

**MINUTES
REGULAR MEETING OF THE CITY COUNCIL
OF THE CITY OF WHITE BEAR LAKE, MINNESOTA
TUESDAY, JULY 23, 2019
7:00 P.M. IN THE COUNCIL CHAMBERS**

1. CALL TO ORDER AND ROLL CALL

Mayor Jo Emerson called the meeting to order at 7:00 p.m. Councilmembers Doug Biehn, Kevin Edberg, Steven Engstran, Dan Jones and Bill Walsh were present. Staff members present were City Manager Ellen Hiniker, Assistant Manager Rick Juba, Community Development Director Anne Kane, City Engineer Paul Kauppi, Finance Director Kerri Kindsvater and City Attorney Troy Gilchrist.

PLEDGE OF ALLEGIANCE

2. APPROVAL OF MINUTES

A. Minutes of the Regular City Council Meeting on July 9, 2019

It was moved by Councilmember **Walsh** seconded by Councilmember **Jones**, to approve the Minutes of the Regular City Council Meeting on July 9, 2019.

Motion carried unanimously.

3. APPROVAL OF THE AGENDA

It was moved by Councilmember **Biehn** seconded by Councilmember **Edberg**, to approve the Agenda as presented.

Motion carried unanimously.

4. VISITORS AND PRESENTATIONS

A. White Bear Lake Lions Club – All Abilities Park Donation

Jim Francis, from the White Bear Lake Lions Club presented Mayor Emerson with a check for \$25,000 for the development of an all abilities park.

B. Manitou Days 2019 Report – Dale Grambush

Dale Grambush, Chair of the Manitou Days Committee presented a summary of the 2019 Manitou Days festivities.

5. PUBLIC HEARINGS

Nothing scheduled

6. LAND USE

Nothing scheduled

7. UNFINISHED BUSINESS

Nothing scheduled

8. ORDINANCES

- A. First reading of an ordinance revision to the gambling regulatory tax of 2% charged to licensed gambling premises organizations.

Finance Director Kindsvater reported that Minnesota Statute, section 349.213, subdivision 3, allows cities to impose a gambling regulatory tax on licensed lawful gambling organizations up to 3% of gross receipts as reimbursement for regulatory expenditures incurred during the year. She stated, cities can also choose to pass ordinances allowing for contributions of up to 10% of net profits toward a fund held by the city and designated for use on qualifying charitable expenditures.

Ms. Kindsvater noted the Gambling Control Board provides audits of gambling associations and activities, while the cities have a small role attributed to gambling regulation. As a result, Ms. Kindsvater explained, many cities have rescinded the regulatory tax since the cost of regulation was not high enough to account for the funds being collected. She stated, some of those cities have instead adopted ordinances to allow for collection of up to 10% of gross receipts that would be designated for use toward a qualifying charitable contribution expenditure permitted by statute.

City Manager Hiniker relayed staff's recommendation to rescind the gambling regulatory tax, currently set at 2%, and adopt an ordinance pursuant Minnesota Statute 349.12, which provides for a 2% contribution toward qualifying expenditures. She stated, the Park Improvement Fund will no longer receive charitable contribution funds, rather the City would maintain a separate fund for payment of qualifying charitable contribution expenditures defined in statute.

In response to Councilmember Edberg, Ms. Hiniker stated the City collects approximately \$50,000 – 60,000 annually. She explained that the charitable gambling organizations in White Bear Lake that do quite well, are generous with their charitable contributions to city-wide projects. She referenced the smaller organizations in which charitable gambling proceeds direct their proceeds to internal operations.

Councilmember Walsh did not support taxing charitable gambling associations for non-regulatory uses. He understood the need for government regulatory expense reimbursement, but these organizations are already suffering state tax and should not be taxed further by the City. He did not feel the City should be involved beyond the regulatory cost, rather, let the charitable organizations retain this money to support their own operations.

Councilmember Biehn supported redirection of 2% currently received from charitable organizations but did not wish to increase that percent.

Finance Director Kindsvater stated another option would be to reduce the amount of regulatory tax collected to be more in-line with actual City expenditures. Upon further discussion, the City Council decided to forgo an ordinance amendment at

this time, but rather, consider a resolution at the next City Council meeting to set a lower regulatory tax rate so the collection is more in line with actual regulatory expenses incurred by the City.

9. NEW BUSINESS

A. Resolution authorizing the Mayor and City Manager to execute refuse and recycling contracts

City Manager Hiniker displayed proposed rates for refuse and recycling collection, consistent with what was presented to the Council in March, stating that these rates were based on a 3% tipping fee increase and noting that the rates may change once those County fees have been established:

Proposed Monthly Hauler Rates

	Proposed 2019 2% as budgeted	Proposed 2020 Approx. 10% overall	Proposed 2021 4% increase
Senior	8.32	10.62	11.04
30	8.32	10.62	11.04
60	9.36	10.62	11.04
90	12.23	10.62	11.04

Proposed Monthly Residential Rates

	2019 Residential no change	Proposed 2020 7.5% increase*	Proposed 2021 3% increase
Senior	10.55	11.34	11.68
30	10.80	11.61	11.96
60	15.90	17.09	17.61
90	21.65	23.27	23.97

*Assumes a 3% tipping fee

Ms. Hiniker explained that since Republic Services assumed the Troje’s contract in 2016, they retained the same low rates. They have not had an increase since that time. She noted that tiered charges would remain in place for residents, however, the hauler rate that is charged to the City would be flat as the hauler pays no tipping fees to Ramsey/Washington Recycling and Energy Center in Newport and pays no recycling fees to Eureka. Ms. Hiniker stated those fees are paid by the City directly to those facilities based on the tonnage collected. The proposed contract with Republic would reflect collection services only.

Ms. Hiniker called out that language in the contract clarifies that the collection fee is 50% for refuse and 50% for recycling. She stated, this provides the City with the ability shift more of the cost share to recycling; subsequently, the 38% county tax on refuse would be applied to a smaller portion of the bill.

Ms. Hiniker stated that each of the remaining years of the 7-year term contract with Republic Services would incur a 2% increase (2022 – 2026). Relative to proposed residential rates, Ms. Hiniker indicated the tipping fee may increase more than the estimated 3%, but this will be addressed when rates are set in the fall.

Ms. Hiniker reported that yard waste fees charged directly to the resident by Republic Services would increase as follows:

Current	\$75 per year	\$30 for seasonal
Proposed	\$80 per year	\$50 for seasonal

To respond to Councilmember Edberg’s inquiry about bulky items, Assistant City Manager Juba noted that rates for bulky pick-up items had remained unchanged since 2014, and changes to the recycling market have meant less is recovered. He stated that current rates range from \$19 - \$30 and the new rate range will be \$25 - \$35. The hauler bills residents \$3.00 per bag of refuse that does not fit into the cart (overflow).

Ms. Hiniker addressed the recycling processing contract with Eureka Recycling in which a 7-year concurrent contract is proposed as follows:

Current	\$74/ton for processing	100% revenue share less processing costs
Proposed	\$80/ton for processing	100% revenue share less processing costs

Ms. Hiniker noted that with the single-sort model, there have been additional mechanical upgrades at the recycling facility to assist with sorting. Although sorting processes are improved, the contamination rate in White Bear Lake rose from 2% to 8. However, White Bear Lake still maintains one of the lowest contamination rates.

Ms. Hiniker reported that to account for the increased costs of processing, the proposed contract includes a flat processing fee of \$80/ton with annual increases of 2% or Consumer Price Index, whichever is greater. With current market conditions, this increase will raise the City’s monthly recycling processing to a range of \$3,250 - \$5,400/month. The revenue sharing formula is proposed to remain the same at 100%, meaning the City receives all revenues received minus processing costs. This formula has been beneficial to the City in the past and would be in the future should markets for recyclable materials rebound.

Ms. Hiniker stated that the overseas recycling markets are closed, which means that processors are vying for the same internal markets. She relayed that Eureka Recycling has developed strong relationships with local markets and because of that, they are still willing to accept Eureka’s materials. Ms. Hiniker also explained that there is hope this will once again become a revenue generator as more recycling processing centers are created locally.

It was moved by Councilmember **Bihn** seconded by Councilmember **Edberg**, to approve **Resolution No. 12424** authorizing the Mayor and City Manager to execute the refuse and recycling collection contract extension with Republic Services.

Motion carried unanimously.

It was moved by Councilmember **Jones** seconded by Councilmember **Walsh**, to approve **Resolution No. 12425** authorizing the Mayor and City Manager to execute the recycling processing contract extension with Eureka Recycling.

Motion carried unanimously.

10. CONSENT

- A. Resolution authorizing a temporary liquor license for Saint Mary of the Lake's Annual Concert. **Resolution No. 12426**
- B. Resolution authorizing a single event liquor license extension for Carbone's 3rd Annual Tent Party. **Resolution No. 12427**
- C. Resolution accepting White Bear Lions Club donation for an All Abilities Park. **Resolution No. 12428**
- D. Resolution authorizing Ladies of the Lake use of Rail Road Park Pavilion for Commerce **Resolution No. 12429**
- E. Resolution authorizing repayment of gambling tax contributions. **Resolution No. 12430**
- F. Resolution authorizing on-sale and Sunday liquor licenses for The Brickhouse LLC. **Resolution No. 12431**
- G. Resolution authorizing on-sale 3.2 and Sunday liquor licenses for The Meet Market **Resolution No. 12432**
- H. Resolution authorizing the Mayor and City Manager to execute a professional service agreement with Northwest Youth and Family Services for a mental health case worker **Resolution No. 12433**

It was moved by Councilmember **Jones** seconded by Councilmember **Walsh** to approve the consent agenda as presented.

11. DISCUSSION

A. Auditor Services

Finance Director Kindsvater reported the City Charter (Section 4.11) and State Statute (471.697) require the City Council to hire a professional audit firm to complete an annual audit of the City's financial records each year. She stated upon completion of the 2018 audit, the city recently concluded a three year contract with Abdo, Eick & Meyers (AE&M). She relayed the City Council can chose either to appoint a qualified audit firm or conduct a Request for Proposals (RFP) process to compare services and costs.

Ms. Kindsvater explained that AE&M has provided excellent service and city staff have benefited from efficiencies of their audit software, which saved roughly three weeks of time and allowed for in-house financial report generation. Given recent staffing changes in the Finance Department, Ms. Kindsvater expressed desire for consistency of operations and an extension of the auditor services contract with AE&M.

Councilmember Walsh inquired as to the length of time AE&M have been providing auditor services to the City. Ms. Kindsvater explained they became the City's auditor in 2011, however the City did seek proposals in 2016 at which time AE&M was selected through the competitive process. While he believes AE&M has provided great

service, he cautioned ongoing use of this firm in the future

Mayor Emerson agreed with Councilmember Walsh but would like to give this new software a real trial run now that it is in place. She stated it would make sense to seek an RFP in another two years.

Councilmember Edberg noted from the memo that in addition to the software, AE&M has provide counsel on how staff can use alternative procedures to accomplish the required tasks. Ms. Kindsvater agreed that one is a function of the other and clarified that use of this software does not bind the city to AE&M because many other auditing firms also use the same software.

Councilmember Edberg believed that recent internal staff changes in the Finance Department make it more difficult for collusion and fraud and was less concerned in the execution of a two-year extension with AE&M. Assuming negotiated rates are reasonable, he was supportive of a two-year contract with the understanding that an RFP for auditor services would be sought at the conclusion.

A consensus was reached among the Council to extend the auditor services agreement with AE&M for two years, then seek an RFP.

12. COMMUNICATIONS FROM THE CITY MANAGER

- Night to Unite is Tuesday August 6, 2019
- Conservation District representatives will be invited to a future Council meeting to discuss the budget. Councilmember Edberg asked for their Balance Sheet, which was not included with the Income Statement.
- Beach water testing at Memorial Beach and the 7th Street dock area near the dog beach have returned well below the threshold of concern for bacteria and reported that testing will continue weekly through the summer.
- School District meeting at the Vadnais Heights Commons on July 31st, 6-8 p.m.
- Autonomous Vehicle pilot project continues to progress. One of three interested consultants may assist with the grant application to MNDOT and the University of Minnesota may become the lead agency rather than the City.
- Mayor Emerson met with the new Director of the Hanifl Performing Art Center to learn about planned sensory friendly performances (lower sounds, stronger lights) – the first is on August 9th and patrons only pay what they can.
- Councilmember Jones stated Vadnais Lakes Area Water Management Organization (VLAWMO) conducted a final interview today with the MPCA for a grant based funding program, specifically for small watersheds. He noted this funding would help fund large projects. He expressed gratitude for the contributions of Connie Taillon, the City's Environmental Specialist, and noted she is an outstanding representative of the City.
- City Engineer Paul Kauppi
 - Street reconstruction is nearing completion
 - Memorial beach has new marker buoys stating boat are to be 100 feet from away from the swimming area
 - MnDot will be microsurfacing Hwy 61 from White Bear Avenue to TH 96. Starting this Thursday, July 25th, pavement removal will begin, which will

involve off-peak periodic lane closures during the day. Beginning Sunday, July 28, there will be night closures to complete the work.

- Community Development Director Kane
 - Building permits for Walser Polar Chevrolet and Shafer Richardson's apartment complex project to be issued within the next couple of weeks.
 - As the City also provides building inspection services to Mahtomedi, staff are preparing for demolition and rebuild of the Washington County Library as well as St. Andrew's planned expansion and renovation.

13. CLOSED MEETING

Closed session under Minnesota Statutes, section 13D.05, subdivision 3(c)(3) to develop an offer for the purchase of real estate identified with PID #143022140072

Mayor Emerson asked for a motion to close the meeting pursuant to Minnesota Statutes, section 13D.05, subdivision 3(c)(3) to develop an offer for the possible purchase of real estate identified with PID #143022140072 within the City.

It was moved by Councilmember **Biehn**, seconded by Councilmember **Jones**, to move into closed session at 8:20 p.m.

It was moved by Councilmember **Biehn**, seconded by Councilmember **Jones**, to reopen the meeting

14. ADJOURNMENT

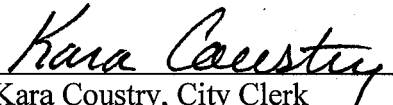
There being no further business before the Council, it was moved by Councilmember **Jones** seconded by Councilmember **Engstran** to adjourn the regular meeting at 8:53 p.m.

Motion carried unanimously.



Jo Emerson, Mayor

ATTEST:



Kara Coustry, City Clerk