

OFFICIAL PROCEEDINGS

Pursuant to due call and notice thereof, the regularly scheduled meeting of the Spring Lake Park City Council was held on January 5, 2015 at the Spring Lake Park Community Center, 1301 81st Avenue N. E., at 7:00 P.M.

1. Call to Order

Mayor Hansen called the meeting to order at 7:00 P.M.

2. Oaths of Office

Mayor Hansen
Councilmember Mason
Councilmember Wendling

Administrator Buchholtz administered the Oaths of Office to Mayor Hansen, Councilmembers Mason and Wendling.

3. Roll Call

Members Present: Councilmembers Mason, Nash, Nelson, Wendling and Mayor Hansen

Staff Present: Police Chief Ebeltoft; Public Works Director Randall; Building Official Brainard; Attorney Carson; Engineer Gravel; Park and Recreation Director Rygwall; Administrator Buchholtz and Executive Assistant Gooden

Visitors: Olivia Koester, ABC Newspaper
Jeff Bernhagen, 889 Manor Drive NE
Hans Hansen, 8331 Able Street NE
Lori Higgins, MetroNorth Chamber of Commerce

4. Pledge of Allegiance

5. Additions or Corrections to Agenda

Administrator Buchholtz requested that Item 7G, Tobacco License and Item 13A, Prepurchase Equipment for Sanitary Lift Station 1 Quote/Bid Results be added to the agenda. The items were added to the agenda without objection.

6. Discussion From The Floor - None

7. Consent Agenda:

Mayor Hansen reviewed the following Consent Agenda items:

- A. Approval of Minutes – December 15, 2014
- B. Extended Travel Conference Request
- C. Pay Equity Report Submittal
- D. Contractor's Licenses
- E. Sign Permit
- F. Correspondence
- G. Tobacco License

Councilmember Wendling asked for an explanation on the the Pay Equity Report. Administrator Buchholtz explained that the Pay Equity Report is required to be submitted every three years to the State of Minnesota to show that the City pays equal wages for equal work between classes. He stated that the preliminary tests show the City to be in compliance.

MOTION BY COUNCILMEMBER NASH APPROVING THE CONSENT AGENDA.
ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

8. Public Works Report

Public Works Director Randall reported that the Public Works Department has completed flooding the skating rinks and preformed daily routine maintenance at the rinks; the city crews plowed two times; remodeled an office/conference room at City Hall and are building a break room and restroom at the Cemstone building. He reported that the painting and lighting is complete at the Cemstone building. He stated that a water main break occurred near Manor Drive and University Avenue; water was shut off in the affected area for two hours.

9. Code Enforcement Report

Building Official Brainard reported that he attended the Council meeting on December; the North Suburban Code Official meeting at North St. Paul City on December 16; a meeting with Cliff Fraser, owner of 8301 Sunset, on December 11th and the owner of Bee-Line Towing and Administrator Buchholtz on December 16th.

Mr. Brainard stated that in December 2014, five building permits were issued. He reported that the number of permits issued year to date for 2014 is 234 compared to 318 in 2013. He stated that the valuation for 2014 is \$3,851,121.03 compared to \$3,545,249.79 in 2013. He stated that revenue collected for 2014 is \$65,587.50 compared to to \$76,897.96 in 2013, a 15% decrease.

Mr. Brainard reported that the revenues for the Code Enforcement Department in 2014 have exceeded revenue budget projections by 15.1%. He stated the expenditure budget for 2014 was set at \$112,098 while revenue generated through building, plumbing, mechanical, plan reviews, certificate of occupancies, vacant/foreclosed properties, and rentals totaled \$132,0783.40. He stated the increase is mostly due to building permit fees and plan review fees and do not include any Administrative Offense tickets issued in 2014.

Mr. Brainard reported that the December 2014 vacancy listing shows that there are 28 vacant/foreclosed residential properties currently posted and/or soon posted by the Code Enforcement Department, which remains the same from last month. There are two vacant/foreclosed commercial property, which is down one from last month; 14 residential properties currently occupied and ready for Sheriff sale, which is up one from last month.

Mr. Brainard reported that three Administrative Tickets were issued in December 2014 by the Code Enforcement Department.

Mr. Brainard reported that he has been working with PermitWorks regarding setting up and customizing the Spring Lake Park permit software. He stated he hopes to implement the program in January 2015. He reported that Fire Chief Zikmund has requested that all high hazard commercial/industrial occupancies have yearly inspections and all other commercial/industrial occupancies have inspections every three to five years.

10. Public HearingA Public Hearing on Franchise Fee Ordinances

Mayor Hansen opened the public hearing at 7:18 PM.

Administrator Buchholtz reported that funding of the street maintenance program is a priority. He stated that numerous street projects were done over the past 15 years to meet the City's goal of reconstruction of the City's street system. He reported that the funding for the sealcoat program was cut in 2009 due to reductions in State Aid and a portion of the City's 2012 budget surplus was used to sealcoat streets in the southwest corner of the City in 2013. He stated that funds exist for one additional sealcoat project which is scheduled for 2015; however, the City needs between \$80,000 -100,000 per year to ensure a seven year street rotation.

Administrator Buchholtz presented option to fund the sealcoat program including: 1) do nothing, resulting in more frequent mill and overlay projects, resulting in more frequent assessments for residents and 2) reprogram existing governmental funds.

Administrator Buchholtz presented an overview of the proposed franchise fees. He reported that franchise fees are a fee to utility (electric, natural gas) and cable for the right to use the City's right-of-way for their infrastructure. He stated that the utility generally passes on the cost of the franchise fee to its customers on their monthly utility bill and that franchise fee revenue can be utilized for any lawful purpose. The City proposes to charge a franchise fee to pay for street maintenance (sealcoating, crack sealing, etc.)

Administrator Buchholtz reported that funds will be deposited in the Sealcoating Capital Project Fund, which can only be used for street maintenance, noting that funds will not be intermingled with the City's General Fund. He stated that franchise fees will spread the costs of the street maintenance program to all users of the municipal street network; not just property taxpayers. He reported that franchise fees are set by the City Council in a manner similar to the tax levy and the vast majority of property owners, particularly commercial/industrial property owners, will pay less in franchise fees than they otherwise would through the tax levy.

Hans Hansen, 8331 Able Street NE, inquired on the consideration of special assessments for tax-exempt properties and if they would be included in the franchise fee. Administrator Buchholtz stated that the City can assess all types of properties for a reconstruction project. He stated that street maintenance is not normally special assessed as it is difficult to prove that maintenance increases the value of the property equal to the cost of the assessment.

Attorney Carson stated that it is extremely difficult to prove the burden of maintenance of streets to the property and the maintenance does not add value like a street project would.

Lori Higgins, President of MetroNorth Chamber of Commerce, addressed the Council. She stated that the MetroNorth Chamber of Commerce is opposed to the franchise fee proposal. She reported that the Chamber believes that franchise fees are not a transparent government tax and that they negatively affect job growth and business expansion, which in turn discourages economic development and creating a greater commercial tax base in the city.

Councilmember Nelson stated that he does not support the franchise fees. He stated that in 2013 when LGA funding was not available, the City managed to work through it and now that LGA funding is available it not the time to implement. He stated that he fees if franchise fees were imposed, the City would lose right of way

permit fees; and, should a disaster occur, those revenues would not be available. He stated he would rather see other options presented to fund street maintenance concerns. He remarked that he would rather see the fee appear on the City water bill so that revenue is not lost.

Mayor Hansen remarked that she is willing to call franchise fees a “tax” in the spirit of transparency. She stated that if the fee were attached to the water bill or an electric bill, it is still a burden to the resident; however, there is help for lower income and seniors with their heating bill but no help available for their property tax bill should they be assessed for street maintenance if the franchise fees were not in place. Mayor Hansen remarked that it is illegal to establish a transportation utility fee that for which the fee is collected on a water bill.

Councilmember Wendling stated he needs to do more research and talk with more people to get a feel for the pros and cons of the franchise fees. He stated his opinion that this would be a double tax to residents on their utility bills.

Councilmember Mason inquired if the franchise fee is a consistent fee every year or if it would change every year. Administrator Buchholtz stated that it is a flat fee and would not change unless the Council would adopt a new franchise fee ordinance after consultation with utility companies. He stated it is time consuming to change the fees.

Councilmember Nash inquired if the fee could be rescinded if it were no longer needed. He stated that he is shocked at the number of local cities that use franchise fees. He feels that it is beneficial to take care of the roads with sealcoating to protect them for the future. Administrator Buchholtz stated that it is possible to rescind the fees should the Legislature pass a transportation utility.

Councilmember Nelson inquired if five percent was the highest percentage that a franchise fee could be set at. Mayor Hansen responded affirmatively, but the amount being proposed is one percent.

Mayor Hansen reminded the Council that at the budget workshop session they looked at all options and decided not to raise property taxes to include the road maintenance.

Hearing no further public comment, Mayor Hansen closed the Public Hearing at 7:55 PM

11. Resolutions and/or Ordinances

A. Ordinances No. 405-409 to Adopt Franchises and Franchise Fees for Electric and Gas Facilities

Administrator Buchholtz stated at the August budget workshop, staff presented options to the City Council to restore funding for the City’s street maintenance (crack seal/sealcoat) program. He stated that the City Council asked that, rather than raise the property tax levy, staff prepare ordinances to establish franchise fees within the City. He stated that the City Council’s thought process at that time was that franchise fees would have the broadest base of payers resulting in lower rates for residents and businesses.

Administrator Buchholtz reported that staff provided City Council with a detailed overview of franchise fees and the impacts on residents at a subsequent budget workshop on December 8, 2014 and the consensus of the Council at the workshop was to hold a public hearing at the January 5, 2015 Council meeting.

Administrator Buchholtz stated that the proposed monthly rates for franchise fees are as follows:

Electric	
Residential	\$ 0.80
Small C&I – Non-Demand	\$ 1.20
Small C&I – Demand	\$ 8.50
Large C & I	\$ 50.00
Natural Gas	
Residential	\$ 0.58
Commercial – Class A	\$ 0.65
Commercial – Class B	\$ 1.65
Commercial –Class C	\$ 8.05
Small Volume Dual Fuel – Class A	\$ 37.08
Small Volume Dual Fuel – Class B	\$ 50.00

Administrator Buchholtz stated that these fees represent a franchise fee of 1% on gross electric and natural gas sales within the City of Spring Lake Park and will generate approximately \$85,000 annually. He stated the funds from the franchise fees would be deposited in Fund 407 – Sealcoating Capital Project fund and will be utilized only for that purpose.

Administrator Buchholtz presented two ordinances which establish/re-establish electric franchises within the City and three ordinances establishing the franchise fees on electric and natural gas utilities.

MOTION MADE BY MAYOR HANSEN TO APPROVE THE FOLLOWING ORDINANCES:

- **ORDINANCE NO. 405, AN ORDINANCE GRANTING TO NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, D/B/A XCEL ENERGY, ITS SUCCESSORS AND ASSIGNS, PERMISSION TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF SPRING LAKE PARK, MINNESOTA, AN ELECTRIC DISTRIBUTION SYSTEM AND TRANSMISSION LINES, INCLUDING NECESSARY POLES, LINES, FIXTURES AND APPURTENANCES, FOR THE FURNISHING OF ELECTRIC ENERGY TO THE CITY, ITS INHABITANTS, AND OTHERS, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS OF THE CITY FOR SUCH PURPOSES;**
- **ORDINANCE NO. 406, AN ORDINANCE IMPLEMENTING AN ELECTRIC SERVICE FRANCHISE FEE ON NORTHERN STATES POWER COMPANY, A MINNESOTA CORPORATION, D/B/A XCEL ENERGY, ITS SUCCESSORS AND ASSIGNS, FOR PROVIDING ELECTRIC SERVICE WITHIN THE CITY OF SPRING LAKE PARK;**
- **ORDINANCE 407, AN ORDINANCE GRANTING TO CONNEXUS ENERGY, A MINNESOTA COOPERATIVE CORPORATION, ITS SUCCESSORS AND ASSIGNS, PERMISSION TO CONSTRUCT, OPERATE, REPAIR AND MAINTAIN IN THE CITY OF SPRING LAKE PARK, MINNESOTA, AN ELECTRIC DISTRIBUTION SYSTEM AND TRANSMISSION LINES, INCLUDING NECESSARY POLES, LINES, FIXTURES AND APPURTENANCES, FOR THE FURNISHING OF ELECTRIC ENERGY TO THE CITY, ITS INHABITANTS, AND OTHERS, AND TO USE THE PUBLIC GROUNDS AND PUBLIC WAYS OF THE CITY FOR SUCH PURPOSES;**

- ORDINANCE 408, AN ORDINANCE MODIFYING THE ELECTRIC FRANCHISE FEE ON CONNEXUS ENERGY FOR PROVIDING ELECTRIC SERVICE WITHIN THE CITY OF SPRING LAKE PARK;
- ORDINANCE 409, AN ORDINANCE IMPLANTING A GAS ENERGY FRANCHISE FEE ON CENTERPOINT ENERGY MINNESOTA GAS (“CENTERPOINT ENERGY”) FOR PROVIDING GAS ENERGY SERVICE WITHIN THE CITY OF SPRING LAKE PARK, MINNESOTA.

ROLL CALL VOTE: COUNCILMEMBERS MASON AYE, NASH AYE, NELSON NAY, WENDLING NAY AND MAYOR HANSEN AYE. ROLL CALL VOTE THREE AYES, TWO NAYS. MOTION CARRIED.

B. Ordinance No. 410 Amendment – Cable Television Franchise Ordinance Amendment

Administrator Buchholtz reported that the Cable Franchise between Comcast and the North Metro Cable Commission, of which the City is a member, is presently set to expire in November 2017. He stated that Comcast recently sent correspondence requesting the franchise to be renewed. He reported that Comcast also recently filed an application with the North Metro Telecommunications Commission requesting that its franchise be transferred to Midwest Cable. He stated that, due to a number of outstanding franchise issues, Comcast and North Metro Cable Commission, entered into negotiations to address those issues as part of the franchise transfer process. He stated that the negotiations were successful.

Administrator Buchholtz stated that staff has prepared a Cable Television Franchise Ordinance Amendment for the City and extends the existing Cable Television Franchise Ordinance through December 31, 2020 and updates the PEG channel commitments of Comcast consistent with the Franchise Settlement Agreement.

MOTION BY COUNCILMEMBER MASON TO APPROVE ORDINANCE NO. 410, CABLE TELEVISION FRANCHISE ORDINANCE AMENDMENT. ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

C. Resolution No. 15-01 Conditionally Granting the Consent to the Transfer of Control of the Cable Television Franchise and Cable Television System from Comcast Corporate to Greatland Connections, Inc.

Administrator Buchholtz stated that the resolution approves the consent of the transfer of Comcast franchise to Greatland Connections Inc.

MOTION BY COUNCILMEMBER MASON TO APPROVE RESOLUTION NO. 15-01 CONDITIONALLY GRANTING THE CONSENT TO THE TRANSFER OF CONTROL OF THE CABLE TELEVISION FRANCHISE AND CABLE TELEVISION SYSTEM FROM COMCAST CORPORATE TO GREATLAND CONNECTIONS, INC. ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

12. New Business

A. 2015 Appointments

Mayor Hansen presented the 2015 appointments to the City Council. She asked Councilmember Nash take her place on the Beyond Yellow Ribbon Committee. Councilmember Nash agreed.

MOTION BY MAYOR HANSEN TO APPROVE 2015 APPOINTMENTS WITH THE CHANGE MADE TO THE BEYOND YELLOW RIBBON COMMITTEE. ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

B. Authorization to Replace Plumbing at Cemstone Building

Public Works Director Randall reported that he was seeking authorization to contract with Engberg Plumbing Inc. to replace the plumbing in the Cemstone building. He stated that prior to the City purchasing the building; all the plumbing in the building had been removed. He reported that in order to bring the building to code and completion, two toilets, one urinal, a shower, two sinks and a hot water heater are needed.

Mr. Randall reported that he spoke with Engberg Plumbing for a price quote and installation, the quoted price is \$15,140. He stated that Public Works staff will perform the concrete work that is necessary.

Councilmember Nash inquired if a RPZ valve will be installed and tested annually. Mr. Randall stated that one would be installed, tested annually and includes an outdoor connection.

MOTION MADE BY COUNCILMEMBER MASON TO APPROVE AUTHORIZATION TO REPLACE PLUMBING AT CEMSTONE BUILDING. ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

C. Request to Purchase Pressure Washer for Public Works Building

Public Works Director Randal reported that he was seeking approval to purchase a new Hotsy Pressure Washer for the new Public Works building. He stated that this piece of equipment would be used for the washing of all the trucks and would be set up in the wash bay of the new building. He stated that currently Public Works staff currently uses the pressure washer at MnDOT but it is often not available. He stated that the old pressure washer in place at the Public Works building is not repairable.

Mr. Randall stated that he obtained a quote from HotsyMinnesota for a total of \$7,406.10, which includes installation and is the price from the state contract.

Mr. Randall thanked the City Council for allowing the Public Works Department to move into the new building and for allowing the work to be done in the building. He stated that an open house for the public would be planned in the future.

MOTION BY COUNCILMEMBER NELSON TO APPROVE PURCHASE OF PRESSURE WASHER FOR \$7,406.20. ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

13. Engineer's Report

Engineer Gravel stated that bids for the lift station equipment were received on January 5, 2015 and provided a memo on the bid results.

A. Prepurchase Equipment for Sanitary Lift Station 1 Quote/Bide Results

Engineer Gravel reported that two bids were received for the Pump Station. He provided a summary of the bids received.

<u>Pump Station Supplier</u>	<u>Total Bid</u>
Smith & Loveless, Inc.	\$ 97,099
USEMCO, Inc.	\$106,955
Engineer's Estimate	\$160,000

Mr. Gravel reported that the bids were reviewed and found to be in order. He stated that if the City Council wishes to award the Pump Station equipment bid to the low bidder, then Smith & Loveless, Inc. should be awarded the contract.

Mr. Gravel reported that one quote was received for the Control Panel. He provided the summary of the bid.

<u>Control Panel Supplier</u>	<u>Total Quote</u>
Automatic Systems, Co.	\$ 37,256
Engineer's Estimate	\$ 40,000

Mr. Gravel reported that the quote was reviewed and found to be in order. He stated that if the City Council wishes to award the Control Panel equipment panel, then Automatic Systems, Co. should be awarded the contract.

Mr. Gravel reported that four quotes were received for the Generator. He provided a summary of the bids received.

<u>Generator</u>	<u>Total Bid</u>
Generator Power Systems	\$22,160
Interstate PowerSystems	\$22,575
Cummings NPower, LLC	\$27,800
Ziegler Power Systems	\$35,690
Engineer's Estimate	\$30,000

Mr. Gravel reported that the bids were reviewed and found to be in order. He stated if the City Council wishes to award the Generator equipment quote, then Generator Power Systems should be awarded the contract.

MOTION BY MAYOR HANSEN TO APPROVE SMITH & LOVELESS, INC.; AUTOMATIC SYSTEMS, CO.; AND GENERATOR POWER SYSTEMS BIDS TO PROVIDE EQUIPMENT FOR SANITARY LIFT STATION 1. ROLL CALL VOTE: ALL AYES. MOTION CARRIED.

14. Attorney's Report - None

15. Reports - None

16. Other

Councilmember Nelson announced that the Holes for Heroes Armed Forces Ice Fishing Festival will be held on Saturday, January 31, 2015, from 1:00 p.m. to 4:00 p.m. on Medicine Lake.

A. Administrator Reports

Administrator Buchholtz reported that he would be attending the Cable Operations meeting on January 6, 2015 and CenturyLink will be presenting to the committee. He stated that CenturyLink hopes to increase their

visibility in the cable market and offer more service to the surrounding communities.

Administrator Buchholtz announced that Laddie Lake Pub opened on December 31, 2014, and is currently serving a limited menu but will be serving a full menu in the near future.

Administrator Buchholtz reported that he met with the owner of Beeline Towing at 1625 County Highway 10 NE, to discuss conditions of their Special Use Permit and addressed concerns. He reported that he also met with the owner of the building and is working on drafting conditions that would be the basis for a general Special Use Permit for the building

B. City Hall Closed – January 19, 2015 for Martin Luther King Jr. Holiday

Administrator Buchholtz reminded everyone that City Hall will be closed on Monday, January 19, 2015 in observation of the Martin Luther King Jr. holiday.


15. Adjourn

MOTION BY COUNCILMEMBER MASON TO ADJOURN. VOICE VOTE: ALL AYES. MOTION CARRIED.

The meeting was adjourned at 8:30 P.M.


Cindy Hansen, Mayor

Attest:


Daniel R. Buchholtz, Administrator, Clerk/Treasurer