

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

City Council Minutes  
Work Session Meeting

October 18, 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 6:30 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  
Curtis Jacobsen, Director of Community Development  
Shari French, Director of Parks and Recreation  
Guy Johnson, Director of Public Works  
Rich Johnson, Human Resources Manager  
Valerie Leone, City Clerk  
Gary Link, Director of Police  
Eve Lomaistro, Human Resources Coordinator  
Jason Quisberg, City Engineer  
Steve Sondrall, City Attorney

**2011 HRG PROGRAM  
Item 11.1** Mayor Hemken introduced for discussion item 11.1, Discussion regarding HRG programs and 2011 rates.

Mr. Kirk McDonald, city manager, introduced Dan Ruiz, Hennepin Recycling Group Coordinator.

Mr. Ruiz reported that New Hope is one of the top recycling cities in the country with the average collection of 584 pounds per household per year. He stated the recycling program components include curbside recycling, recycling and waste disposal education, yard waste site, special material drop-off, bulky waste curbside collection, Hennepin County recycling center, and city facility trash and recycling yard waste.

He explained bids were recently solicited for city facility trash collection and a new contract with LePage & Sons will result in an annual savings of \$3,000 for New Hope.

Mr. Ruiz spoke of organic waste collection which is approximately 25% of the waste stream. He indicated the Citizen Advisory Commission is interested in promoting the concept. He noted a drawback is the need for another collection cart and more trucks on the streets. Regarding the 2011 budget, Mr. Ruiz

recommended increases as follows: 1) \$0.05/hh/month for curbside recycling (generates \$13,000); and 2) \$0.05/hh/month for curbside clean up (generates \$7,000).

Council Member Stauner recommended increased community education regarding yard waste such as emphasizing the benefits of mulching leaves. Discussion also ensued regarding the value of rain gardens.

Council inquired regarding recycling services at senior facilities. Mr. Ruiz explained that the HRG program serves single family and up to 8-plex multi-family units. He stated the larger complexes are supposed to provide trash and recycling collection in accordance with city code.

Mr. McDonald informed the Council that the HRG Board's recommended rate increase of \$.10 per household per month would be presented to the Council in December along with other utility rate changes. The consensus of the Council was to proceed with the rate increase.

Council thanked Mr. Ruiz for his update.

**2010 COMPENSATION  
STUDY  
Item 11.2**

Mayor Hemken introduced for discussion item 11.2, Discussion regarding 2010 compensation study.

Mr. Rich Johnson, human resources manager, stated bids were solicited for a compensation study to ensure the city's compensation system is competitive and to ensure it meets the state's pay equity standards. He reported that three firms submitted proposals which were evaluated by the Personnel Board. He reported the Personnel Board Chair person, Jim Hill, is in attendance and available for questions. Mr. Johnson stated the board unanimously recommends approval of Springsted's proposal at a cost of \$15,975.

Ms. Ann Antonsen, vice president of Springsted, was recognized. She noted the company has been in business for over 50 years and has provided management consulting services during the last 25 years. She reported Springsted has conducted 190 studies throughout the country in the past two years.

Ms. Antonsen emphasized employees are an organization's most valuable resource, and it is important to treat employees fairly and equitably. She stated compensation will be viewed equitably both internally and externally. She noted benefits comprise a major component of a community's compensation package. Ms. Antonsen described the compensation study process including project initiation, data collection, classification system analysis, review of preliminary classifications and class/position descriptions, job evaluation, development of city's pay philosophy, market survey (wages, wage equivalents and benefits), recommendations on organizational structure, development of compensation plan, development of implementation strategies, compliance testing, present final classification and compensation report, and staff training for rating new positions.

Ms. Antonsen described the Systematic Analysis and Factor Evaluation (SAFE) job evaluation system that was developed specifically for use in the public sector.

Mayor Hemken questioned how the employees can be assured the assessment is fair. Ms. Antonsen explained that the questionnaires are completed by the employees and supervisors are given an opportunity to review and provide input as well.

Council Member Stauner asked whether comparisons will include the private sector as well as the public sector. Ms. Antonsen stated it can be done but noted the private sector is not obligated to share compensation information. She stated the market survey group could be a blend of both private and public sectors. She also stated the survey will include whether cities are considering any major changes (in organization and compensation).

Mr. Jim Hill, chair of the Personnel Board, commented that staff has done a good job in terms of soliciting RFPs and using the Personnel Board's expertise to review proposals. He noted the proposal from Springsted offers the most comprehensive information and is the best value for the city.

Staff was directed to place the item on the October 25 Council Meeting agenda for formal approval. Council thanked the Personnel Board for their efforts.

**HOSTERMAN  
SCHOOL  
Item 11.3**

Mayor Hemken introduced for discussion item 11.3, Update on demolition of the Hosterman School building by Intermediate School District 287 and Doboszenski and Sons, the demolition contractor.

Mr. Curtis Jacobsen, director of community development, informed Council that representatives of Doboszenski and Sons (demolition contractor) and District 287 personnel have been invited to the meeting to update the Council regarding the Hosterman facility demolition project.

Mr. Beau Doboszenski, Doboszenski & Sons, shared the project timeline, hauling routes (56<sup>th</sup> and Zealand) to minimize traffic issues, the hydrant at 54<sup>th</sup> will be used, direct structural demolition will begin in the interior, ground breaking ceremony location, and processing operations by Zealand and 56<sup>th</sup> (near the boiler). Noise levels resulting from crushing on site was discussed. It was noted the distance from the residential properties is 150 to 200 feet and decibel readings will vary depending on the work site and weather conditions. He also explained the type of equipment that will be used (front end loader, excavator, and skid steer loader).

Mr. Doboszenski responded to questions from Council and indicated barriers would be placed for erosion control; the recycled materials would be piled on site and hauled off site during the winter months; the crushing period will take several weeks; the crushing equipment is rented per month and to change course and haul off site there would be cost consequences.

Council Member Elder reported that he canvassed the neighborhood and the largest concern appeared to be dust control. He stated he advised the residents of the water usage measures.

Mr. Kirk McDonald, city manager, asked the city attorney to advise whether a variance from the noise ordinance is needed for the construction activity. Mr. Steve Sondrall, city attorney, stated the Council could choose either option. He stated construction activities temporary in nature could be exempt from the noise ordinance. He also opined that a variance to temporarily suspend the noise decibel limit to allow the demolition activity could be granted. He stated the variance could specify hours of operation, number of days, and maximum allowed decibel level.

Council Member Stauner noted road construction activity is loud and yet no variance is sought. He also noted the city generally enforces the noise ordinance on a complaint basis.

Mr. Curtis Jacobsen, director of community development, indicated the city code could be amended to exempt certain activities such as demolition activity during legitimate construction projects.

Council Member Lammle recommended proceeding in the most efficient manner. Council Members Lammle and Elder pointed out the need to make it easier to develop in New Hope.

Council Member Hoffe stated his opposition to on-site crushing due to the noise.

Discussion ensued regarding on-site crushing and whether a variance should be required. Mayor Hemken noted the majority of the Council favors on-site crushing. It was agreed that a variance is unnecessary.

Mr. Jacobsen recommended drafting talking points so that Council and staff can uniformly respond to questions regarding the project.

Mayor Hemken conveyed the Council's enthusiasm regarding the project and wished District 287 great success. She also asked that the overgrown weeds in the boulevard be trimmed.

**STREET BANNERS**  
**Item 11.4**

Mayor Hemken introduced for discussion item 11.4, Discuss the purchase and design of street banners along 42<sup>nd</sup> Avenue from Northern Lights Display.

Mr. Curtis Jacobsen, director of community development, recommended installing non-seasonal street banners so they can be displayed year-round which would eliminate the manpower to change out the banners every six months.

Council Member Hoffe inquired of the banner durability.

Mr. Jacobsen indicated the vinyl material has a three-year life expectancy.

Mayor Hemken commented regarding the interest shown by local businesses for business sponsorship on the bottom of the banners.

Mayor Hemken recommended city staff make the final design selection. Council directed staff to place the bid from Northern Lights Display on the consent agenda

of the October 25 Council Meeting.

**HABITAT FOR  
HUMANITY  
Item 11.10**

Mr. Curtis Jacobsen, director of community development, thanked the Council for permitting staff to add Item 11.10 to the work session agenda.

He explained that Habitat for Humanity is interested in obtaining 5428 Sumter Avenue North through the First Look Program. He stated the First Look program gives cities and non-profits the opportunity to review foreclosed properties for possible acquisition prior to the property being listed with a real estate agent.

Mr. Jacobsen reported that Habitat has been searching for a home in the city's target area for months and the 5428 Sumter property would require approximately \$40,000 to rehab. Mr. Jacobsen indicated the city is not being asked to contribute any funds but that it act as a pass through agency for the NSP funds.

Mr. Jacobsen requested a motion from the Council and indicated such action could be ratified at the next regular council meeting.

**MOTION  
Item 11.10**

Motion was made by Council Member Elder, seconded by Council Member Stauner, **authorizing Habitat for Humanity to proceed with the possible acquisition of 5428 Sumter Avenue North.** All present voted in favor. Motion carried.

**RECESS**

A recess was held at 8:25 p.m., and the meeting resumed at 8:30 p.m.

**IMP. PROJECT 871  
Item 11.5**

Mayor Hemken introduced for discussion item 11.5, Discuss 2010 Hennepin County Youth Sports Grant application for a renovation project for Lions Park (improvement project no. 871).

Mr. Kirk McDonald, city manager, reported the city was unsuccessful in a similar grant request last year. He stated it is staff's intention to revise and resubmit an application by the November 1 deadline. He stated resolutions of support will be placed on the October 25 Council Meeting agenda. Mr. McDonald explained the total cost of the proposed Lions Park project is estimated at \$510,000, and the grant request is 57% or \$290,000.

Ms. Shari French, director of parks and recreation stated the current playground equipment is over 20 years old and in need of replacement. She recommended specifying a set dollar amount and asking vendors to present their best proposal. She noted a discount from the vendor would result in additional playground equipment.

Council Member Hoffe spoke of safety issues with the existing retaining wall.

Council Member Stauner recommended a project be undertaken regardless of the grant outcome. It was noted the 2010 CIP contains \$220,000. Mr. McDonald stated in addition to playground equipment, the project could include trails, picnic area, sealcoating of the parking lot, parking lot lighting, and tennis courts resurfacing. He stated a plan will be developed with various options.

Council Member Elder commented that the existing playground equipment no longer meets code and should be removed if it is not replaced. The consensus of the Council was to proceed with improvements to Lions Park in 2011.

Mr. McDonald stated two items will be placed on the October 25 Council Meeting consent agenda: 1) approval of the grant application; and 2) authorization to solicit plans for Lions Park play equipment.

**BOONE AVENUE  
INFRASTRUCTURE  
Item 11.6**

Mayor Hemken introduced for discussion item 11.6, Discussion regarding a possible Boone Avenue infrastructure project and the city's street aid funds.

Mr. Guy Johnson, director of public works, advised the Council of the city's state aid construction fund balance of \$1.1 million which must be drawn down. He recommended undertaking street improvements on Boone Avenue 42<sup>nd</sup> and the 5100 block (railroad tracks). He noted the section of roadway was designated for reconstruction in 2013. He recommended proceeding with preparation of plans and specifications while monitoring the fund balance. He stated 12.7 miles of the city's 63 miles of streets are designated as state aid roads where state aid funds can be expended.

Mr. Jason Quisberg, city engineer, stated the cost of a feasibility report is approximately \$10,000. He noted there would be a few tax exempt properties within the proposed project area that would require public hearing notices.

Staff was directed to place the item on a future council meeting agenda for approval.

**2011 ENTERPRISE  
AND UTILITY FUNDS  
Item 11.7**

Mayor Hemken introduced for discussion item 11.7, Discussion regarding 2011 enterprise and utility fund budgets.

Mr. Kirk McDonald, city manager, introduced Steve McDonald of AEM and asked him to review the proposed 2011 enterprise and utility fund budgets.

Mr. Steve McDonald stated no rate increases are proposed for the storm water or street lighting funds. He reported the water and sewer fund was split in 2010 to enable the ability to better track the funds. He stated the 2011 budget plans for a positive cash flow of \$300,000 in the water fund and \$135,000 in the sewer fund based on a 4% rate increase.

The Council was generally agreeable to the recommended water/sewer increases which will be formally approved in December.

Next, Mr. Steve McDonald reported at the beginning of 2010 the golf course had a cash balance of \$57,799 and the ice arena had \$276,341. He reported that both funds call for a positive cash flow for 2011 as well.

Mr. Jim Corbett, recreation facilities manager, reviewed the proposed fee increases for ice time:

- \$165 will increase to \$170 for Ice Rate Per Hour Off Season- All hours (sales tax

- is additional); new rate to begin March 14, 2011
- \$191 will increase to \$197 for Ice Rate Per Hour Prime Season- Prime Hours (sales tax is additional); new 2010 rate to begin September 1, 2011
- \$165 will increase to \$170 for Ice Rate Per Hour Prime Season- Off Hours (sales tax is additional); new rate to begin September 1, 2011

Council Member Stauner recommended splitting the cash position of the ice arena between operating expenses and the capital fund. He suggested staff prepare a proposal on meeting the needs to replace the north ice sheet.

**2011 GENERAL FUND  
Item 11.8**

Mayor Hemken introduced for discussion item 11.8, Continue discussion regarding 2011 General Fund Budget.

Mr. Kirk McDonald, city manager, stated the Council considered the preliminary tax levy increase and directed staff to develop a plan to eliminate the \$643,000 LGA revenue source and further reduce the tax levy. He reported that staff has held many meetings and is recommending adjustments of \$649,270. He stated if Council supports the plan, the adjustments will be made to the preliminary 2011 budget.

Mr. McDonald indicated he asked AEM to examine options to further reduce the tax levy and a total of \$94,498 has been identified which would allow the levy to be reduced from 2.87% to 1.83%. He stated the \$94,498 figure includes a savings of \$5,565 from general fund reductions, a reduction of \$16,792 from estimated equipment certificate levy, and the use of \$72,141 of fund balance reserves.

Mr. Steve McDonald, AEM, explained the preliminary 2011 budget included a fund balance reserve of 41 percent. He stated if the balance was lowered to 40 percent the current levy could be reduced. He noted a reserve of 40 percent is considered an acceptable reserve.

Mr. Kirk McDonald pointed out the city of Crystal is allotted \$2M in local government aid and has included 50% in their 2011 budget. He stated if New Hope is allotted partial LGA it would be possible to use it to hire a 32<sup>nd</sup> police officer and fund equipment replacement charges. He also commented that the amount for salary increases was reduced from 1.5% to 1% but it still requires Council approval. He expressed support for retaining funding in the 2011 budget for wage increases. He relayed staff has been conservative in projecting revenue but there may be additional building permit revenue.

Council discussed the need to keep taxes as low as possible while maintaining an adequate reserve. Mayor Hemken queried the Council regarding using \$72,000 in reserves and the majority of the Council expressed support. Staff was directed to proceed and reduce the tax levy to 1.83%.

Council discussed the proposed budget reductions and expressed support with the exception of two items: 1) commissioner appreciation event \$300; and 2) buckthorn removal in parks \$5,000.

Council Member Lammle expressed concern that New Hope's police officer

staffing levels have been below minimum staffing for many years.

Director Link stated the minimum staffing is three officers from 3 pm – 11 pm, seven days per week. He noted with the closing of Hosterman the city has gained an extra person (elimination of school resource officer).

Council Member Lammle expressed satisfaction based on Director Link's comments but noted in the future he would like the city to consider the additional officer.

**POLICE SUCCESSION  
Item 11.9**

Mayor Hemken introduced for discussion item 11.9, Discussion regarding police command staff succession planning.

Mr. Gary Link, director of police, conveyed his appreciation to Council for the dialogue on September 7 regarding the police command structure and succession planning.

Council Member Stauner commented that a second captain has been presented as a succession planning step. He expressed concern that it would be a permanent position and could present a financial hardship to the city.

Chief Link indicated the transition period would likely be two years and staff departures present opportunities for evaluation and adjustment. He noted many cities change structures based on current situations/needs. He emphasized the need to transfer knowledge and find a qualified candidate (internal or external) for department continuity.

Mayor Hemken pointed out the cost for a second captain for 2011 is \$3,300 (two captains and four sergeants).

Council Member Hoffe stated he would be willing to support a lieutenant position but not a second captain position.

Chief Link reported the position would be performing the same duties as a captain.

Mr. Rich Johnson, human resources manager, called attention to the pay range and exempt versus non-exempt positions. He questioned whether candidates would be interested in the position if they lost the opportunity for overtime pay.

Council Member Lammle pointed out starting wage for lieutenant would be a pay cut for an existing sergeant.

Chief Link indicated regardless of the position title there may be few interested people. He stated the process is designed to find a qualified candidate, and if we cannot find a qualified candidate we would not proceed with the hiring process. He stated a second in command should require minimal supervision. He reported on liability concerns and commented on the high cost of lawsuits compared to having competent personnel on duty.

Council Member Hoffe spoke of the difficult economic times which are shared in all departments.

Council Member Lammle noted the compensation study may be a helpful tool. Mayor Hemken questioned whether the decision on police structure should be postponed until completion of the compensation study.

City Manager McDonald acknowledged the compensation study will provide assistance with a number of issues.

Mr. Rich Johnson, human resources manager, stated the compensation study will be completed by spring.

Council Member Elder expressed interest in making a decision in the near future. He stated he has heard that the city should approve the captain position or do nothing.

Council Member Stauner stated his opposition to a permanent position.

Human Resources Manager Johnson noted many changes have been made regarding vacant positions in the past two years and no position in the city should be viewed as permanent.

Council Member Lammle stated the position would be permanent in that the Council would be authorizing a command structure which would last until the chief and one captain retired at which time the city manager (and Council) could re-assess. He conveyed to maintain a position simply because it's within the organization chart does not make sense and the position or structure could be changed as employees resign/retire.

Mayor Hemken pointed out the need to have a qualified captain, even if temporary, to lead the department when the chief retires. She reminded the Council of their discussions earlier in the year regarding the importance of succession planning.

Mr. Rich Johnson stated succession planning is about planning for the future which results in a smooth transition. He commented that succession planning has not been undertaken and if the police chief or captain leaves in the near future the city is not prepared and will face obstacles. He noted the budgetary impact if a captain is minimal.

Council discussed surrounding police departments and various structures. Chief Link noted each organization's timing and situation is unique and can differ every time (the number and type of positions and whether to hire internally or externally).

Mr. Kirk McDonald, city manager, explained the open dialogue with Council has been valuable. It was noted that the Council supports a command position but is uncertain of the title and pay.

Council Member Lammle stated the compensation study will help determine the pay ranges. He suggested proceeding with the selection process for a lieutenant with the understanding that the pending compensation study could impact the title and pay structure.

Council Member Stauner stated there are two issues: 1) determine the optimum command structure; and 2) steps to undertake succession planning.

Council Member Elder suggested the compensation study be expedited with the focus placed first on the police department. The Council concurred with the recommendation.

In the interim, Director Link encouraged the Council to be forthright with any additional questions or concerns.

**ADJOURNMENT**

The meeting was adjourned at 10:18 p.m. as there was no further business to come before the Council at its work session.

Respectfully submitted,

A handwritten signature in cursive script that reads "Valerie Leone".

Valerie Leone, City Clerk