

**CITY COUNCIL MEETING  
CITY OF FRIDLEY  
SEPTEMBER 24, 2018**

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The City Council meeting for the City of Fridley was called to order by Mayor Lund at 7:02 p.m.

**ROLL CALL:**

**MEMBERS PRESENT:** Mayor Lund  
Councilmember Barnette  
Councilmember Saefke  
Councilmember Varichak  
Councilmember Bolkcom

**OTHERS PRESENT:** Wally Wysopal, City Manager  
Jay Karlovich, City Attorney  
James Kosluchar, Public Works Director  
Scott Hickok, Community Development Director  
Dan Tienter, Finance Director/City Treasurer  
Deb Skogen, City Clerk

**PROCLAMATIONS:**

Domestic Violence Awareness Month (October 2018)

Minnesota Manufacturing Week (October 1-7, 2018)

**APPROVAL OF PROPOSED CONSENT AGENDA:**

**APPROVAL OF MINUTES:**

1. City Council Meeting of September 10, 2018.

**APPROVED.**

**NEW BUSINESS:**

2. Resolution Declaring Costs to be Assessed, Ordering Preparation of Proposed Assessment Roll, and Directing Publication of Notice of hearing for 2018 Nuisance Abatement.

**ADOPTED RESOLUTION NO. 2018-46.**

- 3. Resolution Authorization Execution of Toward Zero Deaths (TZD) Enforcement Grant Agreement.**

**ADOPTED RESOLUTION NO. 2018-47.**

- 4. Claims (1809 - ACH PCard; 182308-182454).**

**APPROVED.**

**ADOPTION OF PROPOSED CONSENT AGENDA:**

**MOTION** by Councilmember Barnette to adopt the proposed consent agenda. Seconded by Councilmember Varichak.

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

**OPEN FORUM, VISITORS:**

**Deb Skogen**, City Clerk, stated the City is in the process of absentee voting for the November 6 election. Residents can come to Fridley City Hall between the hours of 8 a.m. and 4:30 p.m., Monday through Friday, and vote in person. The Saturday before the election, November 3, City Hall will be open from 10 a.m. to 3 p.m. for absentee voting and on Monday, November 5, from 8:00 a.m. to 5 p.m. on November 5.

**Ms. Skogen** stated they are using the electronic poll books that Anoka County purchased. When a voter goes to the polling place, rather than signing they book, they will register on the iPad. The average registration time is about 30 seconds.

**Ms. Skogen** stated for anyone who is disabled, and has a hard time waiting in line, now is the time to register by absentee. They can come to City Hall. They can also go on-line to *mnvotes.org* and register and their ballot will be mailed to them.

**ADOPTION OF AGENDA:**

**MOTION** by Councilmember Bolkcom to adopt the agenda. Seconded by Councilmember Saefke.

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

**PUBLIC HEARING:**

5. **Consider the Revocation of Special Use Permit, SP #07-01, for Sam's Auto Parts, to Allow an Auto Recycling Center (Junk Yard) in M-1, Light Industrial Zoning District, Generally Located at 1230 – 73<sup>rd</sup> Avenue N.E., 1240 – 73 ½ Avenue N.E., and 7340 Central Avenue N.E. (Ward 2) (Continued September 10, 2018).**

**MOTION** by Councilmember Varichak to remove the item from the table. Seconded by Councilmember Barnette.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE HEARING WAS REMOVED FROM THE TABLE AT 7:17 P.M.**

**Scott Hickok**, Community Development Director, stated the City's Zoning Code requires the City to revoke a special use permit if stipulations are not met. Sam's Auto Parts site had not met all of their stipulations 11 years from the time their special use permit was approved. Staff had been unsuccessful in trying to gain full compliance for years. Progress had been made but the pond and new entrance were not moving ahead.

**Mr. Hickok** stated a public hearing was scheduled for June 11, 2018. The hearing was continued to July 9, then July 23, then September 10, and finally to tonight. He said he is happy to report that the pond lining and sand overlay and riprap drainage area has been installed. The outer edge of the pond has been seeded and the Engineering staff is satisfied with the installation. It meets the design specifications. The new interior screening fence has also been installed and is fully complete. The parking stalls are striped, handicap are yet to be completed with signs to be installed for those, but that is in the process of being completed and staff is confident it will be done.

**Mr. Hickok** stated they are ready to open the 73<sup>rd</sup> entrance upon Council's approval. Staff is very pleased that the business owner was able to complete the fence and pond liner installation in just a few days. Although the 73<sup>rd</sup> Avenue entrance is not yet open, the owner will be applying for a sign permit to make it clear that it is now the entrance.

**Mr. Hickok** stated staff recommends discontinuing the revocation process.

**Mayor Lund** said the petitioner put in a lot of time and money, and he is glad staff is happy with the result.

**Councilmember Bolkcom** asked the City Attorney, if there was anything else they needed to do other than close the public hearing.

**Jay Karlovich**, City Attorney, stated he did not know if there needs to be any formal action to stop the process. He said they should not vote to revoke it.

**Mr. Wysopal** stated the reason the staff phrased it that way was for the record so it can be shown that Council did do something to end the process. They do not want it to look like they just stopped it, and nothing continued after that.

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

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE HEARING WAS CLOSED AT 7:21 P.M.**

**NEW BUSINESS:**

- 6. First Reading of an Ordinance amending Fridley City Code, Chapter 2, Entitled “Administration”;**

**and**

**First Reading of an Ordinance Creating a New Chapter of the Fridley City Code, Chapter 102, Entitled “Public Safety Department”;**

**and**

**First Reading of an Ordinance Repealing Fridley City Code, Chapter 107, Entitled “Fire Department” and Creating Fridley City Code, Chapter 107, Entitled “Disposition of Certain Property”.**

**Deb Skogen**, City Clerk, stated this is being done for service delivery. The City Code and City Charter provide the authority for establishing the organization of City departments. The City Manager is accountable to the City Council for service delivery meeting the City Council’s expectations. The public’s needs evolve and change over time requiring City departments to evolve and change. The key factor in making change is to create more efficient and effective spending because of the limited nature of tax dollars and the Council’s fiscal policy to be good stewards of tax dollars.

**Ms. Skogen** stated City staff believes it is a priority to provide more effective and efficient services to the taxpayers rather than increasing spending and, over the last several years, the City’s organizational structure has changed to reduce costs or improve service while not increasing spending.

**Ms. Skogen** stated changes to the following departments have been made: Public Works, Finance, Community Development, Parks and Recreation, Human Resources, and the City Manager’s Office. The Police and Fire Department reorganization is being proposed. Over the past 18 months City staff has been asked, could we better share resources and still serve the City

well? The answer was, yes, and the preferred model was the Public Safety model, combining both the Fire and Police Departments under a single common leadership.

**Ms. Skogen** stated the cities of Plymouth, Lino Lakes, and New Brighton have combined their departments into one public safety department. The public safety model savings come from reduced personnel costs through the elimination of one position. It increases the reliance on paid, on-call firefighters. It produces a reduction in the number of squad cars and fire trucks that need to be purchased; and it eliminates duplication in areas of community outreach, investigations, IT, communications, budgeting, and supervision.

**Ms. Skogen** stated the Public Safety model will allow great emphasis on fire prevention and education. It will continue to build on the Police Department community outreach efforts, and the division names will remain the same. We will still have a police department, only it will be called a police division, a fire division, and an emergency management division. It will be a smarter use of taxpayer dollars with a commitment to service standards and improved public outreach. If approved, after the ordinances are adopted, it would become effective November 1 of this year with personnel changes following on January 1, 2019.

**Ms. Skogen** stated the authority for the change is City Charter, Section 2.012, which gives the City Council control over City administration but exercises that control exclusively through the City Manager. City Charter, Section 6.02, says the City Manager shall have control and direct the administration of the City affairs subject to provisions of the Charter which include: (a) the ability to appoint all City employees on the basis of qualification and experience and to provide written notice to the City Council, and (d) to exercise control over all departments and divisions of the City administration created by the Charter or which may hereafter be created by Council.

**Ms. Skogen** stated City Charter, Section 6.04, states there shall be a City Clerk, City Treasurer, City Attorney, and other officers subordinate to the City Manager and the Council may provide for by ordinance, resolution, or established by State law subject to the direction of the City Manager.

**Ms. Skogen** stated ordinances have been adopted in the past to create the following departments: Administration, City Code, Chapter 2; Police, Chapter City Code, Chapter 102; Civil Defense, City Code, Chapter 106; Fire, City Code, Chapter 107; Water, Storm Water, and Sanitary Sewer Administration, City Code Chapter 402; and Public Works, City Charter Chapter 8.

**Ms. Skogen** stated we can accomplish the goal of reorganization by adopting three ordinances to amend the City Code. None of the ordinances require a public hearing. Only a first and a second reading would be required to adopt the ordinances with a resolution following, presenting the organizational changes for Council approval after the second reading.

**Ms. Skogen** stated the first ordinance would be an amendment to Chapter 2 of the City Code. It provides for new language granting the City Manager the authority to create an organizational structure that best meets the needs of the City, requires the City Council to affirm the structure through the adoption of a resolution, and deletes an outdated reference to the position of Assistant City Manager/Public Safety Director.

**Ms. Skogen** stated the second ordinance would amend Chapter 102 by repealing the current language in its entirety which refers to the Police Department. However, two of those sections will be put in the third ordinance. New language is proposed creating a Public Safety Department. This language includes the divisions of the department, the director, the division heads, as well as specific duties that may be required by law.

**Ms. Skogen** stated the third ordinance is an amendment to Chapter 107. It would repeal the current language in its entirety which refers to the Fire Department. Then new language is created requiring the disposition of certain property that was originally in Chapter 102.

**Ms. Skogen** stated for future changes, City Code, Chapter 2, as it is proposed would require the City Manager to present any changes to the organizational structure to the City Council. The City Council would affirm those changes through adoption of a resolution, and it would allow departments to be created, combined, and/or eliminated as may best meet the needs of the City.

**Ms. Skogen** stated staff recommends the City Council waive the reading and order the adoption of the first reading of the following three ordinances:

1. An ordinance amending Fridley City Code Chapter 2 entitled, "Administration";
2. An ordinance creating a new chapter in the Fridley City Code, Chapter 102, entitled, "Public Safety Department"; and
3. An ordinance repealing Fridley City Code Chapter 107 entitled, "Fire Department" and creating Fridley City Code Chapter 107 entitled, "Disposition of Certain Property".

**MOTION** by Councilmember Bolkcom to waive the reading of the ordinance and adopt the ordinances on first reading. Seconded by Councilmember Saefke.

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

7. **Resolution Certifying Proposed Tax Levy Requirements for 2019 to the County of Anoka.**
8. **Resolution Adopting the 2019 Proposed General Fund Budget.**

**Dan Tienter**, Finance Director, stated the purpose of the presentation this evening is to discuss the proposed 2019 budget projections, the property tax levy, and the next steps in the process.

**Mr. Tienter** stated as part of the budget process, staff does an overview of the current economic conditions and the expectations for the upcoming few years. Right now, we know that the near term economic growth for the State of Minnesota and the wider region continues to improve

and/or remain stable. As a result, the Federal Reserve has continued the federal funds rate, and there are more increases anticipated in 2018.

**Mr. Tienter** stated despite those increases, the State budget projection does predict slower economic growth beginning in 2019 and continuing each year until 2021. Despite that slower growth, the State actually closed their most recent fiscal year with a \$348,000,000 surplus and MMB actually reported as a part of their August financial statement, a \$79,000,000 higher than expected receipts for revenues to the State's general fund or 5 percent over the budget projection.

**Mr. Tienter** stated there are, however, growing trade disputes with major and national trading partners; and this has created uncertainty in the long-term economic forecasts the City relies on from the State and other entities.

**Mr. Tienter** stated when preparing the budget, staff tends to have a conservative budget model. This means they model their revenues to be a little less than expected and the City's expenditures to be a little more than expected to ensure there are no unforeseen or unanticipated holes in the budget. As part of that process, a single salary step increase for each employee is included, and staff is currently planning for a 3 percent cost-of-living adjustment.

**Mr. Tienter** stated perhaps most importantly, the budget that is being presented this evening is consistent with previous actions as approved by the City Council. It supports the current staff that serves the City and community, and it is also structurally balanced, meaning the current revenues meet with the City's ongoing expenditures.

**Mr. Tienter** stated the proposed general fund budget does not currently include any adjustment to the wage disparities that currently exist between union and non-union staff.

**Mr. Tienter** said building permit revenues are still strong. They are at about \$37 million in additional valuation constructed year-to-date. The trend indicates about approximately \$60,000 in revenue and as part of the City's budget they are planning about a 7 percent overall increase, or about \$50,000.

**Mr. Tienter** stated as to the closed bond fund monies that are accumulated from closed debt service at the end of 2017 as a part of the City's 2017 audit, the City has about \$4.7 million in that fund. Right now they are planning to decrease the use for 2019, and they will continue efforts to reduce that use all the way to zero. Additionally, the City Manager has provided direction for staff to prepare a closed bond fund policy in the future for Council to provide more direction and guidance to staff with the use of those monies.

**Mr. Tienter** stated local government aid is anticipated to remain approximately the same as 2018. There was a minor increase because of some formula factors such as changes in population. They do anticipate it to remain stable as a result of the current State financial situation.

**Mr. Tienter** said staff is reallocating approximately \$100,000 from the general fund to the Capital Equipment Fund to support the purchase of equipment as requested by departments.

**Mr. Tienter** stated just to touch on some of the larger changes to the proposed general fund budget, the -17 percent in fines, reflects a revision based on the City's three-year average actuals which have been typically over budgeted. As to the miscellaneous item, they are now in the part of this budget recognizing donations they have received to the park system. Normally they do not have a budget figure in there; however, over time the City has had a consistent amount of donations so this budget recognizes that. With the increase of the federal funds rate, the City's investments are doing a little better. Overall, there is a 5 percent proposed increase in revenue for the 2019 general fund budget.

**Mr. Tienter** stated overwhelmingly taxes make up the primary revenue to the general fund. As to personnel services, 77 percent of all general fund budget expenditures are related to personnel services, which includes wages, health insurance, and other benefits. There is approximately a \$494,000 increase for next year which reflects the cost-of-living adjustment, changes in the health insurance costs, and also workers' compensation. We will have a bi-annual reduction in election costs for 2019.

**Mr. Tienter** stated as to supplies, and other services and charges, one of the largest adjustments from the last time Council reviewed the budget is for the civic campus. Originally staff was proposing larger increases for gas and electric utility charges and for custodial services for the new civic campus. For next year they are planning about \$233,400 for those charges. That number is down from \$260,000. The custodial costs were originally estimated at \$125,000 and have been reduced to \$88,600. As they get closer to moving into the new facility, staff is constantly in the process of refining projections or estimates.

**Mr. Tienter** stated staff is planning for a 2.5 percent increase in non-personnel expenditures, such as professional services, supplies, materials, postage, etc. The increase is about \$91,000. Continued maintenance of the old municipal center will continue pending sale of the property. The building will continue to be heated until March of next year.

**Mr. Tienter** stated as to the expenditure focus, again, much like the revenue forecast, there will be an overall 5 percent increase. As to the larger changes, they will see that 34 percent of the negative number is non-departmental. Last year, Council had approved some additional monies for some new items, namely for IT, HR, and Communications; and those monies have been reallocated to the departments.

**Mr. Tienter** stated the discussion Council often has regarding the general fund is what happens to the City's fund balance over time. Staff expressed the need of the City's fund balance as 35 or 50 percent working capital for the next year's budget. The City is about \$824,000 above the 50 percent working capital number, and about \$3.45 million above the 35 percent working capital number. The general fund is in a wonderful financial position.

**Mr. Tienter** stated moving onto the property tax levy which is the primary revenue source for the general fund pursuant to Minnesota Statutes, Chapter 265, Council must certify a proposed property tax levy to the county auditor by September 30 of each year. That number is used to create parcel-specific notices for the truth-in-taxation hearing Council will conduct on Monday,

December 10. The levy may not exceed the proposed property tax levy except for some specific situations that are outlined in State law.

**Mr. Tienter** stated City staff is recommending an increase in the property tax levy of 6.5 percent. They were discussing a 5 percent increase, but after further budget review and based on some updated property tax information, they revised the recommendation from 5 percent to 6.5 percent.

**Mr. Tienter** stated based on the staff's current projects, they are assuming about \$5.75 million in external revenue and planned expenditures of just over \$17.5 million which requires a net City cost of about \$11.7 million, or the money that is needed for the tax levy to support the ongoing operations of the City. A variety of tax levy scenarios have been shared with Council. The 6.5 percent is currently recommended as it provides for a balanced budget based on their current 2019 general fund projections. The 6.5 percent would come in just under the area average for the communities that were sampled.

**Mr. Tienter** stated the classification that staff has always highlighted for the Council are the residential homesteads. They can see the estimated market value for four different residential homesteads in Fridley. These are residents staff has identified that staff tracks over time. Staff checks in on them every year and reports their change in value. The average valued home was \$186,500 last year. Based on the latest information from the City's assessor office, staff is projecting those values will increase by 8.8 percent to \$202,900. When checking the current average and median residential homestead on MLS, they are seeing the market is actually trending a little higher. Therefore, staff is anticipating these values to continue to increase for next year as these sales are reported as a part of taxes payable for 2020.

**Mr. Tienter** stated right now, the property tax levy as proposed is 6.5 percent and assuming the valuation increase on the average homestead of that 8.8, they would be assuming an increase of about \$38 or \$3 per month for the average residential homestead, or a change of about 4.6 percent. The \$38 change may be attributable to the increase in valuation. If there were no increase in the change of valuation, this number would actually be a negative number even though the tax levy is going up for next year.

**Mr. Tienter** stated staff is recommending adoption of the proposed budget and proposed levy this evening.

**Mr. Tienter** stated staff will have another round of meetings with the City Manager the week of October 29. On November 13 and 14, Council will be conducting some of its own budget workshops and meetings. On December 10, Council will hold its truth-in-taxation public hearing, which is something required by State law. The final 2019 budget, 2019/2023 CIP, all the property tax levies and the revised 2018 budget will be on the December 17 agenda for approval. That information must be submitted by the end of the year for fiscal year beginning January 1.

**Mr. Tienter** stated there are two recommendations before the Council this evening: first, to adopt a resolution certifying the proposed property tax levy requirements for 2019 and, second, to adopt a resolution adopting the 2019 general fund budget.

**Mayor Lund** stated he thought it was pretty thorough and Council has had a second look at it now from the earliest budget meeting.

**Councilmember Bolkcom** asked if this presentation tonight will actually be part of the public record at some point.

**Mr. Tienter** replied they can ensure it is included as reading materials on the website and they can also post it to the Finance section on the City's website.

**Councilmember Saefke** stated they failed to mention that whatever Council adopts tonight, when they do the final, they cannot go any higher than tonight but they can go lower if necessary. He just wanted the public to know that.

**MOTION** by Councilmember Saefke to adopt Resolution No. 2018-48. Seconded by Councilmember Bolkcom.

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

**MOTION** by Councilmember Saefke to adopt Resolution No. 2018-49. Seconded by Councilmember Barnette.

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

## **9. Informal Status Reports**

**James Kosluchar**, Public Works Director, stated last Thursday there was a pretty severe rainstorm in Fridley. About 4.42 inches was measured just east of City Hall by one of their weather observers. They had about 2.5 inches in just about 1 hour and 15 minutes, so 3.72 inches per hour was the peak intensity. Whenever they get over 2 inches in an hour, things are pretty rough around Fridley because of flash flooding. The Stonybrook project on the upstream did not flood any properties, but on Beech Street and 78<sup>th</sup> they did have some outfall issues with the amount of rainfall the City had. It eroded a little bit of the stabilization at the open channel end of that project. The City's contractor came in and did some emergency repair today as a temporary fix, and they will be looking at a longer-term solution and proposing that to Council.

**Councilmember Bolkcom** asked if the work would be done off-season.

**Mr. Kosluchar** replied some of the work might. It may be a little more extensive. Also, the Oak Glen Creek project performed fairly well. They did have a little bit of flooding into the Treehouse Foods building, but it did not affect their production. They found a couple of locations where they thought they had separated storm water on the street from their site, but it was backflowing. Staff is going to address those issues. Staff did meet with them on their site, and they documented very well what had happened which helped staff out a lot.

**Mr. Kosluchar** stated they had a couple of other locations where there was vehicle flooding. He talked with a police officer, and the biggest problem is when you see a squad or you see the flashing lights and you see water on the road, you never know how deep it is. Your vehicle might not make it through. He said to make sure to stop and turn around and avoid that area.

**Mr. Kosluchar** stated as far as the train whistles go, he knows they did not find the final solution to that. He spoke with Xcel on Friday who said they have part of the interference problem taken care of. BNSF has been routing as many trains as they can to the one track that is not affected. It is somewhat dampened but it is still ongoing, and they are blowing overnight as far as he knows. It is in Xcel's arena to look for where that interference is coming from.

**Councilmember Bolkcom** stated they are also having issues with some signals and the arms being down.

**Mr. Kosluchar** said during the rainstorm, he noticed at Osborne Road the arms were down and there were no trains coming. It may have been aggravated by the weather. He has not had a chance to ask them about that.

**Councilmember Saefke** stated he had a question about the stanchions on 61<sup>st</sup> by the middle and senior high school. He asked Mr. Kosluchar to explain why they are there.

**Mr. Kosluchar** replied, that is something they have been working with Fridley Public Safety, Public Works, and school district on. Basically there are a couple of reasons. The school district was concerned about children crossing at those points between vehicles. They put out No Parking signs last year. People, however, failed to obey them fully. This is a test for possibly bumping out the curb and reducing the road width there, and making the crossing there shorter and safer for the students who attend both schools. He understands they transfer from buses that reside across school grounds on the opposite side on 61<sup>st</sup>.

**Mayor Lund** stated as to the storm, he also was contacted and visited the large holding pond that is part of Village Green. He said he did not the individual contacted Mr. Kosluchar. He said he did not know the scope of the change or the improvements that are supposed to be made.

**Mr. Kosluchar** replied, yes, they are very hopeful to work with the property owner on that, but they have not yet been contacted by the property owner. City crews were out at a different area just to make sure things were open. He appreciates their efforts.

**Mayor Lund** stated fortunately the rain stopped before it got over the berm. He suggested maybe trash pumps. One of the Public Works staff said that will not work because you have to pump it out onto the street and it will go right back in again.

**Councilmember Saefke** stated he does know there is a problem with drainage at 61<sup>st</sup> and University because he was coming home at 7 p.m. and it was flooded. He thinks there is only one catch basin there.

**Mr. Kosluchar** stated that is helpful to know.

**ADJOURN:**

**MOTION** by Councilmember Barnette, seconded by Councilmember Varichak, to adjourn.

**UPON A VOICE VOTE, ALL VOTING AYE, MAYOR LUND DECLARED THE MOTION CARRIED UNANIMOUSLY AND THE MEETING ADJOURNED AT 8:02 P.M.**

Respectfully submitted by,

Denise M. Johnson  
Recording Secretary

Scott J. Lund  
Mayor