

**CITY COUNCIL MEETING  
CITY OF FRIDLEY  
JANUARY 9, 2017**

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The City Council meeting for the City of Fridley was called to order by Mayor Lund at 7:04 p.m.

**ROLL CALL:** Mayor Lund  
Councilmember Barnette  
Councilmember Saefke  
Councilmember Varichak  
Councilmember Bolkcom

**OTHERS PRESENT:** Wally Wysopal, City Manager  
Darcy Erickson, City Attorney  
Scott Hickok, Community Development Director  
Shelly Peterson, Finance Director  
James Kosluchar, Public Works Director  
Shelly Eldridge, Ehlers Representative

**OATH OF OFFICE:**

Oath of Office administered to:

Mayor: Scott J. Lund  
Councilmember-at-Large: Robert L. Barnette

**APPROVAL OF PROPOSED CONSENT AGENDA:**

**APPROVAL OF MINUTES:**

City Council Meeting of December 27, 2016

**APPROVED.**

**OLD BUSINESS:**

- 1. Second Reading of an Ordinance Amending Chapter 11, General Provisions and Fees, of the Fridley City Code.**

**WAIVED THE SECOND READING OF THE ORDINANCE AND ADOPTED ORDINANCE NO. 1341 AND ORDERED PUBLICATION.**

**NEW BUSINESS:**

- 2. **Receive the Minutes from the Planning Commission Meeting of December 21, 2016.**

**RECEIVED.**

- 3. **Resolution Designating Official Depositories for the City of Fridley.**

**ADOPTED RESOLUTION NO. 2017-01.**

- 4. **Resolution Designating the Fridley Sun Focus as the Official Newspaper of the City of Fridley for the Year 2017.**

**ADOPTED RESOLUTION NO. 2017-02.**

- 5. **Approve 2017 City Council and Staff Appointments.**

**APPROVED.**

- 6. **Claims (175197 – 175337).**

**APPROVED.**

- 7. **Estimates:**

S.M. Hentges & Sons, Inc.  
 650 Quaker Avenue, #200  
 Jordan, MN 55352

Main Street Trail and Bridge Project No. 2015-21  
 Estimate No. 1.....\$290.70

**APPROVED.**

**ADOPTION OF PROPOSED CONSENT AGENDA:**

**MOTION** by Councilmember Barnette to approve the consent agenda as presented. Seconded by Councilmember Varichak.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.**

**OPEN FORUM, VISITORS:**

**Don Anderson**, 7304 West Circle, said that people are still trying to cross over from Highway 65 to the trailer park. Cars cut through the grass that used to be there. He suggested putting in pegs in the ground so cars cannot go through there.

**Mayor Lund** said he would ask staff talk to the police and MnDOT about this.

**ADOPTION OF THE AGENDA:**

**MOTION** by Councilmember Bolkcom to adopt the agenda with the addition of an item to appoint a new HRA member. Seconded by Councilmember Saefke.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY**

**PUBLIC HEARING:**

**8. Consider Draft 2040 Water Supply Plan for the City of Fridley**

**MOTION** by Councilmember Bolkcom to open the public hearing. Seconded by Councilmember Saefke.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED AND THE PUBLIC HEARING OPENED AT 7:11 P.M.**

**Jim Kosluchar**, Public Works Director, stated this plan will be a chapter in our 2040 Comprehensive Plan. A copy of the chapter from our 2030 Comprehensive Plan was provided to the Council for reference. We have completed actions from our 2030 Comprehensive Plan Water Supply Chapter. The draft water supply plan is to be provided for review by the DNR, Met Council and others. The plan consists of three parts: water supply system and evaluation, emergency preparedness procedures, water conservation plan and items for the Metropolitan Area Communities.

**Mr. Kosluchar** noted that the groundwater supply comes from 13 wells and consumption has been reduced by roughly half since the late 1980s. The reason for the reduced water is because of low-flow fixtures, industrial optimization and reductions, inclining block rates with rate increases, and various water conservation efforts. The New Brighton interconnect also augments our supply.

**Mr. Kosluchar** said Fridley's drinking water source plans are to continue use of water source, treatment and distribution systems. Future demands with a 12.5% projected population increase by 2040 accommodated with current source and systems and reactivation of the New Brighton interconnect when the new treatment is in place at the end of 2018. The plan is to also replace or line 50% of water mains by 2050, hydrant replacement and reconditioning, reduce reliance on metering cards for 70% of residential customers (30% on AMR meters currently), quarterly

billing and full AMR metering by the end of 2018. Fridley's drinking water demand consumption is below 75 gallons per capita daily. Rates are increasing due to lower demand. Reduction in consumption provides a measure of aquifer sustainability. The emergency preparedness procedures include information on response to water emergencies that includes demand reduction strategies and communication plans. 80% of available daily production capacity is the trigger for restrictions on use. The water conservation plan agency goals, which are all being met currently, are as follows:

- Unaccounted water <10%
- Residential per capita demand <75 gallons per day
- Decreasing per capita demand
- Decreasing peak demands, peak factor <2.6

**Mr. Kosluchar** stated that the Planning Commission, Environmental Quality and Energy Commission provided input. The Planning Commission would like to look into ordinances and zoning efforts that could provide additional protection of water source during plan term (10 years). The EQEC prioritized conservation and demand reduction measures they desire:

- Irrigation restrictions
- Water audits
- Appliance retrofits
- Meter retrofit, testing and repair
- Landscaping best practices
- Conservation rates

The water conservation program would include metering connections and maintenance, reduce unaccounted water, conservation water rates, outdoor water use regulation when necessary, and offer education and information programs. After the public hearing, staff requests the City Council move to approve the draft 2040 Water Supply Plan for agency review and comment. If approved, staff will submit the plan for review by the DNR, Met Council, watershed organizations and adjacent cities.

**Councilmember Bolkcom** asked what inclining block rates meant.

**Mr. Kosluchar** replied that the rate increases as water consumption increases. Rate increases are rate adjustments that Council makes annually to make sure utilities are self-sustaining.

**Councilmember Bolkcom** asked what the cost estimate was to do a rate study.

**Mr. Kosluchar** replied that it was quite a bit higher than what we thought it would be. Staff is working on other options.

**Councilmember Bolkcom** asked on page 13 what stream gauge, grab sampling and steel tape measuring was.

**Mr. Kosluchar** replied that is in reference to our wells. Grab sampling of the water is required to make sure the water quality is good. Steel tape measure depth of wells is done every month for indication of what ground water elevation is doing and what our production is. We do not do stream gauge monitoring.

**Councilmember Bolkcom** asked in Table 16 on page 22, how long would it take to get water from the City of Minneapolis and why would we take from that direction.

**Mr. Kosluchar** replied that the City has three interconnects that exist. One reason the City of Minneapolis would not be used short term is because the chemical nature of that water would need to be tested first and then our system would be changed in several stages and that could take several weeks. The City of Minneapolis would be used for long-term emergencies.

**Councilmember Bolkcom** asked in Table 25 on page 31, what is ground water recharge.

**Mr. Kosluchar** replied that is a benefit of good infiltration processes. Water can reach shallow aquifers and some surface water areas may have practices like rain gardens that bring water and recharge the aquifer.

**Councilmember Bolkcom** asked if there were free or reduced-cost water audits provided by the City.

**Mr. Kosluchar** replied that there is a water rebate program for elements like low flow toilets, washing machine and audits of irrigation systems. We provide both residential and commercial rebates through this program.

**Councilmember Bolkcom** asked whether on page 34 relating to billing strategies if we do those right now.

**Mr. Kosluchar** replied that the rate structures and practices to the left are positive to promote conservation, the middle is neutral for conservation, and the right side is poor for conservation. We have billing strategies that promote conservation only in this table.

**Councilmember Bolkcom** asked on page 39 if our facility did middle school tours.

**Mr. Kosluchar** replied that the facility does 1-2 annual tours with students, and the operators really enjoy doing the tour for them.

**Councilmember Bolkcom** asked on page 42 why no topics were marked.

**Mr. Kosluchar** replied that staff would welcome Council input if they saw something to mark. Met Council does what is necessary right now like putting together the data we use, ground water modeling throughout the metro area, water conservation program and the rebate program.

**Councilmember Bolkcom** asked for an explanation of unaccounted and unmetered water.

**Mr. Kosluchar** replied that unmetered water includes hydrant flushing, losses from water breaks, Fire Department use and unmetered irrigation used by the City. Unaccounted water is water that is not metered and not quantified in the above. The goal is to keep it below 10%.

**Councilmember Bolkcom** said the City is facing issues with old infrastructure and asked how long it would take to catch up with improvements.

**Mr. Kosluchar** replied the City is doing better than it was 7 to 8 years ago. A program is in place to replace the water mains and we are ahead of most cities. There is technology out there to reduce the cost of rehab to accelerate the process. We have targeted the worst areas and have seen a decline in number of water breaks we see annually.

**Councilmember Saefke** noted that with unaccounted water, sometimes water breaks do not show themselves right away and do not surface. Met Council provided a template for municipalities to use to make it easier for them to provide their 2040 information.

**Mr. Kosluchar** replied the City does an annual water leak survey that usually reveals about a dozen leaks we did not know about, many of which are on privately maintained services. We need this to reduce losses and control and manage repairs better. We contract for the leak survey and they go hydrant to hydrant using listening devices.

**MOTION** by Councilmember Barnette to close the public hearing. Seconded by Councilmember Varichak.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED AND THE PUBLIC HEARING CLOSED AT 7:54 P.M.**

**MOTION** by Councilmember Saefke to approve the Draft 2040 Water Supply Plan for the City of Fridley. Seconded by Councilmember Bolkcom.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.**

**NEW BUSINESS:**

**9. Resolution Providing for the Issuance and Sale of \$50,505,000 General Obligation Capital Improvement Plan Bonds, Series 2017A, and Levying a Tax for the Payment Thereof.**

**Shelly Peterson**, Finance Director, stated a public hearing on the adoption of the 2017-2021 CIP and proposed issuance of G.O. CIP bonds was held on November 14, 2016. With no petition received during the 30-day reverse referendum period, Council authorized staff to call for the sale of up to \$50,505,000 in G.O. CIP bonds. The issuance will finance the public works, police, fire and city hall facilities located in the Civic Complex Redevelopment project areas as described in the 2017-2021 CIP.

**Ms. Peterson** said as part of the process to issue these bonds, the City of Fridley went through a credit review by our bond rating agency Moody's Investors Services. Moody's assigned Fridley and Aa2 rating which is a downgrade from the Aa1 rating Fridley previously held. The primary reason for the downgrade is the size of the new issuance in relation to the median rate of similarly-sized issuers across the country. Factors outside of the control of the City that have a significant impact on the rating are tax base, socio-economic and the demographic profile. Aa2 is considered to be a very high quality rating subject to a very low credit risk and Fridley having a strong ability to repay its debt obligation. This is still an excellent rating for the City of our population and tax base.

**Ms. Peterson** noted the sale took place today and bidding was very tight. Shelly Eldridge from Ehlers will review the results. Nine bids were received ranging from the lowest True Interest Cost (TIC) bid of 3.3184% from Baird, Red Bank, New Jersey, to the highest at 3.4689%. Preliminary estimates were based on a TIC of 3.7752%. Principal was reduced by \$1,375,000 due to a reoffering premium from Baird and a small reduction from the estimated cost of issuance. Staff is recommending Council adopt a resolution providing for the issuance of sale of \$49,130,000 General Obligation Capital Improvement Plan Bonds.

**Mayor Lund** said he was happy to hear there were a number of bidders.

**Shelly Eldridge**, Ehlers representative, replied there were 9 bidders. The timing was good, and that historically January is a good time to issue bonds. She said people were looking for safe places to invest their dollars. Bidders were from all over the country and the bidding was very tight. The City chose a good time to sell their bonds.

**MOTION** by Councilmember Bolkcom to move into record the updated resolution providing for issuance of sale and bid tabulation. Seconded by Councilmember Saefke.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.**

**MOTION** by Councilmember Bolkcom to adopt Resolution No. 2017-03 (Resolution Providing for the Issuance and Sale of \$50,505,000 General Obligation Capital Improvement Plan Bonds, Series 2017A, and Levying a Tax for the Payment). Seconded by Councilmember Saefke.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.**

**Wally Wysopal**, City Manager, noted that a lot of work goes into this to make sure we are able to bring the project in and the next step is the bids. He thanked staff and consultants for all their hard work on this.

#### **10. Approval of HRA Appointment.**

**MOTION** by Councilmember Varichak to approve the appointment of Kyle Mulrooney to the Fridley Housing and Redevelopment Authority. Seconded by Councilmember Barnette.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY.**

**Mayor Lund** said that Kyle will do a great job. He is a young professional interested in City governance. He is also on the EQEC Committee and will continue on that committee as well. He works for BMO Bank in Minneapolis. He is an active volunteer in the community and we look forward to working with him in the future.

**11. Informal Status Report.**

**Councilmember Bolkcom** said Fridley Winterfest will be held at Commons Park on January 21. Also the gallery at the Banfill-Locke Center for the Arts opened yesterday. It is open Tuesdays through Saturdays from 10 a.m. to 4 p.m.

**Mayor Lund** announced the Fridley Lions Wine and Beer Tasting Banquet is on Friday, January 27, from 5:30 to 8 pm. Tickets are \$25 in advance or \$30 at the door. Contact Mayor Lund or any Fridley Lion for tickets.

**ADJOURN:**

**MOTION** by Councilmember Barnette to adjourn. Seconded by Councilmember Varichak.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 8:15.**

Respectfully submitted by,

Krista Peterson  
Recording Secretary

Scott J. Lund  
Mayor