

**CITY OF SHOREVIEW
MINUTES
REGULAR CITY COUNCIL MEETING
April 20, 2015**

CALL TO ORDER

Mayor Martin called the regular meeting of the Shoreview City Council to order at 7:00 p.m. on April 20, 2015.

PLEDGE OF ALLEGIANCE

The meeting opened with the Pledge of Allegiance.

ROLL CALL

The following Councilmembers were present: Mayor Martin; Councilmembers Johnson, Quigley, Springhorn and Wicksrom.

Staff Present: City Manager Terry Schwerm
 Finance Director Fred Espe
 Public Works Director Mark Maloney
 Assistant to City Manager Rebecca Olson

Others Present: City Attorney Joe Kelly

APPROVAL OF AGENDA

MOTION: by Councilmember Wickstrom, seconded by Councilmember Johnson to approve the April 20, 2015 agenda as submitted.

VOTE: Ayes - 5 Nays - 0

PROCLAMATIONS AND RECOGNITIONS

Recognition of Human Rights Commission Essay Contest Winners

Shoreview Human Rights Commissioner Lisa Wedell-Ueki, Co-Chair, stated that each year the Commission participates in the statewide Minnesota Human Rights Commission Essay Contest. This year sixth, seventh and eighth graders submitted essays that show at least two examples of how language results in the violation of or the protection of human rights. The purpose of the essay was to identify such a message, who it affects, and how it affects people. Participants were encouraged to use references to the U.S. Constitution, Bill of Rights, or United Nations Declaration of Human Rights. Top place winners are eligible to win \$400, \$300 or \$200 in

prizes in the State-wide contest. This year the Shoreview Human Rights Commission received four essays that will be sent to the state competition. The Commission chose two essays to recognize.

Mayor Martin presented certificates and prizes to the two chosen winners:

2nd Place Neha Sriram
1st Place Lucy Chen

CITIZEN COMMENTS

There were none.

COUNCIL COMMENTS

Mayor Martin:

The City website now has a section on volunteer opportunities in the community.

Northeast Youth and Family Services Leadership Lunch will be May 6, 2015, at Midland Hills. The speaker will be Minnesota Health Commissioner Ed Ellinger.

Twin Cities in Motion organizes the Medtronic Twin Cities Marathon and is now organizing a *Finisher Shirt Friday* event. Cities are encouraged to participate by submitting a photo on twitter.

Councilmember Johnson:

The Ramsey County Sheriff's Department will host a Citizen's Academy, Thursday, May 21, 2015. Applications will be taken until May 11, 2015. Anyone interested is welcome to participate.

The Economic Development Commission will host a small business workshop on May 14, 2015, that will focus on *Recruitment and Retention of Employees*. The event is free.

The Shoreview Business Exchange will occur on June 4, 2015, at the Hilton Garden Inn from 4:00 to 6:00 p.m.

Councilmember Quigley:

Reminder to residents to read the summer issue of *ShoreViews* that was recently published. There is a wide variety of regional and community information in it.

Councilmember Wickstrom:

Thank you to the Shoreview Northern Lights Variety Band for a great concert on April 18th.

The application form for the Shoreview Green Community Award is available on the City website. She encouraged residents to apply who use native plants, rain gardens or have made energy efficient changes to their home.

Councilmember Springhorn:

Nomination forms for the Shoreview Caring Youth Award is available on the City website. Nominations are due by May 20, 2015.

The Shoreview Historical Society will recognize the Heritage Family of the Year Sunday, April 26, 2016, at Incarnation Lutheran Church, 3:00 to 5:00 p.m. The family chosen this year is the descendants of Eric and Louise Nord.

CONSENT AGENDA

Mayor Martin noted that as the City has two attorneys with the name Kelly, the minutes should differentiate which attorney is present at the meeting.

Councilmember Wickstrom suggested that under *Roll Call* staff and others present be listed.

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to adopt the Consent Agenda for April 20, 2015, and all relevant resolutions for item Nos. 1 through 10:

1. April 6, 2015 City Council Meeting Minutes, as corrected
2. Monthly Reports:
 - Administration
 - Community Development
 - Finance
 - Public Works
 - Park and Recreation
3. Verified Claims in the Amount of \$704,390.06
4. Purchases
5. License Applications
6. Award of Quote - Fitness Bikes
7. Approve Replacement of City Server Networking Equipment
8. Developer Escrow Reductions
9. Approval of Fireworks Display for *Slice of Shoreview*
10. Approve Plans and Specifications and Authorize Bidding - Turtle Lane Neighborhood and Schifsky Road Reconstruction, CP 15-01

ROLL CALL: Ayes - 5 Nays - 0

GENERAL BUSINESS**APPROVAL OF DECEMBER 31, 2014 INTERFUND TRANSFERS AND LOANS****Presentation by Finance Director Fred Espe**

Interfund transfers and loans are a part of the year-end closing process. In 2014, revenues exceeded the budget by \$751,300. Significant items that contributed to this overage are:

Property taxes	\$139,117 - (under) due to abatements, although tax collection remains above 99% (under)
License and Permits	\$303,533 (over)
Intergovernmental revenue	\$385,797 (over)
	(State Fire Aid accounted for \$320,917 of this amount - the City receives the aid that is then remitted to the Lake Johanna Fire Department)
Charges for services	\$ 48,946 (over) due to plan check fees
Earnings on investments	\$152,442 (over) due to market value adjustment

Expenditures exceeded budget by \$73,759 in 2014. Items contributing to this overage include:

General Government	\$141,901 (under) due to open staff positions
Public Safety	\$326,524 (over)
	(State Fire Aid of \$320,917 accounts for most of this amount.)
Public Works	\$83,331 (under) due to open staff positions
Parks and Recreation	\$35,617 (under) due to program staff costs
Community Development	\$ 8,084 (over) due to electrical inspection services

Expenditures would be under budget by \$247,000 if the City were not required to account for the State Fire Aid.

Councilmember Quigley noted the large overages for permits and licenses and for investment earnings. City Manager Schwerm explained that revenue from permits and licenses is budgeted conservatively to allow flexibility since the timing of development is often hard to predict several months before development is ever proposed.

Mr. Espe further explained that state statutes limit investments. Most City investments are fixed income government securities with a stated fixed rate of interest. However, if at year end an investment of \$500,000 is at a market value of \$510,000, accounting standards require recognition of the gain or loss of market value. Mr. Schwerm added that the City always holds investments to maturity and therefore the City never experiences “losses” in its investment portfolio. However, at one fixed date at the end of the year, market value of the investment could show gains or losses.

In 2009, the City Council adopted a General Fund Balance Policy with two components:

- A working capital designation equal to 50% of the ensuing year's general fund property tax levy and levy-based state aids. This is because 70% of the City's General Fund revenue is taxes, which are paid in June and December. The City needs funds on hand for cash flow needs through the end of June.
- An Unanticipated Expenditure Designation of 10% of the ensuing year's general fund expenditures for unanticipated costs or revenue declines.

The working capital designation for 2015 is \$3,486,668, or 50% of the General Fund tax levy; and \$960,730 for the unanticipated expenditure designation, or 10% of the 2016 General Fund expenditures.

The Fund Balance Policy states a maximum fund balance to be maintained. Any surplus is to be transferred out. The total transfer for 2014 is \$533,749. Staff recommends this amount be put into the Closed Debt Service Fund to assist with future debt service levies, or it could be redirected to another Capital fund by the Council.

The 2014 transfers are for:

- Fund closings
- Debt funding
- Capital funding
- Operating transfers
- General fund balance policy

There is one interfund loan providing funding for a temporary cash deficit consistent with Council action. TIF District No. 1 loaned \$863,737.87 to the Owasso Street Realignment project. The loan will be repaid with interest at the average rate of return on the City's investment portfolio.

MOTION: by Councilmember Quigley, seconded by Councilmember Johnson to approve the interfund transfers and inter-fund loans outlined in the attached report for the year ended December 31, 2014.

ROLL CALL: Ayes: Johnson, Quigley, Springhorn, Wickstrom, Martin
Nays: None

APPROVE PLANS AND SPECIFICATIONS AND AUTHORIZE BIDDING - WATER SYSTEM IMPROVEMENTS - WATER TREATMENT PLANT, CP 14-02

Presentation by Public Works Director Mark Maloney

The City's water system of pumping raw ground water meets all federal and state primary drinking water health standards. However, levels of iron and manganese have increased to the point that water color, taste and staining have become issues. Although the City flushes the

water system twice a year, the water is not treated and the City does receive complaints. The proposed water treatment system will reduce levels of iron and manganese in the City's water.

In December 2013, the City Council authorized the firm AE2S to complete a Preliminary Design Report for a Water Treatment Plant. A Preliminary Design Report was presented to the Council September 8, 2014. On November 3, 2014, the Council authorized design services with AE2S. An overview of the interior and exterior design was presented to the Council on January 12, 2015. The Planning Commission reviewed the Site and Building Plan at its March 24, 2015 meeting; the Council approved it at the April 6, 2015 Council meeting.

All wells will be piped to the water treatment plant where raw water will run through a gravity filter. Chlorine and fluoride will then be added before returning to the water system. The plant will leverage use of the existing booster station and reservoir, which reflects in a significantly lower cost for this size water treatment plant. Exterior building materials will match other buildings in the Commons area.

Councilmember Wickstrom asked if Well No. 6, which is located separately from the other five wells, will be a backup. She also asked if the decorative blue will be the same aqua blue as on other buildings. Mr. Maloney stated that it will be used in the same rotation as the wells and piped directly to the water treatment plant. There will be a shut-off valve if there is a need to bypass the treatment plant for any backup or emergency purpose. City Manager Schwerm added that the teal blue color that was originally used at the Community Center is gradually being phased out. It was suggested that the blue might be better if it tied into the City's logo.

Estimated project costs for the Water Treatment Plant are broken down as follows:

Construction	\$10,070,000
Contingencies	500,000
Engineering Services - design	\$ 940,000
Engineering Services - construction	<u>530,000</u>
Total Estimated Cost:	\$12,040,000
Raw Water Pipeline from Well No. 6	500,000 (separate project)
 Total Estimated Project Cost:	 \$12,540,000

This estimated total project cost is approximately 10% higher than the estimate in the Preliminary Design Report of \$11.2 million. This is because during the final design, it was determined that upgrades and replacements are needed for the booster station, underground reservoir and Well No. 2. Other items that resulted in this increase include enhanced architectural design and higher cost for concrete. These additions add more than \$1 million to the original estimate of \$11.2 million.

The project is to be funded from the City's Water Fund, which includes 20-year bonds to be issued in 2015 and 2016 for project costs with any other water related projects. Water rate adjustments are included in the City's current 5-year operating budget for the bond payment.

Project Schedule:

Council approval for Plans and Specifications	April 20, 2015
Pre-bid Meeting	May 5, 2015
Bid Date	May 21, 2015
Council Award Contract	June 1, 2015
Construction Start	July 2015
Substantial Completion/Startup	December 2016
Final Completion	March 2017

Mayor Martin asked if competitive bids are expected. **Grant Meyer, Project Manager at AE2S**, responded that there are specialized contractors who have the expertise and capacity for this type of project. It is a good time to bid and contractors are already calling to find out when bidding will be open.

Councilmember Wickstrom asked if the bidding could be in two phases--one for the building and one for the interior engineering equipment. **Mr. Meyer** stated that because so much of the interior mechanical process is integral to the building, it makes more sense for the building and interior to be done together.

Mayor Martin noted the water contamination the City of New Brighton is experiencing from the Twin Cities Army Ammunition Property (TCAAP). She asked if there is a possibility Shoreview could be impacted. Mr. Maloney stated that after specific tests were conducted, the chemical compound contaminant found in New Brighton's water supply was not detected in Shoreview's water supply.

Councilmember Quigley asked about the possibility of selling water from the new water treatment plant. Mr. Maloney stated that the final design includes equipment for bulk water sales to purchasers not hooked up to the City water system. There are a number of businesses in Shoreview that need large quantities at one time.

Mayor Martin asked if businesses need treated water for such things as landscaping and irrigation and if it is more expensive. Mr. Maloney stated that bulk sales would be treated water, but it would be in such small quantities that there would be little price difference between raw and treated water.

Councilmember Johnson stated that it is her understanding that the high cost of concrete is partly due to the new stadium being built in Minneapolis. She asked what risk there would be to holding off with construction for a year in the hope prices would be lower. Mr. Maloney answered that holding off would assume the price of concrete would decrease. The risk is that other components could become an issue, such as the price of steel or electronics.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Johnson to adopt Resolution No. 15-24 approving plans and specifications for the Water System Improvements - Water Treatment Plant, City Project 14-02; and ordering the taking of bids on Thursday, May 21, 2015 at 10:00 a.m., at the Shoreview City Hall.

ROLL CALL: Ayes: Quigley, Springhorn, Wickstrom, Johnson, Martin
Nays: None

ADJOURNMENT

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to adjourn the meeting at 8:10 p.m.

VOTE: Ayes - 5 Nays - 0

Mayor Martin declared the meeting adjourned.

THESE MINUTES APPROVED BY COUNCIL ON THE 4th DAY OF MAY 2015.

Terry Schwerm
City Manager