

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

City Council Minutes
Work Session Meeting

October 3, 2011
Parks and Recreation 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 6:30 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
Tim Fournier, Director of Police
Guy Johnson, Director of Public Works
Rich Johnson, Human Resources Manager
Valerie Leone, City Clerk
Susan Rader, Director of Parks & Recreation

HRG PROGRAMS
Item 11.1

Mayor Hemken introduced for discussion item 11.1, Discussion regarding HRG programs and 2012 rates.

Mr. Kirk McDonald, city manager, introduced Dan Ruiz, Hennepin Recycling Group Coordinator. He stated the HRG Board is recommending no rate increase for 2012.

Mr. Ruiz reviewed the program components: curbside recycling, recycling guide, yard waste site, special material drop-off, bulky waste curbside collection, Hennepin County recycling center, and city facility trash and recycling.

Mr. Ruiz reported a 94% participation rate in New Hope for the recycling program. He stated the recycling quantity per household is 526 lbs which is less than previous years (partly due to newspaper reduction). He noted the special material drop-off date is October 8 and new this year is a shredding truck on site. Mr. Ruiz explained changes at the Transfer Station (no longer accepting loads of household trash, bulky items like furniture and remodeling debris). He stated any plastics with resin numbers 1-7 are now accepted in the recycling program. He stated the HRG currently receives a \$0.69/household/month grant from the county which equates to \$170,000. He noted the county has drafted a recycling funding policy that may have to be achieved to continue receiving the grant funding.

Mr. Ruiz reported on recent legislative action which changed the rules

distinguishing organic food materials from solid waste. He stated the HRG could go out for bids on organic food collection. He noted other cities where pilot projects were conducted showed a low usage level. He noted a drawback is the need for another collection cart and more trucks on the streets. He noted the private industry does not have the capacity to collect organic materials yet.

Mr. Ruiz commented on the internal recycling grant of \$5,000 per city. He stated New Hope historically fully uses the grant money. Ms. Susan Rader, director of parks and recreation, mentioned the new sign for Civic Center Park was paid by the grant funds.

Mr. Ruiz stated the recycling contract was re-negotiated and a revenue/cost sharing component was added. He reported the HRG received over \$80,000 in revenue sharing credit for the past two months in 2011.

Mr. Kirk McDonald asked Mr. Ruiz to address the Maple Grove Yard Waste facility and whether it will close upon completion of future road improvements. Mr. Ruiz stated the facility plans to continue its operations and may consider an alternate site in Maple Grove.

Mr. McDonald questioned whether the Council supported the HRG Board's recommendation of no rate increase for 2012. Council Member Stauner inquired whether the program has adequate reserves. Mr. Ruiz responded affirmatively. The consensus of the Council was to proceed with no rate increase for 2012.

Council thanked Mr. Ruiz for his update. Mr. Kirk McDonald, city manager, encouraged Mr. Ruiz to participate in the next agenda item.

**ORGANIZED WASTE
HAULING
Item 11.2**

Mayor Hemken introduced for discussion item 11.2, Discuss motions made by the Citizens Advisory Commission (CAC) regarding organized waste hauling.

Ms. Susan Rader, director of parks and recreation, stated the Citizens Advisory Commission has discussed organized waste hauling since last October. She stated the commission recently passed two motions: the first motion recommended the establishment of a pilot project using a neighborhood association of individual homes, such as Meadow Lake Association, to determine the feasibility of contracting for waste related services. She stated it was further recommended the pilot project be for a set period of time, such as by the end of 2012. Ms. Rader indicated the second motion recommended that the number of licensed waste haulers for residential accounts be reduced based on criteria yet to be determined.

She stated CAC members were invited to attend the work session to speak on behalf of the motions. She introduced Dick Sievert, CAC member.

Mr. Sievert commented that Maplewood is researching the benefits of organized collection such as reduced street usage by trucks and lower costs

for consumers.

Ms. Rader reported that the city of Brooklyn Park recently reviewed the subject and decided not to pursue after seeking much community input.

Mr. Ruiz commented that New Hope has a community survey conducted by Decision Resources in 2002 and residents were polled on switching to a designated hauler. He noted 64% opposed but some would consider a change if the savings was at least \$5.00 per month. He noted 39% indicated they would never favor the organized hauler concept.

Mr. Ruiz reported in Brooklyn Park 420 people participated in the community cafes and of the attendees 85% opposed and 10% supported organized garbage collection. Results of a telephone survey showed 62% opposed and 25% in support.

Mayor Hemken commented regarding the CAC's recommendation to reduce the number of haulers and noted it would be difficult to impose such restrictions.

Council Member Lammle stated the Winnetka Green Homeowners Association contracts with one hauler and could be considered a pilot project. He stated if the Council is interested in organized collection, he would recommend a pilot project rather than a city-wide ordinance change.

Council Member Stauner noted the Meadow Lake neighborhood considered the concept at one time but did not pursue due to the time commitment that would be required to organize and educate the neighborhood.

Commissioner Sievert stated the city could consider a zoned approach similar to Minneapolis and Champlin (specific hauler for designated areas of the city).

Council Member Elder pointed out the 2002 survey clearly reveals the community would not support organized collection. Council Member Hoffe stated he has not spoken with anyone who supports the concept.

It was noted to be a labor intensive process.

Mayor Hemken directed Ms. Rader to relay to the CAC the Council's appreciation for their research and the decision to not pursue the matter further. Mayor Hemken commented if a neighborhood voluntarily desires to undertake organized collection within a certain neighborhood the city would not prohibit it.

Mr. Ruiz commented that MnDOT is undertaking a study to determine the actual amount of street deterioration caused by garbage trucks. He noted the likelihood that garbage trucks will be reconfigured in the future to reduce their weight. Upon receipt of the survey results, Mr. Ruiz agreed to share the survey results with the Council.

Council Member Elder emphasized the police department ensures that unlicensed trucks are not operating in New Hope.

Discussion ensued regarding license fees for garbage haulers. Council directed staff to conduct a fee survey for comparison purposes.

Mr. McDonald asked Mr. Ruiz to share Brooklyn Park's community engagement plan as it could be re-purposed for New Hope's redevelopment study.

**2012 ENTERPRISE AND
UTILITY FUND
Item 11.3**

Mayor Hemken introduced for discussion item 11.3, Discussion regarding 2012 enterprise and utility fund budgets.

Mr. Kirk McDonald, city manager, stated Steve McDonald and Kristi Brutlag of Abdo, Eick & Meyers are present to assist with discussions regarding the city's finances and continued discussion of the proposed 2012 budget.

Mr. Steve McDonald reported the golf course fund began 2011 with a cash balance of \$50,375. He stated no increase in green fees is recommended for 2012. He stated the golf course has an inter-fund loan that will have a balance of \$345,000 at the end of 2011.

Mr. Jim Corbett, recreation facilities manager, noted the number of golf rounds played in 2011 is down due to weather. He commended the golf course staff for being cognizant of expenses and continuing to cut costs. He commented on the revenue generated from room rentals at both the club house and the community room at the ice arena.

Council Member Stauner suggested exploring cross-country skiing at the golf course (trail usage fees, concessions operations).

Ms. Rader reported that funds are earmarked in the 2012 budget (park infrastructure fund) for a new fairway unit and new golf carts.

Mr. Steve McDonald stated the ice arena fund began 2011 with a cash balance of \$417,649. He stated revenue is expected to decrease in 2012 due to partial closing of the ice arena while it is undergoing improvements.

Mr. Corbett concurred that the revenue for next year will decrease, but he pointed out savings in other areas such as utility costs, decreased seasonal staffing, and reduced repair costs. He commented that the infrared heaters above the player boxes were scheduled for replacement but will no longer be needed due to the energy improvements (waste heat will provide 50 degree temperature). He also noted installation of the dehumidification system will provide up to 75% of makeup air and reduce the need for fans.

Ms. Rader noted the capital improvement program contains funds for remodeling the kitchen in the community room. Mayor Hemken suggested a community sponsor such as A.C. Carlson may be interested in partnering

with the city on appliances.

Discussion ensued regarding ice rental rates. Mr. Corbett stated he is not recommending an increase. He noted the prime rate this winter is \$197 per hour and is higher than other rinks (Plymouth charges \$180 and they are considering a \$10 increase). He stated arenas undergoing improvements typically range from \$200 to \$205 per hour.

Council Member Elder noted the Armstrong High School in Plymouth has lobbied for the New Hope Ice Arena. He pointed out this speaks highly of the facility and staff.

The Council was in general agreement to maintain the current rates at the golf course and ice arena for 2012.

Next, Mr. Steve McDonald reported on sewer, water, storm water, and street lighting funds. He stated in 2010 the water and sewer funds were split to increase the ability to track the activity in the funds. He stated the sewer fund began 2011 with a cash balance of \$199,922 and has continued to maintain a positive cash balance in 2011. He stated the main increase in expenses for 2012 is due to an increase in MCES charges.

Mr. Steve McDonald stated the water fund began 2011 with a cash deficit of \$501,341 and the deficit has increased due to 2011 capital projects. He reported that staff does not recommend any rate increase to the sewer fund but does recommend a 7% rate increase for water charges.

Mr. Steve McDonald stated the storm water fund began 2011 with a cash balance of \$1.5 million which includes an interfund loan of \$501,000.

Mr. Guy Johnson, director of public works, discussed future projects that could impact storm water funds. He stated the estimated cost for Bass Creek stabilization is \$70,000. He commented that he has recently been in discussions with Golden Valley regarding a potential project to alleviate flooding in the southern part of the city. He commented on the need to install grit chambers upstream from Northwood Lake inlets by year 2016. He also noted the city plans to continue its inflow and infiltration (I/I) abatement.

Mr. Steve McDonald stated the street lighting fund is expected to continue to break even in 2012 and staff is not recommending any rate increase.

City Manager McDonald polled the Council regarding the recommendations on rates. Council agreed with the 7% water rate increase. It was noted the water fund may not be able to support ongoing costs for infrastructure improvements. It was agreed that sewer, storm water and street lighting rates for 2012 would be kept at the current level.

**2012 GENERAL FUND
Item 11.4**

Mayor Hemken introduced for discussion item 11.4, Continue discussion regarding 2012 general fund budget.

Mr. Kirk McDonald, city manager, asked department heads from parks and recreation, public works, and police to highlight budget expenditures for 2012 and encouraged dialogue between the Council and department heads.

Ms. Susan Rader, director of parks and recreation, reported it is recommended that the pool be extended from a 9-week to a 10-week season for 2012 similar to what is being proposed by the city of Crystal. She stated the longer season will result in higher costs (personnel, chemicals, utilities), and a slight pool pass increase is proposed. Council Member Elder asked whether the pool could remain open until Labor Day. Ms. Rader explained the challenges caused by the departure of many staff who are college students before Labor Day. Council Member Elder mentioned a proposal to lengthen the pool season. It was agreed that costs to extend the season until Labor Day would be further reviewed and discussed with the Council.

Ms. Rader reported on 2012 capital improvement projects such as replacement of water heaters and the pool decking. She noted the arrangement of pool co-managers that was initiated in 2011 and will continue in 2012.

Next Ms. Rader reported on the Recreation budget. She stated the safety camp fund will be consolidated to the recreation budget; there is an increase in supply expenses due to gymnastics and dance costume apparel but it is offset by revenues collected; instructor expenses are increased due to contracting services; \$2,300 increase in programming due to charges by American Red Cross and the cost will be recouped in swimming lesson costs. She stated there is a reduction in personnel expenses due to replacement of a full-time position with a part-time position working lesser hours at lower pay. Ms. Rader stated the capital improvement program for Recreation includes landscaping improvements at Fred Sims Park and new playground equipment for Civic Center Park.

Council Member Hoffe inquired of the status of location for the gymnastics program. Ms. Rader explained that the lease at Sandburg School expires in a year and staff is exploring options for a permanent location.

Council Member Elder commented on discounts offered by playground equipment manufacturers if a purchase is made prior to year-end. Ms. Rader spoke of the value of neighborhood input. Council Member Elder offered to provide more information regarding proposed savings on equipment costs.

Council Member Lammle initiated discussion regarding the budgetary needs for Off Broadway Musical Theatre.

Ms. Rader reviewed the history of the city's funding to OBMT:

1990–1995: \$5,400
1996–2000: \$5,700
2001-2002: \$6,000
2003-2004: \$2,000

2005 forward: \$4,000

Ms. Rader commented that the organization's expenses in 2011 were \$18,500. She noted they no longer receive grant funding. Ms. Rader shared the theatre's intention of advertising a suggested donation to attend performances. Council expressed support for considering an increased contribution. Council Member Stauner suggested a \$1,000 increase. Council discussed the importance of the musical and suggested the group pursue marketing measures such as approaching the Business Network Group and planning a fundraiser through a local restaurant.

Ms. Rader commented that OBMT now offers a family night (Thursday night with an earlier start time), and noted a contribution increase may help with the city's plea for a matinee performance. The Council unanimously agreed to contribute \$5,000 (\$1,000 increase over last year) to the OBMT and directed Director Rader to advise OBMT officials.

Next, Ms. Rader reported on the parks budget. She stated there is a slight decrease in operating supplies, landscape maintenance, and electric utilities. She stated an increase of \$1,300 is proposed in training for the Safe Assure program formerly funded by the labor pool.

Mayor Hemken inquired regarding the group advocating for no smoking in parks. Ms. Rader indicated the group has been invited to attend the Citizens Advisory Commission meeting in November.

Mr. Rader stated the park infrastructure fund contains funding for buckthorn removal, pathway maintenance items, bridge inspections, and arena improvement project.

Mayor Hemken inquired regarding plans for Fred Sims Park. Ms. Rader indicated \$25,000 is budgeted for landscape improvements. Council Member Stauner suggested inviting Hennepin Technical College to assist with the city (similar to the city hall landscape project).

Mr. Guy Johnson, director of public works, reported the street budget increased 6.5% due to salt and asphalt costs.

He stated funds are budgeted to update the street management plan prepared by Good Pointe Technology. He suggested the firm be invited to a work session to discuss pavement condition index (PCI) and funding levels. He noted the city has not increased the street infrastructure levy over the past three years.

Mr. Johnson reported the only capital improvement project proposed for 2012 is the seal coat project (in the southwest corner of city) He noted the 2011 projects that will be finalized during 2012 include Boone Avenue, Bass Lake Road, Winnetka Avenue, and the 2011 street project.

Mr. Johnson stated the operating budget for Central Garage is up 3.5% due

to fuel costs, parts for equipment, and contractual repairs. He stated the 2012 CIP contains funds to purchase several pieces of equipment including an aerial truck for street lights/ballfields and a tandem dump truck/snowplow.

He stated the fund balance for Central Garage fund was \$6.2 million as of June 30, 2011. He noted three pieces of equipment remain to be purchased for 2011 including an ice resurfacer for the arena.

Mr. Steve McDonald commented regarding the Central Garage fund balance and noted the city will have to budget for replacement costs again in the future to recover costs.

Mr. Guy Johnson advised the Council of the need to eventually replace the public works facility roof. He stated the funding source is central garage.

Mr. Tim Fournier, director of police, reported that the overall 2012 budget for the police department came in less than 2011 mainly due to personnel costs. He stated a major item in the capital improvement program is replacement of 22 mobile radios at a cost of \$62,000. He stated other CIP include replacement items such as radar units and printers.

Mr. Fournier also reported on the need to replace digital recorders that cost approximately \$400 each. He stated he is exploring replacement options such as Ipod touch units that are less expensive and provide more capabilities (digital camera).

Director Fournier stated another budgetary item is soundproofing the booking room for interviewing suspects at a cost of approximately \$5,000.

Council Member Elder expressed support for the booking room improvements.

Mr. Fournier recommended increasing the fleet by one additional squad car which would cost \$35,000 to \$40,000 fully equipped. Mr. Guy Johnson stated the city is waiting for state contract pricing.

Council Member Elder inquired of the squad car rotation. Mr. Johnson stated squads are replaced on a five-year rotation but the city is trying to reduce it to a four-year rotation. It was noted that a few vehicles are shared by three officers and are operated 24/7 resulting in higher mileage and reduced equipment life.

Council Member Lammle commented that Richfield changed from a 2-year rotation to 3-year vehicle rotation. He stated Richfield's mechanic does not recommend retaining the vehicles more than three years due to higher maintenance costs.

Mr. Fournier next discussed District 287's North Education Center which will be complete for 2012-13 school year. He stated it may be necessary to hire another officer if the school and city agrees upon the need to staff a

School Resource Officer at the school.

Mr. Fournier stated one of his goals for 2012 is a designated traffic car pilot project in the summer to educate the public regarding traffic safety.

Council Member Stauner questioned whether Director Fournier is aware of any future technology issues that would cause long term costs.

Mr. Fournier reported the county is starting some pilot projects such as electronic citations (e-citations), electronic DWI, and electronic charging. He stated there will be computer cabling costs and technology costs. He stated the city could explore utilizing another agency to avoid the constant need to upgrade technology when it's cost-effective.

City Manager McDonald reported other major changes between the 2011 and 2012 budget for budgets within the city manager's department include expenses for elections and replacement of the telephone system.

Council thanked the department heads for their informative presentations.

Mr. McDonald inquired if the Council was satisfied with the budget explanations and supportive of the current proposed 0% tax levy increase. Council responded affirmatively. He indicated the public budget hearing is scheduled for December 5 and advised the Council that revised budget workbook pages would be distributed at a later date.

**HENNEPIN YOUTH
SPORTS GRANT
Item 11.5**

Mayor Hemken introduced for discussion item 11.5, Discuss 2011 Hennepin Youth Sports Grant application for the New Hope Ice Arena Energy Improvements.

Ms. Susan Rader, director of parks and recreation, asked the Council to review the draft grant application for \$325,000 which must be submitted by the October 14 deadline.

She noted staff has strived to separate the deferred maintenance costs from the energy efficiency improvements. She noted one of the grant program directors has reviewed the project and suggested a few minor changes. She stated many letters of support are being obtained for submission with the grant.

Ms. Rader indicated the grant application will be placed on the October 10 agenda asking Council to adopt a resolution of support for the grant application.

Council discussed public acknowledgement ideas if the grant is successful (such as on a lighted sign on west wall, on the ice resurfacers machines, or the inflatable sock on dehumidification system).

Council thanked Ms. Rader and Jim Corbett for their efforts on the application process.

**GASB 54 FUND BALANCE
POLICY
Item 11.6**

Mayor Hemken introduced for discussion item 11.6, Discussion with AEM regarding implementation of GASB 54 fund balance policy and special revenue funds.

Mr. Steve McDonald, Abdo, Eick & Meyers, LLC, was recognized. He explained the change in accounting standards and the need to adopt a GASB 54 fund balance policy per the recommendation of the 2010 audit. He stated the city currently has several special revenue funds that should be closed or merged with other existing funds prior to the end of the year.

Council reviewed the draft resolutions:

- Closing the Safety Camp Fund and transferring the balance of \$7,543 to the General Fund
- Closing the CDBG Fund and transferring the \$228,454 balance to the Economic Development Fund
- Closing the Liquor Reserve Fund and transferring the \$657,795 balance to the Park Infrastructure Fund
- Closing the Lions Club/Donation Fund by transferring \$63,348 to General Fund (for fire and police equipment), transferring \$24,972 to the Park Infrastructure Fund (for park equipment and scholarships), and establishing a fund titled Police Forfeiture Fund for the balance of \$74,662
- Committing specific revenue sources and confirming restrictions for specified purposes in Special Revenue Fund

Council Member Stauner questioned the proposed policy and Council's involvement.

Mr. Steve McDonald explained that finance staff would have discretionary authority to assign funds (amounts intended for specific purposes) and committed funds cannot be used for any other purpose without approval by the Council (adoption of a resolution). Mr. Steve McDonald assured the Council that the status of fund balances would be monitored and reported to the Council.

Council Member Stauner requested an opportunity for additional discussion of the Liquor Reserve Fund. Council agreed to discuss at the November work session. Staff was directed to place the remaining proposed resolutions on the October 10 council meeting agenda.

**WATER
INFRASTRUCTURE
IMPROVEMENTS
item 11.7**

Mayor Hemken introduced for discussion item 11.7, Discussion regarding resolution to transfer funds for 2011 water infrastructure and Boone Avenue water infrastructure improvements.

Mr. Kirk McDonald, city manager, reported that in the spring the City Council reviewed with AEM options to fund both the 2011 water infrastructure improvements and the Boone avenue water improvements. He stated the total cost of both projects is approximately \$1.5 million.

Mr. Kirk McDonald reported the water utility fund at the beginning of 2011 had a cash deficit balance of \$501,341.

He stated the last bond payment for \$775,000 of redemption fund #9143 has been paid and it is recommended that \$2 million of the \$3 million fund balance be into the water utility fund to pay for the 2011 water improvements and address the beginning cash deficit in the water fund.

Mr. Steve McDonald, AEM, recommended placing the remaining \$1 million in the temporary financing fund to provide flexibility for future needs.

Mr. Guy Johnson, director of public works, pointed out that it has been less than a year since the separation of funds (water and sewer) which makes it difficult to project costs and revenues.

Council expressed support for the transfer of funds and directed staff to place the resolution on the October 10 agenda.

PRIORITIES MATRIX
Item 11.8

Mayor Hemken introduced for discussion item 11.8, Priorities Matrix – Public Works Department.

Mr. Kirk McDonald, city manager, asked the Council to review the city services/programs priorities matrix for the public department functions.

Council Lammle inquired whether the city should consider budgeting major fire purchases similar to funding central garage for equipment replacement instead of issuing debt. It was noted that the major fire apparatus fund was recently discussed by the West Metro Fire-Rescue District's Budget Conference Committee. Council was receptive to discussing the concept in the future.

OTHER BUSINESS

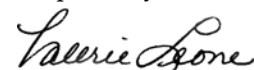
Mayor Hemken reported that Fire Board President Brian Hubbard who also serves as New Hope's citizen representative will not be seeking re-appointment at the end of the year. She queried the Council on whether to replace the position with a citizen or appoint a council member to the position.

Council expressed its preference for a citizen appointment and directed staff to advertise for the position. Council further agreed that if an acceptable citizen representative is not found for the position that Council Member Elder would be appointed to the position.

ADJOURNMENT

The meeting was adjourned at 9:50 p.m. as there was no further business to come before the Council at its work session.

Respectfully submitted,



Valerie Leone
City Clerk

