resolution and directed staff to place the resolution

on the February 22 council meeting agenda for adoption.

**CONTRACT WITH  
AEM  
Item 11.6**

Mayor Hemken introduced for discussion item 11.6, discussion regarding contract with AEM for professional financial management services.

Mr. Kirk McDonald, city manager, stated the city has utilized the financial management services of Abdo, Eick, & Meyers LLP since December of 2008 when the finance manager position was vacated. He reported on the success of the arrangement and recommended continuation. He stated AEM is requesting a term of two years but the city would have the right to cancel the agreement with 60-days written notice. He stated the monthly cost to cover the two current vacant positions (finance manager and payroll technician) is \$9,125 per month or \$109,500 per year, which is substantially less than filling the two full-time positions. He stated AEM handles the financial details as well as the big picture prospective. Also, AEM is able to staff for peak times such as the annual audit period.

The city attorney was asked to comment regarding the contract. Mr. Steve Sondrall, city attorney, commented regarding language in paragraph two of the engagement letter regarding AEM's acceptance of responsibility.

Council supported continuation of utilizing the services of AEM and directed the city attorney to discuss language changes of the engagement letter with Mr. Steve McDonald. Further, staff was directed to place the item on the February 22 council meeting agenda for formal approval.

**2010 BUDGET  
REDUCTION  
Item 11.7**

Mayor Hemken introduced for discussion Item 11.7, Discussion regarding 2010 budget reduction contingency plan.

Mr. Kirk McDonald, city manager, distributed the governor's proposed state aid reductions to cities. He stated the action was anticipated and staff has started preparing a budget reduction plan to address the city's loss of approximately \$400,000. He suggested using a combination of reserves and expenditure reductions.

Council Member Lammle asked for expansion of the list for possible reductions. He commented although it would be nice to keep the reductions from having a noticeable impact to residents, there may be some reductions that greatly impact residents such as snowplowing services. He also questioned whether the city's bond rating would be affected if city reserve funds were reduced. Mr. Steve McDonald, AEM, noted the bond rating would depend on the city's long-term and tax levy.

Mayor Hemken cautioned on taking a fair approach if furloughs for non-union staff are considered.

Council Member Elder suggested reducing public works personnel overtime by utilizing animal control or police personnel to monitor lift stations. He also spoke of the need to be more resourceful such as sifting the sand from the New Hope Bowl volley ball courts to use on the streets. He commented that the city of Crystal accepted the free sand since New Hope declined it. He recommended an analysis

of every department and structure to determine if every employee is being utilized to the fullest. He stated if buy-outs and early retirements are being considered it is necessary to review the bigger picture of all positions all the way to the city council level.

Council Member Stauner noted the revenue projections may be difficult to achieve with the economic climate. He spoke of the city's reserves and the need to maintain an adequate amount to cover cash flow between the property tax revenue payments. He concurred with Council Member Elder's comments on review of programs and noted it is part of the city manager's 2010 goals.

Mayor Hemken recommended determining if the programs are self-funding and their value to the community.

Council Member Hoffe spoke of the city's current ability to levy back unallotments and the likelihood of levy limits in the future.

Steve McDonald agreed to prepare a scenario to levy back the potential loss of aid. Council Member Stauner noted the governor's proposal has not been approved.

Mayor Hemken thanked the city manager for the ideas presented so far in the budget contingency plan. Mr. Kirk McDonald noted it is a work in progress.

**2010 CITY  
MANAGER GOALS  
Item 11.8**

Mayor Hemken introduced for discussion Item 11.8, Discussion/Approval of 2010 goals for city manager.

It was noted that all of Council's suggestions were incorporated. The Council unanimously approved the city manager's 2010 goals as presented.

**CITY PLAN  
Item 11.9**

Mayor Hemken introduced for discussion item 11.9, brief discussion regarding "city plan".

Mr. Kirk McDonald, city manager, asked whether the Council desired to make any changes to the "city plan" or to reaffirm the existing plan.

It was the consensus of the Council to reaffirm the plan subject to changing the title to "New Hope Values and Vision" to more closely reflect the actual document content.

**OTHER BUSINESS**

Mayor Hemken reported the next strategic planning meetings are Saturday, February 20, at 8:30 a.m. and Saturday, April 3, at 9:00 a.m. She also reported the on the campaign "new hope for Haiti" meal preparation which begins on February 27 through March 7.

**ADJOURNMENT**

The meeting was adjourned at 8:46 p.m. as there was no further business to come before the Council at its work session.

Respectfully submitted,



Valerie Leone, City Clerk

