

CITY COUNCIL MEETING
January 20, 2009

COUNCIL MEMBERS PRESENT: Robert Craggs, Richard Glasgow, Peg Larsen, Robert Livingston, Brian Zeller
STAFF PRESENT: Jim Gilles, Mark Nagel, Tom Niedzwiecki, John Parotti, Nick Vivian, Chris Wallberg
OTHERS PRESENT: Al Bergevin, Todd Erickson, Dick Krumm, Denese Lenertz, Lawrence Lenertz, Chris White

Administration of Oaths of Office to Mayor Zeller and City Councilperson Bob Livingston

Work Session on 2009 goals began at 6:03 p.m.

1. **CALL TO ORDER** by Mayor Zeller at 7:03 p.m.
2. **PLEDGE OF ALLEGIANCE** was said.
3. **CONSENT AGENDA** – Motion made by Larsen to approve. Craggs requested Consent Agenda Item E be removed for discussion. **M/S/P (Larsen/Craggs) to approve Consent Agenda Items A-D, and F-N. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.**
 - A. **Minutes of the December 1, 2008 Special City Council meeting & December 16, 2008 Regular City Council meeting.**
 - B. **Treasurer's Report**
 - C. **Bills to be Approved**
 - D. **Final payment to Tower Asphalt for 2007 Streets Projects in the amount of \$5,631.47**
 - F. **Resolution approving City Annual Appointments**
 - G. **Resolution adopting LSCWMO Amendment to Watershed Management Plan regarding credits**
 - H. **Resolution supporting Minnesota National Guard troops deploying to Iraq**
 - I. **Resolution approving Premises Permit for CLIMB pull tabs at Bungalow Inn**
 - J. **Submittal of the draft Comprehensive Plan to the Met Council for review, with notification that the Surface Water Management Plan will be submitted when completed/as recommended by the Planning Commission**
 - K. **Re-appoint Kevin Witt & Chris White to the Planning Commission, terms to expire 2/01/12**
 - L. **Waiver of Conflict regarding Eckberg Lammers representing both the City of Lakeland and Lakeland Plaza, LLC in platting Lakeland Village in the City of Lakeland**
 - M. **Agreement for Individual Treatment System Inspection Services with Washington County Department of Public Health**
 - N. **Acknowledge Open Meetings for owners of property located in Lakeland, conducted by the Washington County Assessor's Office on the following dates:**
 - Thursday, April 9, 2009 from 5 - 7 p.m. – Cottage Grove City Hall
 - Wednesday, April 15, 2009 from 5 - 7 p.m. – Oakdale City Hall
 - Thursday, April 23, 2009 from 5 - 7 p.m. – Woodbury City Hall
 - Wednesday, April 29, 2009 from 2 - 7 p.m. – Washington County Government Center

Lakeland residents can attend any of the meetings

Consent Agenda Item E. Craggs' reason for asking it be removed is that the Lenertzes are present; had a chance to attend PC meeting and discussion; they received draft resolution today and he had a couple of questions and a clarification; the WHEREAS on page 3, item 1 appears to be missing a word; it says *the property cannot be put to reasonable without the request...* should include *use*; in terms of wanting to make sure the communications between the City Engineer and the applicant have taken place and is clear to the applicant, if they go to page 4 under item C and G – just wanted to ask the Engineer about the review of the application and all of the concerns just to make sure the Lenertzes are clear in terms of what the expectations are; saw Parotti's letter and asked if everything has been addressed. City Engineer reviewed the project a couple of different times and assumes they have a copy of their review memo; doesn't recall there were any outstanding issues; number of things that could be included in the conditions of approval if they so choose to take that action; that is their recommendation. Zeller candidly would like to know, to Cragg's point, if there are any issues in particular that are still outstanding; that is probably the most helpful because then they can narrow the scope of what it is conditioned upon; if the City Engineer hasn't had the chance to review the resolution, they are putting him on the spot a little bit. Craggs said the resolution language says that the applicant shall meet all concerns outlined and directed by the City Engineer, as attached and incorporated herein as Exhibit C; recalls at the PC there was discussion about of the issues and raises this, not because he has particular concerns about the application, but because he thinks it is important; knows from their communication with applicants in the past that it be clear in terms of what they are

approving; at the PC, they had discussion about - and the zoning administrator asked questions about - the height, the code of the building, clarifications around certifications; he just wanted to insure there aren't other items, as in the River District applications in the past, they have had issues about the location of the swales; just wants to make sure that the Lenertzes and their engineer have that information. City Engineer said that information was prepared by Erickson and is included to their satisfaction in the plan reviewed; again, there are a number of things there that are merely housekeeping measures, in other words, they will see as one of the first comments the plans don't show any wells on the lot; their understanding is there aren't any, but from time to time during construction some are discovered and if so, this is the way they need to address them; feels there are items that need to be conditions of the approval, but aren't any outstanding issues they are aware of to date that would prevent them from recommending moving ahead. Zeller asked if that was an email that he sent in December. City Engineer said it was a memo sent December 15, 2008. Craggs said the other item would be item G - and the reason he is raising this is from previous experience; referred to page 4 under G that indicates that neither decking or any other structure materials shall be installed upon the property unless first approved by the City; asked if they are comfortable with that based on the application; from PC, it was his understanding that he met the imperious surface requirements. Zeller asked the Zoning Administrator and Attorney if it would make sense to have the word 'additional.' City Attorney confirmed that relates to the impervious surface calculations and so 'additional' would be appropriate. Zeller said that anything above and beyond the plan that has been reviewed would need to come back through the process. City Attorney confirmed that was correct.

M/S/P (Craggs/Zeller) to adopt the Resolution approving application by Lawrence and Denese Lenertz to remove the existing house and rebuild a home at 435 Quixote Avenue North as recommended by the Planning Commission with two minor changes - page 3 Item 1 adding the word "use" after reasonable and page 4 Item G after the word "neither" an additional before decking and approval by City Staff and City Council. Zeller thought Livingston also wanted to have by the City Staff and CC and seconded the motion for discussion. Craggs accepted friendly amendment. Zeller said by way of a housekeeping issue, they should have sworn her in. Livingston and he were sworn in earlier. **By roll call, Craggs, Glasgow, Livingston, and Zeller voted aye. Larsen didn't vote on issue. Resolution adopted.**

- E. Resolution approving application by Lawrence and Denese Lenertz to remove the existing house and rebuild a home at 435 Quixote Avenue North/as recommended by the Planning Commission**

Administration of Oath of Office to City Councilperson Peg Larson conducted at this time.

M/S/P (Larsen/Craggs) to approve Consent Agenda Items A-D, F-N omitting Item E. Other resolutions approved on Consent questioned whether they should be approved by roll call. City Attorney said typically they only require roll call votes on appropriation items; as long as the resolutions aren't appropriating funds, it is not needed. **Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.**

4. LAW ENFORCEMENT REPORT

Livingston provided total incident call reports were 54 for December; total citations issued were 4; all in all a pretty quiet month. Craggs noted his monthly inquiries since the roundabouts installed, asked Livingston whether he knew of any accidents on St. Croix Trail associated with the roundabouts; two accidents. To the best of Livingston's knowledge no; neither were involved in the roundabouts. Glasgow talked to the Deputy about the roundabouts and accidents and safety; surprisingly, he thought there would be more; they are working extremely well. Craggs glad to hear they are working well.

5. PETITIONS TO THE COUNCIL - none

6. 2008 BUDGET AMENDMENT - LGA CUT

Administrator referred to a copy of the letter from the Minnesota Department of Revenue; they have been un-allotted which means they have had \$40,489 subtracted from their December 26 payment; thinks, as he has talked about a couple of times and Niedzwiecki could chime in as well, is that the way they will handle that is any revenue from 2008 that they made in addition in terms of the General Fund will be used, and any expenses they didn't incur for 2008, they will probably make up for half of that as soon as Niedzwiecki gets done with the 2008 figures; they will make up the rest with the General Fund reserve; in good shape there, so thinks that would be the way Niedzwiecki and he would recommend they handle. Zeller wanted to be really clear so residents understand what this means; LGA is local government aid and money they budget or count on in the City budget; one of their revenue sources; comes from the State of Minnesota; with the State having their budget crisis, they effectively said they are un-allotting or he would use the word reneging their promise to fund the City to the extent of \$42,000 for 2008; they gave the City that notice in December of 2008, so effectively when the year is over; they are now as a CC having discussions about what that impact is more than likely going to be for 2009; they will be basically guessing until the budget is approved which will be July 1; even though they have approved their 2009 Budget, they will have to make some emergency amendments to that budget to accommodate

this un-allocation of funds they were counting on. Nagel backed up a little – they have received about \$119,000 a year from the State for local government aid and from market homestead credits that they don't actually see - somewhere in the neighborhood of \$35-36,000; total amount they get is somewhere in the neighborhood of \$155,000 a year; essentially they received their first payment on July 2008; second payment was suppose to be \$59,676 for local government aid according to the market value homestead credit, they were supposed to receive \$17,833; the way they did it was for the market value homestead credit they left alone unless they didn't have enough local government aid to handle the cuts; essentially all of theirs was taken out from local government aid – the \$40,489; they did get \$19,000 on December 26, 2008, and of course, the payment for market value homestead credit was made per usual. Niedzwiecki's only question is a technical one; are they absolutely changing the 2008 Budget or is this really a disclosure; they have always discussed impacts and how things change throughout the year, but they have never had to change the actual Budget. Zeller thinks as it relates to their 2009 Budget, they will have to amend it; thinks too significant; deferred 2008 Budget to the City Attorney. City Attorney indicated they wouldn't amend the 2008 Budget, but just note this as part of the actual calculations for 2008; for 2009 Budget they will have to amend. Zeller said to be clear on that, they are not looking at increasing their tax levy; that has already been established; they would only be amending the line items in the approved Budget. Administrator saying in terms of disclosure, when it is all said and done in terms of their Budget, if it is \$1.1M they might have on the expenditure side, it might be \$1.080M in 2008 and they will pick up the remaining \$20,000 from the General Fund Reserve to balance it; they obviously have to balance the Budget and that is how they simply do it in terms of disclosure. Craggs strongly supports the input and communication being published in the newsletter because it shows the prudent fiscal management they took as a City because they are not having to increase taxes, they are not having to cut from programs, they are using their reserves, and also showing they under spent in their Budget; thinks that is a great way to communicate. Zeller asked if Niedzwiecki had an estimate of under spending. Niedzwiecki said approximately \$20,000 that doesn't include the increased revenues from the Cable Commission. Nagel said essentially the Cable Commission is put right in the Long Term Improvement Fund.

7. GREAT RIVER GREENING – QUIXOTE RAINGARDENS CONTRACT

Nagel indicated agreement they have is much as discussed before; essentially they wanted the process to be something like this; City Engineer has provided them a bid for surveys; idea behind that would be to make sure the raingardens they have are located in the correct places; they have two listed and then a series going around on Quixote Avenue; actual design of that will probably modify a little bit as they go along and have the grading plan preparation that would be part of the City's \$10,000 contribution; Great River Greening will be doing most of the actual work itself; as soon as the contract is approved they would probably begin in late May, early June; that will provide him time to work with the City Engineer and Great River Greening once they have the information back on the surveys and preliminary look at the grade plan; again, it is \$10,000 for them - \$10,000 in cost and Staff time for their match. Craggs has questions concerning page 3, second paragraph, *The City of Lakeland is responsible for the operation and maintenance of practices applied under this program to ensure that the conservation objective is met...should the City of Lakeland fail to maintain the practice they are liable to Great River Greening.* Nagel thinks the idea is that the City would have to maintain the raingardens just like they do out front for five years; they provided an estimate to do that and somewhere in the neighborhood of \$10,000; Nagel said he felt Public Works could probably do it; essentially what would happen is that Pete DeCorsey, Klein, Gilles, and himself would attend their session on how to maintain raingardens, and then they would be responsible for doing that; couple hour session. Zeller would also call attention to the memo sent by the City Engineer January 19, 2009, a detailed response to some questions that he had asked; wanted to make sure everyone had an opportunity to read that; thinks it is important they move forward on this project; have some reservations and concerns about how effective this will be but thinks it is important; Great River Greening has made some assurances as well as the City Engineer with some qualifying statements; would support moving forward; will not support going any further with this if it doesn't work without an extensive study; just cannot in his wildest dreams envision this being a \$200,000 problem given what they just accomplished at the Afton-Lakeland Gully.

M/S/P (Zeller/Craggs) to approve the Great River Greening contract to address in part rain runoff issues stemming from current design of Quixote Avenue for a City cost contribution of \$9,750. Craggs seconded the motion for discussion purposes; as a follow-up on his comment, and thinks this is what Zeller is suggesting is that he thinks they need to agree on what is effective under this particular plan; based on Zeller's statement, he would recommend that once the Administrator sits down with Great River Greening that they provide the City some measurable goals in terms of what they consider effective conservation; leaves a lot of discretion on Great River Greening, not that they don't have the same goals as the City. Administrator will work with the City Attorney to try to clarify that a little bit. Zeller thinks Parotti referenced it in his memo; he hasn't been provided with the design calculations so measuring its success will be a challenge without that. Nagel thinks one of the difficulties here in terms of the project itself is they have been looking at this for several years and frankly a former official's promise that it would be done some years ago; their first shot through this was \$200,000; what they are looking at here is, and he has always characterized this as, stage 1; when they went over this, Parotti, Gilles, himself, and Great River Greening all agreed this may not be the end all/be all

solution but in talking with the neighbors, it does have a chance at effectively reducing some of the drainage and runoff there; thinks they all have a little bit of concern as to how well this will work; in terms of a solution, if they start out at anywhere between \$200-350,000 which is what one of the others wanted, they are down to \$10,000 and thinks it is a solution worth trying; won't necessarily disagree with the fact that this might not be the perfect solution and may not solve all the drainage problems there; would agree they have to look at it after the end of the first year and establish its effectiveness; something to stipulate in terms of the maintenance; if it is not working, is it worth maintaining; commitment he sees is simply what they do out in front of City Hall a couple of times a year – that is how he understands it; agrees with Craggs that they specify, and as Parotti suggested, make sure it is in there; not going to say this is perfect solution, but will say it is a solution worth trying; represents the least affects on the neighbor's property; if this is approved, he will add that section and clarify the maintenance program they might be considering. Larsen would feel more comfortable if she knew someone from Metropolitan Mosquito Control District came and looked at it and gave their nod of approval to make sure it was in correctly. Nagel will make that contact in the next couple days and send a copy of this over to see what he thinks. Zeller said as long as he is here, he should talk to him about the holding area since they were going to get some clay over by 8th Street. **Glasgow, Larsen, Livingston, Craggs, and Zeller voted aye. Motion passed unanimously.**

M/S/P to approve the engineering estimates submitted by SEH for 2009 Street Improvements Project – 6th Street North and Quixote Avenue North for \$2,899. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.

8. CITY STAFF REPORTS

- Administrator

Nagel mentioned for the public that the Afton-Lakeland Gully Project was discussed; together with the City of Afton and the Middle St. Croix Water Management Organization, they put in for an award for collaborations between public nonprofit and/or private organizations from the Humphrey Institute, an annual award given for innovative projects; collaborated to address a pronounced erosion issue within a network of steep, unstable ravines which ultimately drained into the St. Croix River created sediment and other pollutants; this project has helped build a model for addressing water quality issues that involved multiple property owners and municipalities; was a combination of funding sources, property owners, and much discussion from the Water Management Organization with the two cities; thinks it is award worthy; will see in March if the panel thinks so also; provided a copy of an article in the Pioneer Press on Sunday regarding Acupuncture and Body Work Clinic; nice to see when their businesses get profiled in the Sunday paper; finally, Gilles passed along a copy of the 2009 Streets Project; one of the comment cards thanked Parotti, Larsen, Gilles, and Zeller for a very informative meeting concerning 2nd Street North and they can be all proud of the service they provide; nice to get those types of compliments as well too.

- City Clerk

PC has found February 17 for a public hearing on the Lakeland Village proposal doable if needed; hasn't seen anything about that, but understands they may be in need of a public hearing. Zeller noted the City Attorney, Administrator, and he had a meeting with the Village Center owners and architects; he had a concern when they looked at the final plan that it showed a two lot minor subdivision but they had ghost image over the top seven lots; just wanted it to be very clear what the CC and PC were approving; technically they were approving the two lots; ghost imaging would have required them to come back through; thinks once they made that very clear to them, they said in looking at it and learning about easements that would be required in the future, possibly an outlet where the treatment field lays and a number of other issues identified, he thought it made sense to look at that as a four lot as opposed to a two lot which requires it to come back through their public hearing, PC, and final vote of CC; glad they delayed taking action on that in December and that they had a meeting where it was clarified; number of issues they will have to work through with the City Attorney and Staff to make sure they identify access easements, cross parking where applicable in that drain field/common area; Clerk will have to be provided acceptable documents 15 days prior to the meeting. City Attorney advised them they needed to have everything in to the City by the end of the month; expects that to happen; as Zeller outlined, they have been talking with them about different options; looks as though they are going to change their request to a more common interest community type setup where there are common elements, where the parking is going to be and things used in common to the building so they avoid the confusion and complication of easements between all those lots to the drain field; they are working through those issues and he would expect they would have everything submitted by the end of the month; if they don't, it will be moved to next month. Zeller views it as a positive step; fact they are addressing issues that it looks like they would have been trying to figure out later, he would rather address them on the front end; does give them the flexibility that if they decide to sell a building in order to attract users, thinks they can see some new construction sooner; at least opens that door; also means they get their TIF money back faster.

- Public Works

Gilles unable to attend, but Nagel thinks the plowing seems to be going extremely well and that is what he has been doing since December. Zeller said they had positive feedback on their plowing, and as he indicated, he only heard from one

resident who had a concern and knows Staff was out there within 24 hours to look at it and it was resolved. Administrator said what he hears most from people is the fact they get out there and get it done so early and then they come back and sand the slippery spots during the day and remove slush; thinks they are doing a terrific job. Zeller said they also have that flexibility of going on an as needed basis; when other communities have a three inch snowfall event before the trucks come out - they have the flexibility. Craggs asked if Zeller has heard from neighbors how their snowplowing is going this winter. Zeller thinks overall it is going well; has had a couple of challenges/struggles; thinks 3" snowfall threshold is something they are reviewing; all in all, thinks it has been working out okay for them. Nagel said they are using the mix for two reasons, one is there isn't a lot of salt out there they will be able to get for the rest of the year and thinks all the counties are facing that; instead of salting, they have been mixing sand and salt - thinks mix 80/20.

- City Attorney

Only item he has for open session is the Second Amended City Administrator Employment Agreement which is included in their packet for consideration tonight; First Amended City Administrator Employment Agreement technically expired the first of the year, so it is time to renew Nagel's agreement; couple of changes made to this Agreement, they have eliminated the renewal clause in paragraph 2, Term of Employment Agreement, they changed the term to be perpetual so they don't have to renew on an annual basis; both sides can terminate upon 15 days advanced notice, so really no reason to renew on an annual basis; updated paragraph 4, the Schedule; thinks they had ten hours per week listed before and it is now 16 hours per week; that is consistent with what had been approved by the CC midway through last year; those are the two primary changes in the Agreement before them for their consideration and approval. Zeller said they have always made an effort, doesn't know if they have been 100% but thinks they have done a pretty good job, of doing annual Staff reviews; asked if there is some type of form or instrument that Nagel has used in the past where CC members could provide him some constructive feedback; thinks good to give some feedback and communication on where they are seeing success and where struggling a little bit. Nagel said there is a feedback from where all comment sheets are forwarded to the Mayor and the Mayor sits down with him. Zeller thinks that would be valuable for everybody. Nagel will put together; would welcome it.

M/S/P (Zeller/Craggs) to approve the Second Amended City Administrator Employment Agreement as provided by the City Attorney with two changes - changing term of employment perpetual and schedule to 16 hours per week.

Craggs asked clarification of City Attorney under 4 Schedule – the sentence *paid hours beyond sixteen (16) hours per week shall be approved and advanced* – should be approved in advance [Attorney said it should]; from a practical prospective, asked how it has worked so far in terms if Nagel has to work more than the hours. Zeller said candidly, if they are in need of something and his time is needed, it has worked fine from his point of view - the 16 hours. Nagel said sometimes it is during the summer and some weeks it was 20 but then he would balance it with 12-14; during the holiday break it has been lower than 16; 16 seems to work very well; views it as 16 hours, 64 hours per month; at \$40 that is somewhere around \$2500-2600; he charges when he is there; doesn't charge to drive to the City Hall; does Lakeland Update at home, so obviously no charge for computer time or office time, there is no overhead; given this economic situation, he isn't asking for an increase; everything stays the same; once the City Attorney and he talked about it, they have that clause in there in termination of 15 days on either side and they have always had that in there and just didn't seem to make a lot of sense to try to remember to renew every year. Craggs thought it would better serve the City to put paid hours beyond so much per month, and his reason for raising it, to provide that flexibility; someday they are not going to be there, and if the City Administrator is still around, the way this is written is this is part of an informal process; understands the need to be flexible, so would recommend they cap it on a monthly basis. Larsen said Nagel has been a great asset to the City and has made all of their, and the resident's, lives more comfortable and productive. Livingston noted this extraordinary fair contract with regard to the City; he would almost say 'almost more than fair;' thinks Nagel has bent over backwards to make sure they get not only the bang for the bucks, but more bangs for less bucks; can't tell them in today's climate how rare and how welcome it is. **Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye.**

Motion passed unanimously.

- Engineer

Parotti alluded to earlier the 2009 Streets Project; if they remain on schedule and they are on schedule right now, they will come back to them next month with consideration to authorize, advertise for bidding; things are moving along on schedule and they plan to do that; from the discussion they did have, sounded like it was along the lines of dividing the project into schedules; CC who have been there a little while know they have done that in the past quite effectively and thinks they have done it almost every project since he has been there; in 2004 part of Rivercrest was done and another part held off until 2006; they have effectively done that in the past and they are prepared to do that again; will coordinate that with Nagel. Zeller said in follow up, Nagel was recently a part of a project where the bids came back very favorably; this is obviously in response to the LGA update they received. Parotti thought goal there would be to provide them the flexibility they need to make whatever decision with regard to what the project to award.

- Treasurer

Niedzwiecki wanted to continue year end review; on the revenue side, the General Fund is at \$26,000 unfavorable to Budget that is basically the \$40,489 un-allotment of LGA less \$15,000 contingency that was built in the Budget; on the expense side, the General Fund is about \$4,400 favorable to Budget for the overall impact an unfavorable \$21,000 to Budget; did receive in December \$1,000 in insurance dividend and he accrued \$45,000 in Police Services for 2nd half 2008; might be a little high; generally put in Long Term Improvement Fund and let the Long Term Improvement Fund absorb any difference if they want to have some directive controls or something. Zeller believes their current Joint Powers Agreement with the Fire District is that they can increase their budget on an annual basis up to 5% without the cities approval; thinks they appealed to them a little late last year in their budgeting process to hold that line down to \$0; ultimately thinks it came in around 4.8 or 4.9%; asked how they would start that communication early this year with all the budget pressure all the cities have. Nagel thinks they may want to begin their discussions now; based on what they talked about he thinks he should sit down with Niedzwiecki and identify some expenditures and get back to them about which ones they want to do and what they don't want to do. Zeller thinks just to make Fire District aware that it is a possibility and something they are forced to look at so they are not caught off guard. Niedzwiecki attends the Fire District meetings as their accountant and thinks he can report that they are already talking about targeting something less than 5%; hopefully significantly less; think it might be unrealistic to go to \$0. Craggs would agree they need to set their expectations early. Niedzwiecki continued he thinks there will be one additional bill, maybe \$1,000, to the City Engineer who has not submitted a bill for December; might want to accrue that in 2008; also wants to look at the November and December tax collection as far as the delinquencies might be; anything in November or December they just rolled into the next year – but if there are additional delinquencies, the November/December 2007 generally offset the November/December 2008; General Fund Balance is at \$414,000, their Budget \$614,000, so actually a very healthy balance of 67.5%. Zeller asked that Niedzwiecki clarify the three water funds, 601, 605, and 606. Niedzwiecki said 601 is the water utility operation – ongoing operation, 605 was construction fund was set up for the second water tower and rehab of the first water tower. Zeller asked that the Administrator add the Tower 1 Rehab to their list of goals this year; window of opportunity for them to do that work; thought is the need is clearly there and they need the most cost effective way to do it and then any unused fund balance he thinks they should pay down the long term debt on the improvement and close out that fund; that was included in their original Bond so they are paying interest on that and receiving minimal interest on it; thinks it would be better off to pay that fund down. Niedzwiecki said the first opportunity they have is in 2011 before they can make any prepayments on the Bond; 606 is water debt service fund is really the Bond and debt service on the 2nd water tower debt. Zeller said his point is if they are not using the money, the earliest opportunity they should spend down that debt. Niedzwiecki said there might be an alternative use for that in essence doing the same thing; instead of prepaying the Bond they had a step up in the charges of water usage that could offset the rate increase. Nagel said first step will be to look at that rehab project. Niedzwiecki is also going to start looking at analyzing and making recommendation for any potential water rate increase; going forward the water department based on the numbers he has had a pretty good year, even after paying the \$20,000 for their share of the 5th Street Realignment; hoping to keep that increase down and will be working will Gilles and Nagel on that.

9. COUNCIL MEMBER REPORT/Craggs

CC discussed a Landscaping Committee for CSAH 18; CC Schroeder from Lakeland Shores has been trying to get a meeting together; thinks there is a potential meeting for next week. Zeller thinks if it is going to be a 2009 project, they have to make some decisions. Craggs said Cory Slagle is aware this is intended as a 2009 spring project; they have reference to the Parks capital improvement proposed CIP, they have a draft of that together; they have been discussing how that interfaces with the 2009 Streets Project because they were talking of a parking lot in one of the parks; been working with Nagel and Klein to address that; Parks Advisory Committee is going to meet again in February, so would expect in February with a plan.

10. COUNCIL MEMBER REPORT/Glasgow

No Cable meeting this month; did attend the Firemen's Appreciation Dinner and spent the evening with the firemen and the District; quite heartwarming to see those people who are volunteering so many hours in their training and service; they have a very fine Fire Department and very dedicated; passed Resolution in support of the 34th Red Bull Infantry Division and Stillwater based 34th Military Police Company of the Minnesota National Guard on its deployment to Iraq; wanted to mention the Red Bull's are going for one year deployment in Iraq and Commissioner Kriesel along with the president of Blue Star Moms and himself had a meeting; this Resolution will go statewide; near and dear to his heart the sacrifices of their families and soldiers provide to keep their safety and freedom; along with Dear American Hero, Kim Furman whose husband is currently deployed in Iraq, is shipping 1,000 gallons of fresh milk this week; response to that is nationwide; she is getting calls, letters, and donations nationwide; simple pleasures that we take for granted like a glass of milk is really precious to those guys over there; they appreciate anything they can do even a simple thank you. Livingston said on that subject, the program that Iraq veteran and chaplain Major John Morris is behind; some of the Sunday Schools in the area are making banners for the chapel over there and John Morris will see that they will get shipped over there; touch of youth

understanding the sacrifices these men and women are making; knows his church is involved; thinks Saint Francis of Assisi is also involved; if anyone wants any information on it, they can certainly contact either Craggs or him and they will steer them in the right direction.

11. COUNCIL MEMBER REPORT/Larsen

Just wanted to say thank you to the gentlemen who plow the roads; nice to get compliments with minimal complaints.

12. COUNCIL MEMBER REPORT/Livingston

Nagel and he are on the list for a mailing that comes out weekly from an organization that has information of criminal apprehension from North Dakota, South Dakota, and Minnesota together with the FBI; it is essentially a list of issues that have come up in terms of homeland security, but also gets into ideas for communities and homeland security; one of them came up that Nagel and he thought was pretty neat; company doing this is a private company and therefore anyone who wishes to participate in this should know that in terms of disclosing information should take into account they are disclosing information to a private company; name of it is *My Mobile Witness* and what it does is it has contracted with law enforcement database operations in pretty much every region of the country; say you see something untoward and from a safe position you might take a picture of it with your cell phone or send a picture of a first/blind date; you can send information to a database that is only accessible by law enforcement and only accessible is something happens; another thing in terms of protecting yourself; you own the situation and can decide what to take and what not to take – you use when you sense a potentially unpredictable situation, you record and send it, My Mobile Witness stores it.

13. MAYOR'S REPORT

Had productive WMO meeting; he and Nagel continue to work on the gravel tax issue.

14. CLOSED SESSION REGARDING POTENTIAL PENDING LITIGATION

M/S/P (Zeller/Larsen) to go to Closed Session at 8:45 p.m. Glasgow, Larsen, Livingston, Craggs, and Zeller voted aye. Passed unanimously.

15. ADJOURN – M/S/P (Larsen/Glasgow) to reconvene from Closed Session and to adjourn the January City Council meeting at 8:58 p.m. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Passed unanimously.

Brian Zeller, Mayor

Kate Piscitello, Recording Secretary

CITY COUNCIL MEETING
January 20, 2009

COUNCIL MEMBERS PRESENT: Robert Craggs, Richard Glasgow, Peg Larsen, Robert Livingston, Brian Zeller
STAFF PRESENT: Jim Gilles, Mark Nagel, Tom Niedzwiecki, John Parotti, Nick Vivian, Chris Wallberg
OTHERS PRESENT: Al Bergevin, Todd Erickson, Dick Krumm, Denese Lenertz, Lawrence Lenertz, Chris White

Administration of Oaths of Office to Mayor Zeller and City Councilperson Bob Livingston

Work Session on 2009 goals began at 6:03 p.m.

1. **CALL TO ORDER** by Mayor Zeller at 7:03 p.m.
2. **PLEDGE OF ALLEGIANCE** was said.
3. **CONSENT AGENDA** – Motion made by Larsen to approve. Craggs requested Consent Agenda Item E be removed for discussion. **M/S/P (Larsen/Craggs) to approve Consent Agenda Items A-D, and F-N. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.**
 - A. **Minutes of the December 1, 2008 Special City Council meeting & December 16, 2008 Regular City Council meeting.**
 - B. **Treasurer's Report**
 - C. **Bills to be Approved**
 - D. **Final payment to Tower Asphalt for 2007 Streets Projects in the amount of \$5,631.47**
 - F. **Resolution approving City Annual Appointments**
 - G. **Resolution adopting LSCWMO Amendment to Watershed Management Plan regarding credits**
 - H. **Resolution supporting Minnesota National Guard troops deploying to Iraq**
 - I. **Resolution approving Premises Permit for CLIMB pull tabs at Bungalow Inn**
 - J. **Submittal of the draft Comprehensive Plan to the Met Council for review, with notification that the Surface Water Management Plan will be submitted when completed/as recommended by the Planning Commission**
 - K. **Re-appoint Kevin Witt & Chris White to the Planning Commission, terms to expire 2/01/12**
 - L. **Waiver of Conflict regarding Eckberg Lammers representing both the City of Lakeland and Lakeland Plaza, LLC in platting Lakeland Village in the City of Lakeland**
 - M. **Agreement for Individual Treatment System Inspection Services with Washington County Department of Public Health**
 - N. **Acknowledge Open Meetings for owners of property located in Lakeland, conducted by the Washington County Assessor's Office on the following dates:**
 - Thursday, April 9, 2009 from 5 - 7 p.m. – Cottage Grove City Hall**
 - Wednesday, April 15, 2009 from 5 - 7 p.m. – Oakdale City Hall**
 - Thursday, April 23, 2009 from 5 - 7 p.m. – Woodbury City Hall**
 - Wednesday, April 29, 2009 from 2 - 7 p.m. – Washington County Government Center****Lakeland residents can attend any of the meetings**

Consent Agenda Item E. Craggs' reason for asking it be removed is that the Lenertzes are present; had a chance to attend PC meeting and discussion; they received draft resolution today and he had a couple of questions and a clarification; the WHEREAS on page 3, item 1 appears to be missing a word; it says *the property cannot be put to reasonable without the request...* should include *use*; in terms of wanting to make sure the communications between the City Engineer and the applicant have taken place and is clear to the applicant, if they go to page 4 under item C and G – just wanted to ask the Engineer about the review of the application and all of the concerns just to make sure the Lenertzes are clear in terms of what the expectations are; saw Parotti's letter and asked if everything has been addressed. City Engineer reviewed the project a couple of different times and assumes they have a copy of their review memo; doesn't recall there were any outstanding issues; number of things that could be included in the conditions of approval if they so choose to take that action; that is their recommendation. Zeller candidly would like to know, to Cragg's point, if there are any issues in particular that are still outstanding; that is probably the most helpful because then they can narrow the scope of what it is conditioned upon; if the City Engineer hasn't had the chance to review the resolution, they are putting him on the spot a little bit. Craggs said the resolution language says that the applicant shall meet all concerns outlined and directed by the City Engineer, as attached and incorporated herein as Exhibit C; recalls at the PC there was discussion about of the issues and raises this, not because he has particular concerns about the application, but because he thinks it is important; knows from their communication with applicants in the past that it be clear in terms of what they are

approving; at the PC, they had discussion about - and the zoning administrator asked questions about - the height, the code of the building, clarifications around certifications; he just wanted to insure there aren't other items, as in the River District applications in the past, they have had issues about the location of the swales; just wants to make sure that the Lenertzes and their engineer have that information. City Engineer said that information was prepared by Erickson and is included to their satisfaction in the plan reviewed; again, there are a number of things there that are merely housekeeping measures, in other words, they will see as one of the first comments the plans don't show any wells on the lot; their understanding is there aren't any, but from time to time during construction some are discovered and if so, this is the way they need to address them; feels there are items that need to be conditions of the approval, but aren't any outstanding issues they are aware of to date that would prevent them from recommending moving ahead. Zeller asked if that was an email that he sent in December. City Engineer said it was a memo sent December 15, 2008. Craggs said the other item would be item G - and the reason he is raising this is from previous experience; referred to page 4 under G that indicates that neither decking or any other structure materials shall be installed upon the property unless first approved by the City; asked if they are comfortable with that based on the application; from PC, it was his understanding that he met the imperious surface requirements. Zeller asked the Zoning Administrator and Attorney if it would make sense to have the word 'additional.' City Attorney confirmed that relates to the impervious surface calculations and so 'additional' would be appropriate. Zeller said that anything above and beyond the plan that has been reviewed would need to come back through the process. City Attorney confirmed that was correct.

M/S/P (Craggs/Zeller) to adopt the Resolution approving application by Lawrence and Denese Lenertz to remove the existing house and rebuild a home at 435 Quixote Avenue North as recommended by the Planning Commission with two minor changes - page 3 Item 1 adding the word "use" after reasonable and page 4 Item G after the word "neither" an additional before decking and approval by City Staff and City Council. Zeller thought Livingston also wanted to have by the City Staff and CC and seconded the motion for discussion. Craggs accepted friendly amendment. Zeller said by way of a housekeeping issue, they should have sworn her in. Livingston and he were sworn in earlier. **By roll call, Craggs, Glasgow, Livingston, and Zeller voted aye. Larsen didn't vote on issue. Resolution adopted.**

- E. Resolution approving application by Lawrence and Denese Lenertz to remove the existing house and rebuild a home at 435 Quixote Avenue North/as recommended by the Planning Commission**

Administration of Oath of Office to City Councilperson Peg Larson conducted at this time.

M/S/P (Larsen/Craggs) to approve Consent Agenda Items A-D, F-N omitting Item E. Other resolutions approved on Consent questioned whether they should be approved by roll call. City Attorney said typically they only require roll call votes on appropriation items; as long as the resolutions aren't appropriating funds, it is not needed. **Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.**

4. LAW ENFORCEMENT REPORT

Livingston provided total incident call reports were 54 for December; total citations issued were 4; all in all a pretty quiet month. Craggs noted his monthly inquiries since the roundabouts installed, asked Livingston whether he knew of any accidents on St. Croix Trail associated with the roundabouts; two accidents. To the best of Livingston's knowledge no; neither were involved in the roundabouts. Glasgow talked to the Deputy about the roundabouts and accidents and safety; surprisingly, he thought there would be more; they are working extremely well. Craggs glad to hear they are working well.

5. PETITIONS TO THE COUNCIL - none

6. 2008 BUDGET AMENDMENT - LGA CUT

Administrator referred to a copy of the letter from the Minnesota Department of Revenue; they have been un-allotted which means they have had \$40,489 subtracted from their December 26 payment; thinks, as he has talked about a couple of times and Niedzwiecki could chime in as well, is that the way they will handle that is any revenue from 2008 that they made in addition in terms of the General Fund will be used, and any expenses they didn't incur for 2008, they will probably make up for half of that as soon as Niedzwiecki gets done with the 2008 figures; they will make up the rest with the General Fund reserve; in good shape there, so thinks that would be the way Niedzwiecki and he would recommend they handle. Zeller wanted to be really clear so residents understand what this means; LGA is local government aid and money they budget or count on in the City budget; one of their revenue sources; comes from the State of Minnesota; with the State having their budget crisis, they effectively said they are un-allotting or he would use the word reneging their promise to fund the City to the extent of \$42,000 for 2008; they gave the City that notice in December of 2008, so effectively when the year is over; they are now as a CC having discussions about what that impact is more than likely going to be for 2009; they will be basically guessing until the budget is approved which will be July 1; even though they have approved their 2009 Budget, they will have to make some emergency amendments to that budget to accommodate

this un-allocation of funds they were counting on. Nagel backed up a little – they have received about \$119,000 a year from the State for local government aid and from market homestead credits that they don't actually see - somewhere in the neighborhood of \$35-36,000; total amount they get is somewhere in the neighborhood of \$155,000 a year; essentially they received their first payment on July 2008; second payment was suppose to be \$59,676 for local government aid according to the market value homestead credit, they were supposed to receive \$17,833; the way they did it was for the market value homestead credit they left alone unless they didn't have enough local government aid to handle the cuts; essentially all of theirs was taken out from local government aid – the \$40,489; they did get \$19,000 on December 26, 2008, and of course, the payment for market value homestead credit was made per usual. Niedzwiecki's only question is a technical one; are they absolutely changing the 2008 Budget or is this really a disclosure; they have always discussed impacts and how things change throughout the year, but they have never had to change the actual Budget. Zeller thinks as it relates to their 2009 Budget, they will have to amend it; thinks too significant; deferred 2008 Budget to the City Attorney. City Attorney indicated they wouldn't amend the 2008 Budget, but just note this as part of the actual calculations for 2008; for 2009 Budget they will have to amend. Zeller said to be clear on that, they are not looking at increasing their tax levy; that has already been established; they would only be amending the line items in the approved Budget. Administrator saying in terms of disclosure, when it is all said and done in terms of their Budget, if it is \$1.1M they might have on the expenditure side, it might be \$1.080M in 2008 and they will pick up the remaining \$20,000 from the General Fund Reserve to balance it; they obviously have to balance the Budget and that is how they simply do it in terms of disclosure. Craggs strongly supports the input and communication being published in the newsletter because it shows the prudent fiscal management they took as a City because they are not having to increase taxes, they are not having to cut from programs, they are using their reserves, and also showing they under spent in their Budget; thinks that is a great way to communicate. Zeller asked if Niedzwiecki had an estimate of under spending. Niedzwiecki said approximately \$20,000 that doesn't include the increased revenues from the Cable Commission. Nagel said essentially the Cable Commission is put right in the Long Term Improvement Fund.

7. GREAT RIVER GREENING – QUIXOTE RAINGARDENS CONTRACT

Nagel indicated agreement they have is much as discussed before; essentially they wanted the process to be something like this; City Engineer has provided them a bid for surveys; idea behind that would be to make sure the raingardens they have are located in the correct places; they have two listed and then a series going around on Quixote Avenue; actual design of that will probably modify a little bit as they go along and have the grading plan preparation that would be part of the City's \$10,000 contribution; Great River Greening will be doing most of the actual work itself; as soon as the contract is approved they would probably begin in late May, early June; that will provide him time to work with the City Engineer and Great River Greening once they have the information back on the surveys and preliminary look at the grade plan; again, it is \$10,000 for them - \$10,000 in cost and Staff time for their match. Craggs has questions concerning page 3, second paragraph, *The City of Lakeland is responsible for the operation and maintenance of practices applied under this program to ensure that the conservation objective is met...should the City of Lakeland fail to maintain the practice they are liable to Great River Greening.* Nagel thinks the idea is that the City would have to maintain the raingardens just like they do out front for five years; they provided an estimate to do that and somewhere in the neighborhood of \$10,000; Nagel said he felt Public Works could probably do it; essentially what would happen is that Pete DeCorsey, Klein, Gilles, and himself would attend their session on how to maintain raingardens, and then they would be responsible for doing that; couple hour session. Zeller would also call attention to the memo sent by the City Engineer January 19, 2009, a detailed response to some questions that he had asked; wanted to make sure everyone had an opportunity to read that; thinks it is important they move forward on this project; have some reservations and concerns about how effective this will be but thinks it is important; Great River Greening has made some assurances as well as the City Engineer with some qualifying statements; would support moving forward; will not support going any further with this if it doesn't work without an extensive study; just cannot in his wildest dreams envision this being a \$200,000 problem given what they just accomplished at the Afton-Lakeland Gully.

M/S/P (Zeller/Craggs) to approve the Great River Greening contract to address in part rain runoff issues stemming from current design of Quixote Avenue for a City cost contribution of \$9,750. Craggs seconded the motion for discussion purposes; as a follow-up on his comment, and thinks this is what Zeller is suggesting is that he thinks they need to agree on what is effective under this particular plan; based on Zeller's statement, he would recommend that once the Administrator sits down with Great River Greening that they provide the City some measureable goals in terms of what they consider effective conservation; leaves a lot of discretion on Great River Greening, not that they don't have the same goals as the City. Administrator will work with the City Attorney to try to clarify that a little bit. Zeller thinks Parotti referenced it in his memo; he hasn't been provided with the design calculations so measuring its success will be a challenge without that. Nagel thinks one of the difficulties here in terms of the project itself is they have been looking at this for several years and frankly a former official's promise that it would be done some years ago; their first shot through this was \$200,000; what they are looking at here is, and he has always characterized this as, stage 1; when they went over this, Parotti, Gilles, himself, and Great River Greening all agreed this may not be the end all/be all

solution but in talking with the neighbors, it does have a chance at effectively reducing some of the drainage and runoff there; thinks they all have a little bit of concern as to how well this will work; in terms of a solution, if they start out at anywhere between \$200-350,000 which is what one of the others wanted, they are down to \$10,000 and thinks it is a solution worth trying; won't necessarily disagree with the fact that this might not be the perfect solution and may not solve all the drainage problems there; would agree they have to look at it after the end of the first year and establish its effectiveness; something to stipulate in terms of the maintenance; if it is not working, is it worth maintaining; commitment he sees is simply what they do out in front of City Hall a couple of times a year – that is how he understands it; agrees with Craggs that they specify, and as Parotti suggested, make sure it is in there; not going to say this is perfect solution, but will say it is a solution worth trying; represents the least affects on the neighbor's property; if this is approved, he will add that section and clarify the maintenance program they might be considering. Larsen would feel more comfortable if she knew someone from Metropolitan Mosquito Control District came and looked at it and gave their nod of approval to make sure it was in correctly. Nagel will make that contact in the next couple days and send a copy of this over to see what he thinks. Zeller said as long as he is here, he should talk to him about the holding area since they were going to get some clay over by 8th Street. **Glasgow, Larsen, Livingston, Craggs, and Zeller voted aye. Motion passed unanimously.**

M/S/P to approve the engineering estimates submitted by SEH for 2009 Street Improvements Project – 6th Street North and Quixote Avenue North for \$2,899. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.

8. CITY STAFF REPORTS

- Administrator

Nagel mentioned for the public that the Afton-Lakeland Gully Project was discussed; together with the City of Afton and the Middle St. Croix Water Management Organization, they put in for an award for collaborations between public nonprofit and/or private organizations from the Humphrey Institute, an annual award given for innovative projects; collaborated to address a pronounced erosion issue within a network of steep, unstable ravines which ultimately drained into the St. Croix River created sediment and other pollutants; this project has helped build a model for addressing water quality issues that involved multiple property owners and municipalities; was a combination of funding sources, property owners, and much discussion from the Water Management Organization with the two cities; thinks it is award worthy; will see in March if the panel thinks so also; provided a copy of an article in the Pioneer Press on Sunday regarding Acupuncture and Body Work Clinic; nice to see when their businesses get profiled in the Sunday paper; finally, Gilles passed along a copy of the 2009 Streets Project; one of the comment cards thanked Parotti, Larsen, Gilles, and Zeller for a very informative meeting concerning 2nd Street North and they can be all proud of the service they provide; nice to get those types of compliments as well too.

- City Clerk

PC has found February 17 for a public hearing on the Lakeland Village proposal doable if needed; hasn't seen anything about that, but understands they may be in need of a public hearing. Zeller noted the City Attorney, Administrator, and he had a meeting with the Village Center owners and architects; he had a concern when they looked at the final plan that it showed a two lot minor subdivision but they had ghost image over the top seven lots; just wanted it to be very clear what the CC and PC were approving; technically they were approving the two lots; ghost imaging would have required them to come back through; thinks once they made that very clear to them, they said in looking at it and learning about easements that would be required in the future, possibly an outlet where the treatment field lays and a number of other issues identified, he thought it made sense to look at that as a four lot as opposed to a two lot which requires it to come back through their public hearing, PC, and final vote of CC; glad they delayed taking action on that in December and that they had a meeting where it was clarified; number of issues they will have to work through with the City Attorney and Staff to make sure they identify access easements, cross parking where applicable in that drain field/common area; Clerk will have to be provided acceptable documents 15 days prior to the meeting. City Attorney advised them they needed to have everything in to the City by the end of the month; expects that to happen; as Zeller outlined, they have been talking with them about different options; looks as though they are going to change their request to a more common interest community type setup where there are common elements, where the parking is going to be and things used in common to the building so they avoid the confusion and complication of easements between all those lots to the drain field; they are working through those issues and he would expect they would have everything submitted by the end of the month; if they don't, it will be moved to next month. Zeller views it as a positive step; fact they are addressing issues that it looks like they would have been trying to figure out later, he would rather address them on the front end; does give them the flexibility that if they decide to sell a building in order to attract users, thinks they can see some new construction sooner; at least opens that door; also means they get their TIF money back faster.

- Public Works

Gilles unable to attend, but Nagel thinks the plowing seems to be going extremely well and that is what he has been doing since December. Zeller said they had positive feedback on their plowing, and as he indicated, he only heard from one

resident who had a concern and knows Staff was out there within 24 hours to look at it and it was resolved. Administrator said what he hears most from people is the fact they get out there and get it done so early and then they come back and sand the slippery spots during the day and remove slush; thinks they are doing a terrific job. Zeller said they also have that flexibility of going on an as needed basis; when other communities have a three inch snowfall event before the trucks come out - they have the flexibility. Craggs asked if Zeller has heard from neighbors how their snowplowing is going this winter. Zeller thinks overall it is going well; has had a couple of challenges/struggles; thinks 3" snowfall threshold is something they are reviewing; all in all, thinks it has been working out okay for them. Nagel said they are using the mix for two reasons, one is there isn't a lot of salt out there they will be able to get for the rest of the year and thinks all the counties are facing that; instead of salting, they have been mixing sand and salt - thinks mix 80/20.

- City Attorney

Only item he has for open session is the Second Amended City Administrator Employment Agreement which is included in their packet for consideration tonight; First Amended City Administrator Employment Agreement technically expired the first of the year, so it is time to renew Nagel's agreement; couple of changes made to this Agreement, they have eliminated the renewal clause in paragraph 2, Term of Employment Agreement, they changed the term to be perpetual so they don't have to renew on an annual basis; both sides can terminate upon 15 days advanced notice, so really no reason to renew on an annual basis; updated paragraph 4, the Schedule; thinks they had ten hours per week listed before and it is now 16 hours per week; that is consistent with what had been approved by the CC midway through last year; those are the two primary changes in the Agreement before them for their consideration and approval. Zeller said they have always made an effort, doesn't know if they have been 100% but thinks they have done a pretty good job, of doing annual Staff reviews; asked if there is some type of form or instrument that Nagel has used in the past where CC members could provide him some constructive feedback; thinks good to give some feedback and communication on where they are seeing success and where struggling a little bit. Nagel said there is a feedback from where all comment sheets are forwarded to the Mayor and the Mayor sits down with him. Zeller thinks that would be valuable for everybody. Nagel will put together; would welcome it.

M/S/P (Zeller/Craggs) to approve the Second Amended City Administrator Employment Agreement as provided by the City Attorney with two changes - changing term of employment perpetual and schedule to 16 hours per week.

Craggs asked clarification of City Attorney under 4 Schedule – the sentence *paid hours beyond sixteen (16) hours per week shall be approved and advanced* – should be approved in advance [Attorney said it should]; from a practical prospective, asked how it has worked so far in terms if Nagel has to work more than the hours. Zeller said candidly, if they are in need of something and his time is needed, it has worked fine from his point of view - the 16 hours. Nagel said sometimes it is during the summer and some weeks it was 20 but then he would balance it with 12-14; during the holiday break it has been lower than 16; 16 seems to work very well; views it as 16 hours, 64 hours per month; at \$40 that is somewhere around \$2500-2600; he charges when he is there; doesn't charge to drive to the City Hall; does Lakeland Update at home, so obviously no charge for computer time or office time, there is no overhead; given this economic situation, he isn't asking for an increase; everything stays the same; once the City Attorney and he talked about it, they have that clause in there in termination of 15 days on either side and they have always had that in there and just didn't seem to make a lot of sense to try to remember to renew every year. Craggs thought it would better serve the City to put paid hours beyond so much per month, and his reason for raising it, to provide that flexibility; someday they are not going to be there, and if the City Administrator is still around, the way this is written is this is part of an informal process; understands the need to be flexible, so would recommend they cap it on a monthly basis. Larsen said Nagel has been a great asset to the City and has made all of their, and the resident's, lives more comfortable and productive. Livingston noted this extraordinary fair contract with regard to the City; he would almost say 'almost more than fair;' thinks Nagel has bent over backwards to make sure they get not only the bang for the bucks, but more bangs for less bucks; can't tell them in today's climate how rare and how welcome it is. **Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye.**

Motion passed unanimously.

- Engineer

Parotti alluded to earlier the 2009 Streets Project; if they remain on schedule and they are on schedule right now, they will come back to them next month with consideration to authorize, advertise for bidding; things are moving along on schedule and they plan to do that; from the discussion they did have, sounded like it was along the lines of dividing the project into schedules; CC who have been there a little while know they have done that in the past quite effectively and thinks they have done it almost every project since he has been there; in 2004 part of Rivercrest was done and another part held off until 2006; they have effectively done that in the past and they are prepared to do that again; will coordinate that with Nagel. Zeller said in follow up, Nagel was recently a part of a project where the bids came back very favorably; this is obviously in response to the LGA update they received. Parotti thought goal there would be to provide them the flexibility they need to make whatever decision with regard to what the project to award.

- Treasurer

Niedzwiecki wanted to continue year end review; on the revenue side, the General Fund is at \$26,000 unfavorable to Budget that is basically the \$40,489 un-allotment of LGA less \$15,000 contingency that was built in the Budget; on the expense side, the General Fund is about \$4,400 favorable to Budget for the overall impact an unfavorable \$21,000 to Budget; did receive in December \$1,000 in insurance dividend and he accrued \$45,000 in Police Services for 2nd half 2008; might be a little high; generally put in Long Term Improvement Fund and let the Long Term Improvement Fund absorb any difference if they want to have some directive controls or something. Zeller believes their current Joint Powers Agreement with the Fire District is that they can increase their budget on an annual basis up to 5% without the cities approval; thinks they appealed to them a little late last year in their budgeting process to hold that line down to \$0; ultimately thinks it came in around 4.8 or 4.9%; asked how they would start that communication early this year with all the budget pressure all the cities have. Nagel thinks they may want to begin their discussions now; based on what they talked about he thinks he should sit down with Niedzwiecki and identify some expenditures and get back to them about which ones they want to do and what they don't want to do. Zeller thinks just to make Fire District aware that it is a possibility and something they are forced to look at so they are not caught off guard. Niedzwiecki attends the Fire District meetings as their accountant and thinks he can report that they are already talking about targeting something less than 5%; hopefully significantly less; think it might be unrealistic to go to \$0. Craggs would agree they need to set their expectations early. Niedzwiecki continued he thinks there will be one additional bill, maybe \$1,000, to the City Engineer who has not submitted a bill for December; might want to accrue that in 2008; also wants to look at the November and December tax collection as far as the delinquencies might be; anything in November or December they just rolled into the next year – but if there are additional delinquencies, the November/December 2007 generally offset the November/December 2008; General Fund Balance is at \$414,000, their Budget \$614,000, so actually a very healthy balance of 67.5%. Zeller asked that Niedzwiecki clarify the three water funds, 601, 605, and 606. Niedzwiecki said 601 is the water utility operation – ongoing operation, 605 was construction fund was set up for the second water tower and rehab of the first water tower. Zeller asked that the Administrator add the Tower 1 Rehab to their list of goals this year; window of opportunity for them to do that work; thought is the need is clearly there and they need the most cost effective way to do it and then any unused fund balance he thinks they should pay down the long term debt on the improvement and close out that fund; that was included in their original Bond so they are paying interest on that and receiving minimal interest on it; thinks it would be better off to pay that fund down. Niedzwiecki said the first opportunity they have is in 2011 before they can make any prepayments on the Bond; 606 is water debt service fund is really the Bond and debt service on the 2nd water tower debt. Zeller said his point is if they are not using the money, the earliest opportunity they should spend down that debt. Niedzwiecki said there might be an alternative use for that in essence doing the same thing; instead of prepaying the Bond they had a step up in the charges of water usage that could offset the rate increase. Nagel said first step will be to look at that rehab project. Niedzwiecki is also going to start looking at analyzing and making recommendation for any potential water rate increase; going forward the water department based on the numbers he has had a pretty good year, even after paying the \$20,000 for their share of the 5th Street Realignment; hoping to keep that increase down and will be working will Gilles and Nagel on that.

9. COUNCIL MEMBER REPORT/Craggs

CC discussed a Landscaping Committee for CSAH 18; CC Schroeder from Lakeland Shores has been trying to get a meeting together; thinks there is a potential meeting for next week. Zeller thinks if it is going to be a 2009 project, they have to make some decisions. Craggs said Cory Slagle is aware this is intended as a 2009 spring project; they have reference to the Parks capital improvement proposed CIP, they have a draft of that together; they have been discussing how that interfaces with the 2009 Streets Project because they were talking of a parking lot in one of the parks; been working with Nagel and Klein to address that; Parks Advisory Committee is going to meet again in February, so would expect in February with a plan.

10. COUNCIL MEMBER REPORT/Glasgow

No Cable meeting this month; did attend the Firemen's Appreciation Dinner and spent the evening with the firemen and the District; quite heartwarming to see those people who are volunteering so many hours in their training and service; they have a very fine Fire Department and very dedicated; passed Resolution in support of the 34th Red Bull Infantry Division and Stillwater based 34th Military Police Company of the Minnesota National Guard on its deployment to Iraq; wanted to mention the Red Bull's are going for one year deployment in Iraq and Commissioner Kriesel along with the president of Blue Star Moms and himself had a meeting; this Resolution will go statewide; near and dear to his heart the sacrifices of their families and soldiers provide to keep their safety and freedom; along with Dear American Hero, Kim Furman whose husband is currently deployed in Iraq, is shipping 1,000 gallons of fresh milk this week; response to that is nationwide; she is getting calls, letters, and donations nationwide; simple pleasures that we take for granted like a glass of milk is really precious to those guys over there; they appreciate anything they can do even a simple thank you. Livingston said on that subject, the program that Iraq veteran and chaplain Major John Morris is behind; some of the Sunday Schools in the area are making banners for the chapel over there and John Morris will see that they will get shipped over there; touch of youth

understanding the sacrifices these men and women are making; knows his church is involved; thinks Saint Francis of Assisi is also involved; if anyone wants any information on it, they can certainly contact either Craggs or him and they will steer them in the right direction.

11. COUNCIL MEMBER REPORT/Larsen

Just wanted to say thank you to the gentlemen who plow the roads; nice to get compliments with minimal complaints.

12. COUNCIL MEMBER REPORT/Livingston

Nagel and he are on the list for a mailing that comes out weekly from an organization that has information of criminal apprehension from North Dakota, South Dakota, and Minnesota together with the FBI; it is essentially a list of issues that have come up in terms of homeland security, but also gets into ideas for communities and homeland security; one of them came up that Nagel and he thought was pretty neat; company doing this is a private company and therefore anyone who wishes to participate in this should know that in terms of disclosing information should take into account they are disclosing information to a private company; name of it is *My Mobile Witness* and what it does is it has contracted with law enforcement database operations in pretty much every region of the country; say you see something untoward and from a safe position you might take a picture of it with your cell phone or send a picture of a first/blind date; you can send information to a database that is only accessible by law enforcement and only accessible is something happens; another thing in terms of protecting yourself; you own the situation and can decide what to take and what not to take – you use when you sense a potentially unpredictable situation, you record and send it, My Mobile Witness stores it.

13. MAYOR'S REPORT

Had productive WMO meeting; he and Nagel continue to work on the gravel tax issue.

14. CLOSED SESSION REGARDING POTENTIAL PENDING LITIGATION

M/S/P (Zeller/Larsen) to go to Closed Session at 8:45 p.m. Glasgow, Larsen, Livingston, Craggs, and Zeller voted aye. Passed unanimously.

15. ADJOURN – M/S/P (Larsen/Glasgow) to reconvene from Closed Session and to adjourn the January City Council meeting at 8:58 p.m. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Passed unanimously.

Brian Zeller, Mayor

Kate Piscitello, Recording Secretary

CITY COUNCIL MEETING
January 20, 2009

COUNCIL MEMBERS PRESENT: Robert Craggs, Richard Glasgow, Peg Larsen, Robert Livingston, Brian Zeller
STAFF PRESENT: Jim Gilles, Mark Nagel, Tom Niedzwiecki, John Parotti, Nick Vivian, Chris Wallberg
OTHERS PRESENT: Al Bergevin, Todd Erickson, Dick Krumm, Denese Lenertz, Lawrence Lenertz, Chris White

Administration of Oaths of Office to Mayor Zeller and City Councilperson Bob Livingston

Work Session on 2009 goals began at 6:03 p.m.

1. **CALL TO ORDER** by Mayor Zeller at 7:03 p.m.
2. **PLEDGE OF ALLEGIANCE** was said.
3. **CONSENT AGENDA** – Motion made by Larsen to approve. Craggs requested Consent Agenda Item E be removed for discussion. **M/S/P (Larsen/Craggs) to approve Consent Agenda Items A-D, and F-N. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.**
 - A. **Minutes of the December 1, 2008 Special City Council meeting & December 16, 2008 Regular City Council meeting.**
 - B. **Treasurer's Report**
 - C. **Bills to be Approved**
 - D. **Final payment to Tower Asphalt for 2007 Streets Projects in the amount of \$5,631.47**
 - F. **Resolution approving City Annual Appointments**
 - G. **Resolution adopting LSCWMO Amendment to Watershed Management Plan regarding credits**
 - H. **Resolution supporting Minnesota National Guard troops deploying to Iraq**
 - I. **Resolution approving Premises Permit for CLIMB pull tabs at Bungalow Inn**
 - J. **Submittal of the draft Comprehensive Plan to the Met Council for review, with notification that the Surface Water Management Plan will be submitted when completed/as recommended by the Planning Commission**
 - K. **Re-appoint Kevin Witt & Chris White to the Planning Commission, terms to expire 2/01/12**
 - L. **Waiver of Conflict regarding Eckberg Lammers representing both the City of Lakeland and Lakeland Plaza, LLC in platting Lakeland Village in the City of Lakeland**
 - M. **Agreement for Individual Treatment System Inspection Services with Washington County Department of Public Health**
 - N. **Acknowledge Open Meetings for owners of property located in Lakeland, conducted by the Washington County Assessor's Office on the following dates:**
 - Thursday, April 9, 2009 from 5 - 7 p.m. – Cottage Grove City Hall**
 - Wednesday, April 15, 2009 from 5 - 7 p.m. – Oakdale City Hall**
 - Thursday, April 23, 2009 from 5 - 7 p.m. – Woodbury City Hall**
 - Wednesday, April 29, 2009 from 2 - 7 p.m. – Washington County Government Center**

Lakeland residents can attend any of the meetings

Consent Agenda Item E. Craggs' reason for asking it be removed is that the Lenertzes are present; had a chance to attend PC meeting and discussion; they received draft resolution today and he had a couple of questions and a clarification; the WHEREAS on page 3, item 1 appears to be missing a word; it says *the property cannot be put to reasonable without the request...* should include *use*; in terms of wanting to make sure the communications between the City Engineer and the applicant have taken place and is clear to the applicant, if they go to page 4 under item C and G – just wanted to ask the Engineer about the review of the application and all of the concerns just to make sure the Lenertzes are clear in terms of what the expectations are; saw Parotti's letter and asked if everything has been addressed. City Engineer reviewed the project a couple of different times and assumes they have a copy of their review memo; doesn't recall there were any outstanding issues; number of things that could be included in the conditions of approval if they so choose to take that action; that is their recommendation. Zeller candidly would like to know, to Cragg's point, if there are any issues in particular that are still outstanding; that is probably the most helpful because then they can narrow the scope of what it is conditioned upon; if the City Engineer hasn't had the chance to review the resolution, they are putting him on the spot a little bit. Craggs said the resolution language says that the applicant shall meet all concerns outlined and directed by the City Engineer, as attached and incorporated herein as Exhibit C; recalls at the PC there was discussion about of the issues and raises this, not because he has particular concerns about the application, but because he thinks it is important; knows from their communication with applicants in the past that it be clear in terms of what they are

approving; at the PC, they had discussion about - and the zoning administrator asked questions about - the height, the code of the building, clarifications around certifications; he just wanted to insure there aren't other items, as in the River District applications in the past, they have had issues about the location of the swales; just wants to make sure that the Lenertzes and their engineer have that information. City Engineer said that information was prepared by Erickson and is included to their satisfaction in the plan reviewed; again, there are a number of things there that are merely housekeeping measures, in other words, they will see as one of the first comments the plans don't show any wells on the lot; their understanding is there aren't any, but from time to time during construction some are discovered and if so, this is the way they need to address them; feels there are items that need to be conditions of the approval, but aren't any outstanding issues they are aware of to date that would prevent them from recommending moving ahead. Zeller asked if that was an email that he sent in December. City Engineer said it was a memo sent December 15, 2008. Craggs said the other item would be item G - and the reason he is raising this is from previous experience; referred to page 4 under G that indicates that neither decking or any other structure materials shall be installed upon the property unless first approved by the City; asked if they are comfortable with that based on the application; from PC, it was his understanding that he met the imperious surface requirements. Zeller asked the Zoning Administrator and Attorney if it would make sense to have the word 'additional.' City Attorney confirmed that relates to the impervious surface calculations and so 'additional' would be appropriate. Zeller said that anything above and beyond the plan that has been reviewed would need to come back through the process. City Attorney confirmed that was correct.

M/S/P (Craggs/Zeller) to adopt the Resolution approving application by Lawrence and Denese Lenertz to remove the existing house and rebuild a home at 435 Quixote Avenue North as recommended by the Planning Commission with two minor changes - page 3 Item 1 adding the word "use" after reasonable and page 4 Item G after the word "neither" an additional before decking and approval by City Staff and City Council. Zeller thought Livingston also wanted to have by the City Staff and CC and seconded the motion for discussion. Craggs accepted friendly amendment. Zeller said by way of a housekeeping issue, they should have sworn her in. Livingston and he were sworn in earlier. **By roll call, Craggs, Glasgow, Livingston, and Zeller voted aye. Larsen didn't vote on issue. Resolution adopted.**

- E. Resolution approving application by Lawrence and Denese Lenertz to remove the existing house and rebuild a home at 435 Quixote Avenue North/as recommended by the Planning Commission**

Administration of Oath of Office to City Councilperson Peg Larson conducted at this time.

M/S/P (Larsen/Craggs) to approve Consent Agenda Items A-D, F-N omitting Item E. Other resolutions approved on Consent questioned whether they should be approved by roll call. City Attorney said typically they only require roll call votes on appropriation items; as long as the resolutions aren't appropriating funds, it is not needed. **Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.**

4. LAW ENFORCEMENT REPORT

Livingston provided total incident call reports were 54 for December; total citations issued were 4; all in all a pretty quiet month. Craggs noted his monthly inquiries since the roundabouts installed, asked Livingston whether he knew of any accidents on St. Croix Trail associated with the roundabouts; two accidents. To the best of Livingston's knowledge no; neither were involved in the roundabouts. Glasgow talked to the Deputy about the roundabouts and accidents and safety; surprisingly, he thought there would be more; they are working extremely well. Craggs glad to hear they are working well.

5. PETITIONS TO THE COUNCIL - none

6. 2008 BUDGET AMENDMENT - LGA CUT

Administrator referred to a copy of the letter from the Minnesota Department of Revenue; they have been un-allotted which means they have had \$40,489 subtracted from their December 26 payment; thinks, as he has talked about a couple of times and Niedzwiecki could chime in as well, is that the way they will handle that is any revenue from 2008 that they made in addition in terms of the General Fund will be used, and any expenses they didn't incur for 2008, they will probably make up for half of that as soon as Niedzwiecki gets done with the 2008 figures; they will make up the rest with the General Fund reserve; in good shape there, so thinks that would be the way Niedzwiecki and he would recommend they handle. Zeller wanted to be really clear so residents understand what this means; LGA is local government aid and money they budget or count on in the City budget; one of their revenue sources; comes from the State of Minnesota; with the State having their budget crisis, they effectively said they are un-allotting or he would use the word reneging their promise to fund the City to the extent of \$42,000 for 2008; they gave the City that notice in December of 2008, so effectively when the year is over; they are now as a CC having discussions about what that impact is more than likely going to be for 2009; they will be basically guessing until the budget is approved which will be July 1; even though they have approved their 2009 Budget, they will have to make some emergency amendments to that budget to accommodate

this un-allocation of funds they were counting on. Nagel backed up a little – they have received about \$119,000 a year from the State for local government aid and from market homestead credits that they don't actually see - somewhere in the neighborhood of \$35-36,000; total amount they get is somewhere in the neighborhood of \$155,000 a year; essentially they received their first payment on July 2008; second payment was suppose to be \$59,676 for local government aid according to the market value homestead credit, they were supposed to receive \$17,833; the way they did it was for the market value homestead credit they left alone unless they didn't have enough local government aid to handle the cuts; essentially all of theirs was taken out from local government aid – the \$40,489; they did get \$19,000 on December 26, 2008, and of course, the payment for market value homestead credit was made per usual. Niedzwiecki's only question is a technical one; are they absolutely changing the 2008 Budget or is this really a disclosure; they have always discussed impacts and how things change throughout the year, but they have never had to change the actual Budget. Zeller thinks as it relates to their 2009 Budget, they will have to amend it; thinks too significant; deferred 2008 Budget to the City Attorney. City Attorney indicated they wouldn't amend the 2008 Budget, but just note this as part of the actual calculations for 2008; for 2009 Budget they will have to amend. Zeller said to be clear on that, they are not looking at increasing their tax levy; that has already been established; they would only be amending the line items in the approved Budget. Administrator saying in terms of disclosure, when it is all said and done in terms of their Budget, if it is \$1.1M they might have on the expenditure side, it might be \$1.080M in 2008 and they will pick up the remaining \$20,000 from the General Fund Reserve to balance it; they obviously have to balance the Budget and that is how they simply do it in terms of disclosure. Craggs strongly supports the input and communication being published in the newsletter because it shows the prudent fiscal management they took as a City because they are not having to increase taxes, they are not having to cut from programs, they are using their reserves, and also showing they under spent in their Budget; thinks that is a great way to communicate. Zeller asked if Niedzwiecki had an estimate of under spending. Niedzwiecki said approximately \$20,000 that doesn't include the increased revenues from the Cable Commission. Nagel said essentially the Cable Commission is put right in the Long Term Improvement Fund.

7. GREAT RIVER GREENING – QUIXOTE RAINGARDENS CONTRACT

Nagel indicated agreement they have is much as discussed before; essentially they wanted the process to be something like this; City Engineer has provided them a bid for surveys; idea behind that would be to make sure the raingardens they have are located in the correct places; they have two listed and then a series going around on Quixote Avenue; actual design of that will probably modify a little bit as they go along and have the grading plan preparation that would be part of the City's \$10,000 contribution; Great River Greening will be doing most of the actual work itself; as soon as the contract is approved they would probably begin in late May, early June; that will provide him time to work with the City Engineer and Great River Greening once they have the information back on the surveys and preliminary look at the grade plan; again, it is \$10,000 for them - \$10,000 in cost and Staff time for their match. Craggs has questions concerning page 3, second paragraph, *The City of Lakeland is responsible for the operation and maintenance of practices applied under this program to ensure that the conservation objective is met...should the City of Lakeland fail to maintain the practice they are liable to Great River Greening.* Nagel thinks the idea is that the City would have to maintain the raingardens just like they do out front for five years; they provided an estimate to do that and somewhere in the neighborhood of \$10,000; Nagel said he felt Public Works could probably do it; essentially what would happen is that Pete DeCorsey, Klein, Gilles, and himself would attend their session on how to maintain raingardens, and then they would be responsible for doing that; couple hour session. Zeller would also call attention to the memo sent by the City Engineer January 19, 2009, a detailed response to some questions that he had asked; wanted to make sure everyone had an opportunity to read that; thinks it is important they move forward on this project; have some reservations and concerns about how effective this will be but thinks it is important; Great River Greening has made some assurances as well as the City Engineer with some qualifying statements; would support moving forward; will not support going any further with this if it doesn't work without an extensive study; just cannot in his wildest dreams envision this being a \$200,000 problem given what they just accomplished at the Afton-Lakeland Gully.

M/S/P (Zeller/Craggs) to approve the Great River Greening contract to address in part rain runoff issues stemming from current design of Quixote Avenue for a City cost contribution of \$9,750. Craggs seconded the motion for discussion purposes; as a follow-up on his comment, and thinks this is what Zeller is suggesting is that he thinks they need to agree on what is effective under this particular plan; based on Zeller's statement, he would recommend that once the Administrator sits down with Great River Greening that they provide the City some measurable goals in terms of what they consider effective conservation; leaves a lot of discretion on Great River Greening, not that they don't have the same goals as the City. Administrator will work with the City Attorney to try to clarify that a little bit. Zeller thinks Parotti referenced it in his memo; he hasn't been provided with the design calculations so measuring its success will be a challenge without that. Nagel thinks one of the difficulties here in terms of the project itself is they have been looking at this for several years and frankly a former official's promise that it would be done some years ago; their first shot through this was \$200,000; what they are looking at here is, and he has always characterized this as, stage 1; when they went over this, Parotti, Gilles, himself, and Great River Greening all agreed this may not be the end all/be all

solution but in talking with the neighbors, it does have a chance at effectively reducing some of the drainage and runoff there; thinks they all have a little bit of concern as to how well this will work; in terms of a solution, if they start out at anywhere between \$200-350,000 which is what one of the others wanted, they are down to \$10,000 and thinks it is a solution worth trying; won't necessarily disagree with the fact that this might not be the perfect solution and may not solve all the drainage problems there; would agree they have to look at it after the end of the first year and establish its effectiveness; something to stipulate in terms of the maintenance; if it is not working, is it worth maintaining; commitment he sees is simply what they do out in front of City Hall a couple of times a year – that is how he understands it; agrees with Craggs that they specify, and as Parotti suggested, make sure it is in there; not going to say this is perfect solution, but will say it is a solution worth trying; represents the least affects on the neighbor's property; if this is approved, he will add that section and clarify the maintenance program they might be considering. Larsen would feel more comfortable if she knew someone from Metropolitan Mosquito Control District came and looked at it and gave their nod of approval to make sure it was in correctly. Nagel will make that contact in the next couple days and send a copy of this over to see what he thinks. Zeller said as long as he is here, he should talk to him about the holding area since they were going to get some clay over by 8th Street. **Glasgow, Larsen, Livingston, Craggs, and Zeller voted aye. Motion passed unanimously.**

M/S/P to approve the engineering estimates submitted by SEH for 2009 Street Improvements Project – 6th Street North and Quixote Avenue North for \$2,899. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Motion passed unanimously.

8. CITY STAFF REPORTS

- Administrator

Nagel mentioned for the public that the Afton-Lakeland Gully Project was discussed; together with the City of Afton and the Middle St. Croix Water Management Organization, they put in for an award for collaborations between public nonprofit and/or private organizations from the Humphrey Institute, an annual award given for innovative projects; collaborated to address a pronounced erosion issue within a network of steep, unstable ravines which ultimately drained into the St. Croix River created sediment and other pollutants; this project has helped build a model for addressing water quality issues that involved multiple property owners and municipalities; was a combination of funding sources, property owners, and much discussion from the Water Management Organization with the two cities; thinks it is award worthy; will see in March if the panel thinks so also; provided a copy of an article in the Pioneer Press on Sunday regarding Acupuncture and Body Work Clinic; nice to see when their businesses get profiled in the Sunday paper; finally, Gilles passed along a copy of the 2009 Streets Project; one of the comment cards thanked Parotti, Larsen, Gilles, and Zeller for a very informative meeting concerning 2nd Street North and they can be all proud of the service they provide; nice to get those types of compliments as well too.

- City Clerk

PC has found February 17 for a public hearing on the Lakeland Village proposal doable if needed; hasn't seen anything about that, but understands they may be in need of a public hearing. Zeller noted the City Attorney, Administrator, and he had a meeting with the Village Center owners and architects; he had a concern when they looked at the final plan that it showed a two lot minor subdivision but they had ghost image over the top seven lots; just wanted it to be very clear what the CC and PC were approving; technically they were approving the two lots; ghost imaging would have required them to come back through; thinks once they made that very clear to them, they said in looking at it and learning about easements that would be required in the future, possibly an outlet where the treatment field lays and a number of other issues identified, he thought it made sense to look at that as a four lot as opposed to a two lot which requires it to come back through their public hearing, PC, and final vote of CC; glad they delayed taking action on that in December and that they had a meeting where it was clarified; number of issues they will have to work through with the City Attorney and Staff to make sure they identify access easements, cross parking where applicable in that drain field/common area; Clerk will have to be provided acceptable documents 15 days prior to the meeting. City Attorney advised them they needed to have everything in to the City by the end of the month; expects that to happen; as Zeller outlined, they have been talking with them about different options; looks as though they are going to change their request to a more common interest community type setup where there are common elements, where the parking is going to be and things used in common to the building so they avoid the confusion and complication of easements between all those lots to the drain field; they are working through those issues and he would expect they would have everything submitted by the end of the month; if they don't, it will be moved to next month. Zeller views it as a positive step; fact they are addressing issues that it looks like they would have been trying to figure out later, he would rather address them on the front end; does give them the flexibility that if they decide to sell a building in order to attract users, thinks they can see some new construction sooner; at least opens that door; also means they get their TIF money back faster.

- Public Works

Gilles unable to attend, but Nagel thinks the plowing seems to be going extremely well and that is what he has been doing since December. Zeller said they had positive feedback on their plowing, and as he indicated, he only heard from one

resident who had a concern and knows Staff was out there within 24 hours to look at it and it was resolved. Administrator said what he hears most from people is the fact they get out there and get it done so early and then they come back and sand the slippery spots during the day and remove slush; thinks they are doing a terrific job. Zeller said they also have that flexibility of going on an as needed basis; when other communities have a three inch snowfall event before the trucks come out - they have the flexibility. Craggs asked if Zeller has heard from neighbors how their snowplowing is going this winter. Zeller thinks overall it is going well; has had a couple of challenges/struggles; thinks 3" snowfall threshold is something they are reviewing; all in all, thinks it has been working out okay for them. Nagel said they are using the mix for two reasons, one is there isn't a lot of salt out there they will be able to get for the rest of the year and thinks all the counties are facing that; instead of salting, they have been mixing sand and salt - thinks mix 80/20.

- City Attorney

Only item he has for open session is the Second Amended City Administrator Employment Agreement which is included in their packet for consideration tonight; First Amended City Administrator Employment Agreement technically expired the first of the year, so it is time to renew Nagel's agreement; couple of changes made to this Agreement, they have eliminated the renewal clause in paragraph 2, Term of Employment Agreement, they changed the term to be perpetual so they don't have to renew on an annual basis; both sides can terminate upon 15 days advanced notice, so really no reason to renew on an annual basis; updated paragraph 4, the Schedule; thinks they had ten hours per week listed before and it is now 16 hours per week; that is consistent with what had been approved by the CC midway through last year; those are the two primary changes in the Agreement before them for their consideration and approval. Zeller said they have always made an effort, doesn't know if they have been 100% but thinks they have done a pretty good job, of doing annual Staff reviews; asked if there is some type of form or instrument that Nagel has used in the past where CC members could provide him some constructive feedback; thinks good to give some feedback and communication on where they are seeing success and where struggling a little bit. Nagel said there is a feedback from where all comment sheets are forwarded to the Mayor and the Mayor sits down with him. Zeller thinks that would be valuable for everybody. Nagel will put together; would welcome it.

M/S/P (Zeller/Craggs) to approve the Second Amended City Administrator Employment Agreement as provided by the City Attorney with two changes - changing term of employment perpetual and schedule to 16 hours per week.

Craggs asked clarification of City Attorney under 4 Schedule – the sentence *paid hours beyond sixteen (16) hours per week shall be approved and advanced* – should be approved in advance [Attorney said it should]; from a practical prospective, asked how it has worked so far in terms if Nagel has to work more than the hours. Zeller said candidly, if they are in need of something and his time is needed, it has worked fine from his point of view - the 16 hours. Nagel said sometimes it is during the summer and some weeks it was 20 but then he would balance it with 12-14; during the holiday break it has been lower than 16; 16 seems to work very well; views it as 16 hours, 64 hours per month; at \$40 that is somewhere around \$2500-2600; he charges when he is there; doesn't charge to drive to the City Hall; does Lakeland Update at home, so obviously no charge for computer time or office time, there is no overhead; given this economic situation, he isn't asking for an increase; everything stays the same; once the City Attorney and he talked about it, they have that clause in there in termination of 15 days on either side and they have always had that in there and just didn't seem to make a lot of sense to try to remember to renew every year. Craggs thought it would better serve the City to put paid hours beyond so much per month, and his reason for raising it, to provide that flexibility; someday they are not going to be there, and if the City Administrator is still around, the way this is written is this is part of an informal process; understands the need to be flexible, so would recommend they cap it on a monthly basis. Larsen said Nagel has been a great asset to the City and has made all of their, and the resident's, lives more comfortable and productive. Livingston noted this extraordinary fair contract with regard to the City; he would almost say 'almost more than fair;' thinks Nagel has bent over backwards to make sure they get not only the bang for the bucks, but more bangs for less bucks; can't tell them in today's climate how rare and how welcome it is. **Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye.**

Motion passed unanimously.

- Engineer

Parotti alluded to earlier the 2009 Streets Project; if they remain on schedule and they are on schedule right now, they will come back to them next month with consideration to authorize, advertise for bidding; things are moving along on schedule and they plan to do that; from the discussion they did have, sounded like it was along the lines of dividing the project into schedules; CC who have been there a little while know they have done that in the past quite effectively and thinks they have done it almost every project since he has been there; in 2004 part of Rivercrest was done and another part held off until 2006; they have effectively done that in the past and they are prepared to do that again; will coordinate that with Nagel. Zeller said in follow up, Nagel was recently a part of a project where the bids came back very favorably; this is obviously in response to the LGA update they received. Parotti thought goal there would be to provide them the flexibility they need to make whatever decision with regard to what the project to award.

- Treasurer

Niedzwiecki wanted to continue year end review; on the revenue side, the General Fund is at \$26,000 unfavorable to Budget that is basically the \$40,489 un-allotment of LGA less \$15,000 contingency that was built in the Budget; on the expense side, the General Fund is about \$4,400 favorable to Budget for the overall impact an unfavorable \$21,000 to Budget; did receive in December \$1,000 in insurance dividend and he accrued \$45,000 in Police Services for 2nd half 2008; might be a little high; generally put in Long Term Improvement Fund and let the Long Term Improvement Fund absorb any difference if they want to have some directive controls or something. Zeller believes their current Joint Powers Agreement with the Fire District is that they can increase their budget on an annual basis up to 5% without the cities approval; thinks they appealed to them a little late last year in their budgeting process to hold that line down to \$0; ultimately thinks it came in around 4.8 or 4.9%; asked how they would start that communication early this year with all the budget pressure all the cities have. Nagel thinks they may want to begin their discussions now; based on what they talked about he thinks he should sit down with Niedzwiecki and identify some expenditures and get back to them about which ones they want to do and what they don't want to do. Zeller thinks just to make Fire District aware that it is a possibility and something they are forced to look at so they are not caught off guard. Niedzwiecki attends the Fire District meetings as their accountant and thinks he can report that they are already talking about targeting something less than 5%; hopefully significantly less; think it might be unrealistic to go to \$0. Craggs would agree they need to set their expectations early. Niedzwiecki continued he thinks there will be one additional bill, maybe \$1,000, to the City Engineer who has not submitted a bill for December; might want to accrue that in 2008; also wants to look at the November and December tax collection as far as the delinquencies might be; anything in November or December they just rolled into the next year – but if there are additional delinquencies, the November/December 2007 generally offset the November/December 2008; General Fund Balance is at \$414,000, their Budget \$614,000, so actually a very healthy balance of 67.5%. Zeller asked that Niedzwiecki clarify the three water funds, 601, 605, and 606. Niedzwiecki said 601 is the water utility operation – ongoing operation, 605 was construction fund was set up for the second water tower and rehab of the first water tower. Zeller asked that the Administrator add the Tower 1 Rehab to their list of goals this year; window of opportunity for them to do that work; thought is the need is clearly there and they need the most cost effective way to do it and then any unused fund balance he thinks they should pay down the long term debt on the improvement and close out that fund; that was included in their original Bond so they are paying interest on that and receiving minimal interest on it; thinks it would be better off to pay that fund down. Niedzwiecki said the first opportunity they have is in 2011 before they can make any prepayments on the Bond; 606 is water debt service fund is really the Bond and debt service on the 2nd water tower debt. Zeller said his point is if they are not using the money, the earliest opportunity they should spend down that debt. Niedzwiecki said there might be an alternative use for that in essence doing the same thing; instead of prepaying the Bond they had a step up in the charges of water usage that could offset the rate increase. Nagel said first step will be to look at that rehab project. Niedzwiecki is also going to start looking at analyzing and making recommendation for any potential water rate increase; going forward the water department based on the numbers he has had a pretty good year, even after paying the \$20,000 for their share of the 5th Street Realignment; hoping to keep that increase down and will be working with Gilles and Nagel on that.

9. COUNCIL MEMBER REPORT/Craggs

CC discussed a Landscaping Committee for CSAH 18; CC Schroeder from Lakeland Shores has been trying to get a meeting together; thinks there is a potential meeting for next week. Zeller thinks if it is going to be a 2009 project, they have to make some decisions. Craggs said Cory Slagle is aware this is intended as a 2009 spring project; they have reference to the Parks capital improvement proposed CIP, they have a draft of that together; they have been discussing how that interfaces with the 2009 Streets Project because they were talking of a parking lot in one of the parks; been working with Nagel and Klein to address that; Parks Advisory Committee is going to meet again in February, so would expect in February with a plan.

10. COUNCIL MEMBER REPORT/Glasgow

No Cable meeting this month; did attend the Firemen's Appreciation Dinner and spent the evening with the firemen and the District; quite heartwarming to see those people who are volunteering so many hours in their training and service; they have a very fine Fire Department and very dedicated; passed Resolution in support of the 34th Red Bull Infantry Division and Stillwater based 34th Military Police Company of the Minnesota National Guard on its deployment to Iraq; wanted to mention the Red Bull's are going for one year deployment in Iraq and Commissioner Kriesel along with the president of Blue Star Moms and himself had a meeting; this Resolution will go statewide; near and dear to his heart the sacrifices of their families and soldiers provide to keep their safety and freedom; along with Dear American Hero, Kim Furman whose husband is currently deployed in Iraq, is shipping 1,000 gallons of fresh milk this week; response to that is nationwide; she is getting calls, letters, and donations nationwide; simple pleasures that we take for granted like a glass of milk is really precious to those guys over there; they appreciate anything they can do even a simple thank you. Livingston said on that subject, the program that Iraq veteran and chaplain Major John Morris is behind; some of the Sunday Schools in the area are making banners for the chapel over there and John Morris will see that they will get shipped over there; touch of youth

understanding the sacrifices these men and women are making; knows his church is involved; thinks Saint Francis of Assisi is also involved; if anyone wants any information on it, they can certainly contact either Craggs or him and they will steer them in the right direction.

11. COUNCIL MEMBER REPORT/Larsen

Just wanted to say thank you to the gentlemen who plow the roads; nice to get compliments with minimal complaints.

12. COUNCIL MEMBER REPORT/Livingston

Nagel and he are on the list for a mailing that comes out weekly from an organization that has information of criminal apprehension from North Dakota, South Dakota, and Minnesota together with the FBI; it is essentially a list of issues that have come up in terms of homeland security, but also gets into ideas for communities and homeland security; one of them came up that Nagel and he thought was pretty neat; company doing this is a private company and therefore anyone who wishes to participate in this should know that in terms of disclosing information should take into account they are disclosing information to a private company; name of it is *My Mobile Witness* and what it does is it has contracted with law enforcement database operations in pretty much every region of the country; say you see something untoward and from a safe position you might take a picture of it with your cell phone or send a picture of a first/blind date; you can send information to a database that is only accessible by law enforcement and only accessible is something happens; another thing in terms of protecting yourself; you own the situation and can decide what to take and what not to take – you use when you sense a potentially unpredictable situation, you record and send it, My Mobile Witness stores it.

13. MAYOR'S REPORT

Had productive WMO meeting; he and Nagel continue to work on the gravel tax issue.

14. CLOSED SESSION REGARDING POTENTIAL PENDING LITIGATION

M/S/P (Zeller/Larsen) to go to Closed Session at 8:45 p.m. Glasgow, Larsen, Livingston, Craggs, and Zeller voted aye. Passed unanimously.

15. ADJOURN – M/S/P (Larsen/Glasgow) to reconvene from Closed Session and to adjourn the January City Council meeting at 8:58 p.m. Craggs, Glasgow, Larsen, Livingston, and Zeller voted aye. Passed unanimously.

Brian Zeller, Mayor

Kate Piscitello, Recording Secretary