

**CITY OF SHOREVIEW
MINUTES
REGULAR CITY COUNCIL MEETING
January 3, 2011**

CALL TO ORDER

Pursuant to due call and notice thereof, a regular meeting of the Shoreview City Council was called to order by Mayor Martin on January 3, 2011, at 7:00 p.m.

PLEDGE OF ALLEGIANCE

The meeting opened with the Pledge of Allegiance to the flag.

ROLL CALL

The following members were present: Mayor Martin; Councilmembers Huffman, Quigley, Wickstrom and Withhart.

OATH OF OFFICE

City Attorney Filla administered the oath of office to the following newly re-elected Councilmembers: Terry Quigley, Ben Withhart and Mayor Sandy Martin

STATE OF THE CITY ADDRESS

**STATE OF THE CITY
JANUARY 2011**

As we begin 2011, we can all take a tremendous amount of pride in the quality of life that we have helped to develop in Shoreview. The results of the recent community survey indicate that our residents rate their hometown as one of the premiere suburbs in the Twin Cities Metropolitan area. The survey, conducted by Decision Resources, Ltd., indicates that 96% of our residents rate their quality of life as either excellent or good. The 55% of residents that rate their quality of life as excellent is the highest in the metro area.

I believe the City has been able to achieve this high quality of life because, as a council and community, we have committed to certain core values. We continue to be a community that:

- Preserves and protects our natural environment;
- Develops and maintains an outstanding park and trail system;
- Supports our business community in order to provide jobs, tax base and commercial services;
- Builds and maintains quality residential neighborhoods;

- Provides a state of the art community center that serves as the central gathering place for our residents; and
- Is in strong financial condition.

I would like to take a few minutes to discuss some of the key accomplishments during the past year, as well as some of the goals for the coming year.

Financial Condition and Budget

Shoreview's bond rating was recently upgraded to AAA by Standard & Poor's, which is the highest rating available. This rating upgrade was the second in the past thirteen months, and clearly indicates that our City's financial position is strong and that our City finances are very well managed. Only 21 other Minnesota cities have earned an AAA bond rating.

Here are some of the comments made by the analyst at Standard & Poor's regarding our financial condition: "Shoreview is dealing with the same economic factors that other cities are facing, and they are managing their way through it in a different way. Shoreview has a great mix of commercial development, with development projects in process, and three tax increment districts that will roll off in the next few years. Shoreview's income levels have remained stable at a time when they have seen income levels decline across many regions. Shoreview has great management and great management policies, low debt levels, and is an all-around solid community. Shoreview is not relying on State aid to support operations, and has budgeted conservatively which has helped the City improve surpluses and build appropriate fund balances."

Our Finance Director, Jeanne Haapala, deserves a great deal of the credit for this achievement, which would not have been accomplished without her outstanding work on the City's five-year operating plan and other long-range financial planning tools. As a Council, our challenge in future years will be to maintain this AAA credit rating.

Our community survey also demonstrated that there is a growing concern by Shoreview residents about property taxes. As a Council, we understand these concerns and have continued to keep the City portion of the property tax bill among the lowest of cities our size in the metropolitan area. We have been able to accomplish this while maintaining the services that our residents deserve and expect. Based on the 2010 City tax levy, Shoreview is fifth lowest of 29 comparison cities. For a median value home, Shoreview's portion of the tax bill is \$723, about 27% below the \$985 average of comparison cities. During the past two years, Shoreview's general fund spending has increased an average of only 2% per year. Based on 2008 data from the State Auditor, the City's per capita spending is the third lowest of these same 29 cities, nearly 35% below the average. The major spending increase the past two years have been for public safety (police and fire) services.

During the past year, the Lake Johanna Fire Department has been in the process of implementing a new service model. They have started to staff fire stations with paid on-call firefighters to improve

response time and service to our residents. As part of this initiative, they are also responding to medical calls when the stations are staffed, which is a significant, and potentially life saving, benefit to our residents. Although this new service model is more costly, the Fire Department's leadership believes it is a more sustainable model that will allow them to maintain a paid on-call department for many years into the future. Further, it has also been instrumental in developing automatic response agreements for fire emergencies with both Roseville and Vadnais Heights Fire Departments.

Economic Development

Although economic development has been slowed by the recovering economy, we started to see some positive signals during 2010. Wells Fargo has started construction of a \$20 million addition to its data center located in the Rice Creek Corporate Park. The City is also working with a developer on potential retail development on property along Red Fox Road near SuperTarget. Another development proposal has been initiated with the owner of the Midland Terrace Apartments located in southern Shoreview and would replace an aging neighborhood strip mall, improve a congested intersection, and provide redevelopment of 70's era apartments and create some newer, more contemporary apartments.

The City recently learned that Cummins Power Generation has entered into a purchase agreement to acquire the Medtronic property at Victoria Street and I-694. This property will serve as the global division headquarters for Cummins Power Generation and they are expected to have about 800 employees in this building.

The City's Economic Development Commission and City Council have also continued to make a number of business visits as part of the City's Business Retention and Expansion (BRE) program. During all of these visits to companies such as TSI, Par Nuclear, Deluxe, Par Systems, Key Medical, and Personix, City officials have met and discussed issues with key corporate officers. I am very encouraged that, in nearly every instance, these businesses have indicated that they weathered the difficult economy and are anticipating increased growth beginning in 2011. The BRE program has served as a valuable outreach tool for our City.

Maintaining Quality Neighborhoods

The City's Economic Development Authority has continued its focus on maintaining and encouraging reinvestment in our residential neighborhoods. In 2010, they created the Shoreview Home Energy Improvement Loan Program through the use of excess tax increment revenue. Residents can obtain loans for energy related home improvements including windows, siding, mechanical systems, etc., through this program.

Another thing we learned from the community survey is that residents are increasingly concerned about the appearance of their neighborhoods. Many residents indicated that messy yards and junk

vehicles were becoming more of a concern in their area. In our effort to address these concerns, the City is continuing to license and monitor all rental properties in the City and is conducting its proactive code enforcement program – the SHINE Program. Our staff is also monitoring blighted and foreclosed properties that we become aware of, in order to avoid code and maintenance issues.

Community Center, Parks, and Trails

The Shoreview Community Center celebrated its 20th Anniversary in 2010 and I am pleased to say that the facility is as exciting and vibrant a community gathering place now as it was in 1990. The new features that have been added during the past several months, including the Tropical Adventures Indoor Playground and a new light and sound system to the “Shark Attack” waterslide, have provided new “family friendly” activities for our customers and provided a sound investment for the future.

The community survey information indicates that more than 60% of Shoreview residents have used the Community Center in the past year and that 45% of households have someone that is a member of the Community Center. This is a tremendous increase from previous surveys and is attributable to our extremely affordable rates, availability of monthly billing options, and our residents’ interest in health and wellness. Having a state of the art fitness center, an exciting water park, a new indoor playground area and friendly, courteous staff, makes the Shoreview Community Center an outstanding amenity for our residents and the entire region. If your New Year’s Resolutions include improved health and wellness, I encourage you to try your very own Community Center.

Our Parks and Recreation staff does a great job of planning and organizing many special events at our Community Center. Some of those events include our extremely popular Farmers’ Market that runs from mid-June through mid-October; as well as our Wednesday night summer concert series and Friday Night Flicks outdoor movie nights. We also started holding special Dive-In Movie nights in the Tropics Water park during the cold winter months.

Last spring, we celebrated the grand reopening of the oldest park in the City, Sitzer Park. The park was completely renovated in 2009 with new improved parking, playground equipment, a new picnic shelter, as well as enhanced landscaping and green space. With help and donations from Shoreview Area Youth Baseball, a Twins baseball clinic was also provided and two electronic scoreboards have been installed at this Little League headquarters in the City. In future years, we hope to renovate other parks in the system, however, we need to identify funding sources to make this happen.

The City’s trail and sidewalk system is the most prized and well-utilized recreational resource in the City. According to the community survey, nearly 50% of Shoreview residents use the trail system on a weekly basis. Further, 99% of Shoreview residents indicate that the trail system is important to the quality of life and rate the trails as either excellent or good. The clearing of the

trails during this winter's record December snowfalls has been a challenge, but our public works crews have been spending a great deal of extra time to insure that the trails/sidewalks stay available all winter.

Environmental Initiatives and Other Projects

The City is also maintaining its focus on various environmental issues. Since we have eleven lakes in the City, our primary focus has been on water quality initiatives. During 2010, we started construction on a storm water pretreatment facility off of Milton Street near Island Lake. We have also incorporated several rain gardens into the neighborhood street renewal project in the Rustic/Hawes/Demar neighborhood.

A major City initiative was the renovation and expansion of our Maintenance Center in 2010. The facility was built in 1975 and was somewhat improved in 1989. There was approximately \$1.5 million in deferred maintenance that was needed (replacement of roof, mechanical system, etc.). After conducting a space analysis and needs study, the Council was presented with several options ranging from \$1.5 million to \$12 million to expand and renovate the building. Due to concerns about the overall cost and to reduce the impact on taxpayers, the Council chose to do a small expansion and renovation of the existing facility as the most cost-effective means of providing an updated facility.

Due to an extremely competitive bid environment and very low interest rates, the City was able to complete the project on time and within the budget. In our ongoing commitment to the environment, the building will be LEED (Leadership in Energy and Environmental Design) certified, due to the many sustainable features incorporated into the building, such as the use of a reflective roof material, energy efficient heating and ventilation systems, and electrical system updates. We are also capturing and reusing rainwater to wash our vehicles, using pervious concrete in part of the parking lot, and incorporating some shoreland restoration adjacent to Lake Martha.

The City recently submitted proposals for recycling services since our existing agreement expired at the end of 2010. After many years with Waste Management, the City has now contracted with Allied Waste Services and they will be responsible for recycling pick-up for the next five years. We will continue to have the same single sort system that has been extremely popular with our residents.

Another important environmental initiative, is the speaker series presented by the Environmental Quality Committee. This year's series covers topics such as Water Contaminants in Minnesota Lakes, Buckthorn – Identification, Impacts and Control, and Emerald Ash Borer in Minnesota and they are all free to the public.

Conclusion

Throughout my 35 years of involvement with the City, I am convinced more than ever that government at the local level has the most significant impact on the quality of life in the community. I take great pride that our community survey shows that nearly two-thirds of our residents feel they could have a say in how Shoreview runs things and that 84% of the people believe that the City of Shoreview is heading in the right direction. At a time when there is a growing skepticism about government at all levels, I am pleased that Shoreview's government can stay "close to the people" and make things happen.

The City Council and I are committed to insuring that our government process is open and accessible, and that our residents are well informed. One of the ways we accomplish this is by televising our City Council and Planning Commission meetings. We also publish a newsletter on our website called Access Shoreview twice a month to update residents on City Council actions and upcoming activities and events in the City, and are modifying and publishing two more issues of the ShoreViews newsletter to provide more timely information to residents. I will also be continuing my office hours in 2011 and will be available most Tuesdays from 3 p.m. to 5 p.m. at City Hall to listen to resident issues and concerns.

Our community survey indicated that Shoreview has an above average number of community "boosters" and the Shoreview Community Foundation is the direct result of some of those individuals who have established this foundation in order to provide a way for people to give back to this community that has brought them so much pleasure. Government is going to have great challenges in this new economy, but the Foundation will be able to enhance and enrich our lives through charitable giving.

On behalf of the City Council, I would like to first thank our many committee and commission members who volunteer their time and expertise to help make Shoreview a better place to live and work. I would also like to thank our entire City staff that is dedicated to providing quality service and programs to our residents. Of course, I want to extend my personal thanks to my colleagues on the City Council – Terry Quigley, Ady Wickstrom, Blake Huffman and Ben Withhart. It is a true pleasure to work with each of you and I know that you spend many hours working to make a positive difference in the City. We are all part of a team that takes great pride in our City's accomplishments.

Thank you for listening, it is an honor to serve you, and I offer my best wishes to everyone for a healthy, happy and prosperous New Year.

APPROVAL OF AGENDA

MOTION: by Councilmember Wickstrom, seconded by Councilmember Huffman to approve the January 3, 2011 agenda as amended.

VOTE: Ayes - 5 Nays - 0

PROCLAMATIONS AND RECOGNITIONS

Presentation Regarding Bond Rating Upgrade to AAA

Terri Heaton was present from Springsted, the City’s financial advisor firm. As bonds generally mature in 10 or 15 years, the planning documents Shoreview has prepared to show financial planning for the next 15 to 20 years were instrumental in achieving the AAA bond rating. Standard & Poor’s is one of the three national bond rating agencies. It accorded Shoreview the highest rating of AAA last fall.

A high bond rating indicates the likelihood of default on debt. A high bond rating that indicates a very low risk of default, which means lower interest rates on debt. General Obligation bonds that the City issued range in interest rates from 0.3% in the first year to 2.38% in the tenth year. Prior to this AAA rating, the City would have paid in a range of from 0.35% to 2.57%.

The factors affecting City credit include:

- Debt Management
- Management and Leadership
- Financial Performance
- Tax Base
- Economic Development and Growth
- Socio-Economic Factors
- Innovation
- Long-Term Vision and Planning
- Flexibility is one of the most important because it shows that the City has sufficient reserves in its budget to have options.

An AAA rating reflects that the City has: 1) very strong income and wealth characteristics; 2) conservative and strong financial management policies that include long-range budget and capital plans; and 3) a low to moderate debt burden. The City has consistently close budgets, which indicates careful monitoring and good budget practices. These strong management practices

include monthly reports of budget-to-actual operating costs to the City Council; extensive long-term financial and capital planning; and monthly reporting the investment of monthly holdings and returns to the City Council. This AAA rating is not achieved easily but through a lot of hard work over many years.

Ms. Heaton congratulated the City's achievement and presented a plaque of recognition to Mayor Martin and Finance Director Jeanne HAAApala.

Mayor Martin thanked Ms. Heaton and commended Ms. Haapala for her wonderful work on behalf of the City.

CITIZENS COMMENTS

There were none.

COUNCIL COMMENTS

Mayor Martin:

Thank you to voters for re-electing the same team. It is an honor to serve another two years.

The week of January 10th, Shoreview residents should use the new blue recycling bins.

Residents are encouraged to look at the City's website regarding vacancies on committees and commissions.

Councilmember Wickstrom:

Happy New Year to everyone. The Shoreview Green Community will meet on Wednesday, January 5, 2011, at 7:00 p.m. at the Community Center. The first portion of the meeting will be a showing of the film *Troubled Waters* on the Mississippi River. Anyone interested is welcome to attend.

The Environmental Quality Committee will hold a series of three environmental seminars again this year on the third Wednesday of the months of January, February and March. The first is on January 19th and is entitled, *Water Contaminants in Minnesota Lakes*. In February, the seminar will focus on Buckthorn; and in March on the emerald ash borer.

Councilmember Huffman:

Happy New Year to everyone. He thanked Mayor Martin for her comments in the State of the City Address.

Councilmember Withhart:

Happy New Year. Thank you to Shoreview citizens for trusting him to serve another term on the Council.

On January 10, 2011, the Council will hold a workshop with the City’s invited legislative delegation to discuss legislative decisions that impact the City.

CONSENT AGENDA

Mayor Martin noted the following corrections to minutes:

December 13, 2010 workshop meeting on page 8, the reference to League of Minnesota Cities should be the Municipal Legislative Commission legislative meeting on February 4th.

December 20, 2010 regular Council meeting, on page 7, Mayor Martin’s comments were meant to convey the fact that in St. Paul street costs and snow plowing costs are separate.

Councilmember Quigley requested that the December 13th minutes be considered separately, as he was not present at that meeting.

MOTION: by Councilmember Withhart, seconded by Councilmember Huffman to adopt items on the January 3, 2011 Consent Agenda, approving the necessary motions and resolutions for item Nos. 2 through 7, with the noted amendment to the December 20, 2010 City Council Meeting Minutes:

2. December 20, 2010 City Council Meeting Minutes, as Amended
3. Verified Claims in the Amount of \$1,400,841.51
4. Purchases
5. License Applications
6. Approval of Animal Control Services Agreement for 2011
7. Reapportionment of Assessments - 3288 Owasso Heights Road

VOTE: Ayes – 5 Nays – 0

MOTION: by Councilmember Withhart to approve the December 13, 2010 City Council Workshop Minutes, as amended.

VOTE: Ayes – 4 Nays – 1 Abstain – 1 (Quigley)

PUBLIC HEARINGS

There were none.

GENERAL BUSINESS

ACCEPT BIDS AND AWARD CONTRACT - WATER TOWER #1 EXTERIOR REHABILITATION, CP 11-02

Presentation by Public Works Director Mark Maloney

Water Tower #1 was built in 1973. The exterior was recoated in 1992, and the interior recoated (wet) in 2007. This project is for dry coatings replacement to both the interior and exterior. The project will coordinate the work with the Telecom equipment and the City's SCADA well equipment. Because of these complications, pre-bid meetings were held.

The City received a total of six bids for consideration. One bid was returned unopened for not attending the pre-bid conference. One bid was determined to be non-responsive. Classic Protective Coatings submitted the lowest bid in the amount of \$666,666. This company is known to have the necessary equipment and expertise to carry out this project. The estimated project cost is \$847,000. The amount of \$955,000 was budgeted in the Capital Improvement Program (CIP). It is recommended that the bid from Classic Protective Coatings be accepted.

Councilmember Withhart asked for clarification of other metals that need to be addressed in the project that escalates cost. Mr. Maloney explained that it is common with industrial coating paint to contain titanium and chromium. The components in the paint are an issue of disposal. Paint that is blasted off creates an air quality issue, which means regulations require that the tower must be shrouded.

Councilmember Withhart asked the cost to build a new water tower. Mr. Maloney estimated \$5 million for a new water tower. Councilmember Withhart stated that the coating project protects the City's investment so a new tower is not needed.

Councilmember Huffman noted that the cost of this project comes from the Water Fund. This is one reason for the increase in rates. He asked if the project includes lettering on the water tower. Mr. Maloney stated that the new logo will be on the water tower.

Councilmember Wickstrom noted that the reason for conservation energy rates for water is because the City does not want to have to build a new water tower. She asked if the metal content in the paint has to do with durability. Mr. Maloney stated that it is not a layer of paint that is applied but a system of coatings designed to address some electrical currents.

Mayor Martin stated that the conservation rates help to alleviate peak demand days. Mr. Maloney added that the reason these coating projects cannot be done all at once is because the City does not have the storage capacity to take the water tower off the system for the length of time needed for such a project. There will still be some down time. Mr. Schwerm stated that the project is being bid now so an early spring start will have the project completed by the peak water demand period in July and August.

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to adopt Resolution No. 11-02 which accepts the bid of Classic Protective Coatings, Inc. for the South Water Tower No. 1 Exterior Rehabilitation, City Project 11-02, and authorizes the Mayor and City Manager to execute a construction contract in the amount of \$666,666.

ROLL CALL: Ayes: Huffman, Quigley, Wickstrom, Withhart, Martin
Nays: None

DESIGNATION OF LEGAL NEWSPAPER FOR 2011

Mr. Schwerm stated that by state law, the Council is required to designate a legal newspaper at its first meeting of the year. The legal newspaper in 2010 was the *Shoreview Press*. Two quotes were received. The *Shoreview/Arden Hills Bulletin* quote is approximately \$1.00 less than last year at \$3.50 per column inch. The *Shoreview Press* rate is the same as last year at \$3.45 per column inch. This is an annual cost of approximately \$1,500 to publish legal notices.

Mayor Martin noted that the City has worked with both publications, not always based on cost. She noted that in the recent community survey the *Shoreview Press* was indicated as the source of information for a very large percentage of Shoreview residents. She would recommend the *Shoreview Press*.

Councilmember Withhart asked if there is a reason not to use an online newspaper. Mr. Schwerm stated that legally, notices must be in a published newspaper.

MOTION: by Councilmember Huffman, seconded by Councilmember Wickstrom to designate the *Shoreview Press* as the legal newspaper for the City of Shoreview for the 2011 calendar year.

Discussion:

Councilmember Withhart noted the *Shoreview Press* received the Friend of the Band Award from the Shoreview Northern Lights Variety Band at the Christmas concert this year for publicity and support.

Councilmember Quigley noted his disappointment with the *Shoreview Press* Question of the Week, which 100% responded (three people) as not favorable to the City’s taxes.

ROLL CALL: Ayes: Quigley, Wickstrom, Withhart, Huffman, Martin
 Nays: None

COMMITTEE/COMMISSION REAPPOINTMENTS

MOTION: by Councilmember Withhart, seconded by Councilmember Huffman to reappoint the following individuals to committees and commissions for terms expiring January 31, 2014:

Bikeways and Trails Committee	Keith Severson Mark Stange
Economic Development Commission	Dave Kroona William Fessler David Lukowitz
Environmental Quality Committee	Scott Halstead Len Ferrington
Human Rights Commission	Mark Frey Nancy Hite Angela Heiderscheid
Lake Regulations Committee	Robert Muller Jane Pletscher Nito Quitevis
Park and Recreation Commission	Charlie Oltman Athrea Hedrick
Planning Commission	Gerry Wenner Deb Ferrington
Public Safety Committee	Barbara Russo Peter Panos
Telecommunications and Technology	William Guthrie Tim Warnes

Discussion:

Councilmember Wickstrom noted that the Lake Regulations Committee met only once during the year.

Mayor Martin stated that the Council will be discussing commission/committee policies and procedures in an upcoming workshop. The Council will contact the Lake Regulations Committee at that time.

ROLL CALL: Ayes: Wickstrom, Withhart, Huffman, Quigley, Martin
 Nays: None

APPOINTMENT OF PLANNING COMMISSION CHAIR AND VICE CHAIR

Mayor Martin stated that although a Council decision and appointment, the Planning Commission has made its recommendation for Chair and Vice Chair.

MOTION: by Councilmember Withhart, seconded by Councilmember Wickstrom to appoint Larry Feldsien as Chair of the Planning Commission and Gerry Wenner as Vice Chair for one-year terms expiring on January 31, 2012.

ROLL CALL: Ayes: Withhart, Huffman, Quigley, Wickstrom, Martin
 Nays: None

COUNCIL APPOINTMENTS FOR 2011

Mayor Martin stated that the only appointment needed is the Acting Mayor position. Last year the Council talked about having an informal discussion on these appointments in a workshop. The appointments would be made at the next Council meeting. Current appointments will continue until the next regular Council meeting on January 18, 2010.

Councilmember Wickstrom nominated Councilmember Quigley as Acting Mayor. Councilmember Huffman seconded the nomination.

VOTE: Ayes – 5 Nays - 0

ROLL CALL: Ayes: Withhart, Huffman, Quigley, Wickstrom, Martin
 Nays: None

ADJOURNMENT

MOTION: by Councilmember Huffman, seconded by Councilmember Withhart to adjourn the meeting at 8:20 p.m.

ROLL CALL: Ayes - 5 Nays - 0

Mayor Martin declared the meeting adjourned.

THESE MINUTES APPROVED BY COUNCIL ON THE 18TH DAY OF JANUARY 2011.

Terry C. Schwerm
City Manager