



**City of Newport
City Council Minutes
September 20, 2012**

1. CALL TO ORDER

Mayor Geraghty called the meeting to order at 5:30 P.M.

2. PLEDGE OF ALLEGIANCE

3. ROLL CALL -

Council Present – Tim Geraghty, Tom Ingemann, Bill Sumner, Tracy Rahm, Steven Gallagher

Council Absent –

Staff Present – Brian Anderson, City Administrator; Bruce Hanson, Supt. of Public Works; Curt Montgomery, Police Chief; Mark Mailand, Fire Chief; Renee Helm, Executive Analyst; Fritz Knaak, City Attorney;

Staff Absent –

4. ADOPT AGENDA

Mayor Geraghty – There is one addition to the agenda, Resolution No. 2012- under Administrator's Report.

Motion by Gallagher, seconded by Rahm, to adopt the Agenda as amended. With 5 Ayes, 0 Nays, the motion carried.

5. ADOPT CONSENT AGENDA

Motion by Ingemann, seconded by Rahm, to approve the Consent Agenda as presented, which includes the following items:

A. Minutes of the September 6, 2012 Regular City Council Meeting

B. List of Bills in the Amount of \$252,228.31

With 5 Ayes, 0 Nays, the motion carried.

6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE

7. MAYOR'S REPORT –

Mayor Geraghty – I attended the HPC meeting last night and they're continuing to work on the Veterans' Memorial, and the Johnson Property. I spent much of Tuesday night on the phone with County commissioners to discuss the agreement between Washington and Ramsey Counties with Resource Recovery Technologies. I'd like to welcome a new business that opened a couple days ago, Fay's Newport Style Salon.

8. COUNCIL REPORTS –

Councilman Gallagher – I had a couple phone calls from residents regarding South St. Paul and their gun club. Apparently they want to bring their berms higher. Brian spoke with them and they are not expanding their services at this time, they have a permit to increase the height of their berms. We're going to work with South St. Paul to be notified if that Conditional Use Permit comes in so that our residents can have a voice in that because the sound can put you off. I also had a Met Council TAB meeting at the airport and we talked about the expansion

over the next twenty years. You're looking at another five years before the number of travelers is equivalent to the 2005 numbers.

Councilman Sumner – Between 9 and 2 there will be a free recycling event at the Washington County Environmental Center. There will be a pig roast at the Cloverleaf to support organ donation. The pig should be ready around 5:00 p.m. On September 29, there will be a fun run and a dedication of the new pavilion at the Bailey School Forest.

Councilman Ingemann –The Fire Department had a meat raffle at the Clover and it was a good crowd. Last Thursday, we had a Planning Commission meeting and we discussed rezoning both sides of the highway.

Councilman Rahm – I worked a little bit on our strategic plan. What we're trying to come up with is where the word document will be something with values and trends, things that don't change very often and the spreadsheet will have different items and initiatives that we get done. I'm trying to take those two documents and have them mirror each other. Once I'm done with that, I'll send it to Brian and we'll discuss it as a Council.

9. ADMINISTRATOR'S REPORT –

Admin. Anderson – I received an email today stating that the City went through the second hurdle for the grant that we applied for regarding the Red Rock, Transit Station area. We applied for a \$3 million grant. We've been invited to a Q and A session with the Met Council. We also have a couple meetings set up with the County to discuss the Transit Station.

A. Mary Planten-Krell, Executive Director of the Youth Services Bureau

Ms. Planten-Krell was present to discuss the Youth Services Bureau. The Youth Services Bureau has worked with over 2,000 youth in the past year. The Youth Services Bureau works with kids who are getting into trouble throughout Washington and St. Croix Counties. The Bureau works with law enforcement to establish alternatives to keep youth out of the court system. The Bureau also provides educational programs for schools and individual counseling for families.

In 2011, the Bureau worked with 31 Newport youth and families at a cost of \$9,800. Washington County reports that 91% of the first-time offenders that we work with do not go through their system again. Ms. Planten-Krell is requesting a monetary donation of support from the City of Newport in the amount of \$250.

Councilman Rahm – How many individual people did you help?

Ms. Planten-Krell – 2,000

Councilman Rahm – Getting back to being cost-effective, I think having a calculation of how much your services cost per person would help a lot with marketing. Are the families that have these services, are they all over the map or more single-parent families?

Ms. Planten-Krell – They are all over the map. Anybody can walk in to get help. We put a heavy emphasis on family involvement. By family, I mean whoever surrounds that particular youth and that can vary from family to family. What we're interested in is working with the youth, and the adults. I would say more often than not, it's a two-parent household. We do as much parent education as we do with the kids.

Councilman Gallagher – And you're asking for \$250?

Ms. Planten-Krell – Yes

Councilman Gallagher – We're doing our budget right now, I think we can come up with something.

Councilman Ingemann – I think we can find it somewhere.

Councilman Sumner – I'll make a motion.

B. Resolution No. 2012-28 – Supporting the Approval of the 2013-2015 Waste Processing Agreement Between Ramsey County and Washington County and Resource Recover Technologies

Admin. Anderson presented on this item as outlined in the September 20, 2012 City Council packet. The agreement was brought before the Washington County Board at its September 18, 2012 meeting and was tabled for further discussion.

Commissioner Lehrke was present to discuss the agreement and why she is opposing the agreement.

Commissioner Lehrke – Let me first start out by telling you that I have a really hard time with this issue, it's not a simple yes or no. I really do appreciate the value of diverting waste from our landfills and using it as an energy source. Where my concerns come in is the level of subsidy that we're giving RRT. When a resident or non-profit comes to the County for assistance and we're subsidizing them, we require that they prove the need for the subsidy. RRT will not open their books to the County and will not prove their need. My goal as a County Commissioner is to represent my constituents and businesses as best as I can but I think we should do it in an open and transparent way. If they really needed the subsidy, they would open their books and show us. When they refuse to open their books, and we've asked them numerous times, that's a red flag to me. I had a constituent recommend that RRT transport their waste to Red Wing by barge instead of roads to save on fuel costs and the roads and they refused to even consider it because they were too busy with negotiations on this agreement. My question is, "What is their incentive to look for efficiencies and run a business like you or I would in a private sector when they have these guaranteed checks from Washington and Ramsey Counties?"

Another concern of mine is we're paying for a service for them to process our waste but we don't have a choice between companies. We either subsidize RRT or we don't. My frustration is that RRT misjudged the market five years ago. When they renewed the agreement five years ago they were going to be market driven by the time this agreement ended and they're not.

Also, when we were doing our last contract at the beginning of the year it was going to be a \$20 per ton subsidy and they agreed to it and brought it to our project board where it voted and passed, I voted against it at that time too, and RRT was supposed to move forward with that contract but they changed it to \$28 per ton. I feel they are strong-arming us and we either say yes or no, we have no leverage.

Another concern of mine is that we're taxing our residents and businesses 34.5% on their garbage bills to subsidize this company and our environmental center. I have a hard time taxing our residents and businesses 34.5% to subsidize a private company's profits.

I also don't see this as a public-private relationship. We can't see their books, we have no input, we have no control, we have no ownership and we have no authority. Back in May, the County sent me to Fort Lauderdale to learn more about the issues of solid waste and the county's role and responsibilities. In Fort Lauderdale, they have a massburn facility and a recycling plant. They did an extensive public involvement and the public was supportive of it but the person who spoke on this said that they're biggest mistake is that they had no ownership in them and the private company can close their doors any day and the public who has invested millions of dollars can do nothing about it. The current contract is \$8.4 million per year and over the last six years, we have subsidized RRT \$75 million and since 1994, we've subsidized them \$211 million to process waste. I did some research to see how much it would cost if the County were to build a facility with state of the art technology and from my research I gathered it would cost about \$200 million. So we could have owned that by now and its 30-year old technology. My point is that I don't think rubberstamping another \$25 million subsidy is going to solve this problem.

The State has mandated that all haulers are supposed to process their waste and that no unprocessed waste is supposed to go into the landfills, so they're supposed to bring it to RRT but they're not because the MPCA does

not enforce it. Effective February 15, 2013 the MPCA is going to start enforcing that law so all haulers will be forced to go to RRT no matter what so they should be at maximum capacity and shouldn't need our subsidy.

I do think this is a good thing and I hope we can continue to process our waste there but I don't think it's fair to my taxpayers and businesses that are working hard and paying 34.5% on their garbage bills to someone that won't open their books.

Mayor Geraghty – How much of that 34.5% is going to RRT?

Commissioner Lehrke – The Environmental Center and Public Health is getting part of this as well. I'm not sure of the exact percentage. My point is that if we weren't subsidizing this we could reduce that tax burden.

Councilman Gallagher – Except that the waste haulers would have to drive even further so their costs would go up and our costs would go up.

Commissioner Lehrke – Yea, but it would be more transparent.

Mayor Geraghty – I would be interested in knowing how much of that 34.5% RRT is getting. Also, what are the ramifications if you don't approve the agreement? Obviously, we want to keep the plant open, we want the jobs, we want the tax base. What sort of legal issues are you going to have with Ramsey County, the vendor, us.

Commissioner Lehrke – RRT may be doing contracts with their haulers but they should have this contract in place before they negotiate with their haulers. If they lose some of their haulers because of the subsidy it should only be until February 15 when the MPCA starts enforcing the law.

Mayor Geraghty – But we have agreements in place and I'm not sure of all the legal aspects.

Councilman Ingemann – It may be a wakeup call.

Councilman Gallagher – A wakeup call to RRT?

Councilman Ingemann – By not agreeing it may be a wakeup call to them. You don't want to see the tax base gone but it sounds like they're doing what they want to do.

Councilman Rahm – They don't have any competition when it comes down to it. They're pretty much a government-sanctioned monopoly.

Councilman Gallagher – But so are all of the places like them all across the state.

Councilman Ingemann – And they're customer is Xcel in Red Wing.

Councilman Rahm – Well if they don't approve it, it's not going to close overnight.

Commissioner Lehrke – RRT created these jobs, this is a private company, and if they close their doors it's because they have a business model that doesn't work.

Mayor Geraghty – But then we have a big facility that's not going to be used for anything.

Commissioner Lehrke – Basically it's a free market. If they can't keep their doors open without a subsidy and they do end up closing then maybe another entrepreneur can buy it at a reduced price and start over and they can run functionally.

Mayor Geraghty – Did you at one time think the government or County should do it?

Commissioner Lehrke – I am open to looking at all sorts of options. I'm all for recycling but not at subsidies like this. Plus we've already invested \$200 million and tomorrow they could close their doors and we would show nothing for it.

Councilman Gallagher - I would think the contract with RRT and the County would have some ramifications if they closed their doors.

Commissioner Lehrke – I asked and there's not. We tried to negotiate a lot of things like right of refusal but like I said we don't have the leverage, they do.

Councilman Sumner – Is the facility in Fort Lauderdale a private business?

Commissioner Lehrke – Yes

Councilman Sumner – Were you able to see their books?

Commissioner Lehrke – We just toured the facility, I didn't ask to see their books.

Councilman Sumner – It would be helpful to know how they operate.

Commissioner Lehrke – I know there are only two waste energy facilities in Minnesota that are privately owned. RRT is one of the private ones and the other private one is in Elk River, which is also subsidized. Elk River is receiving a \$14 rebate and RRT is asking for a \$28 rebate. In my research I have found that Hennepin County heavily subsidized their waste energy facility and they finally bought it and paid off all of the bonds and now it has one of the lowest tipping fees. I think sometimes the government can do stuff better and I would love RRT to succeed on their own but if they don't, maybe this is one of the things that the government can do better.

Councilman Sumner – What's the tipping fee at Hennepin County?

Commissioner Lehrke - \$47 per ton and RRT charges \$72 per ton.

Councilman Sumner – And Hennepin County makes money with it?

Councilman Gallagher – They heat downtown with it. There's also a lot more people in that general area.

Councilman Sumner – When do things have to happen for this?

Councilman Gallagher – When does the current contract end?

Commissioner Lehrke – This year.

Mayor Geraghty – I believe Ramsey County has approved their side of it and you guys may decide next Tuesday.

Commissioner Lehrke – Yes, I think we need to make a decision.

Mayor Geraghty – So it's you and Bill that's opposing it?

Commissioner Lehrke – Yes

Councilman Ingemann – How much does Ramsey County pay?

Commissioner Lehrke – It's about 70%

Mayor Geraghty – Are you open to a one year contract?

Commissioner Lehrke – I did suggest that but the rest of the board members didn't feel that was enough time to do anything.

Mayor Geraghty – How about a three year and then you study the takeover? I just don't want something drastic to happen immediately and then we're stuck with an empty facility.

Commissioner Lehrke – I agree with you. I believe these options should have been addressed before the last minute. I also asked if we could cancel the contract after the MPCA started enforcing the law but we can't cancel it once we sign it. RRT can cancel it at anytime though.

Councilman Gallagher – I can see how a one year contract would make sense especially with the new law coming into effect. I would make the recommendation that they at least do a one year contract and then have the County work with the cities that are involved. I believe Tom was supposed to be on the board but he never had a phone call. If we were to bring all of the players in then maybe we would have some different thoughts on how to make it work. I did want to mention that Brian contacted RRT but they are not here.

Mayor Geraghty – Thank you. I would like to pass something on to the Board on Tuesday.

Admin. Anderson – If it was three years, we would have two years to analyze after the MPCA starts to enforce the law. I think that would be a lot more solid information to go off of.

Councilman Gallagher – Yea, you might need at least a year.

Councilman Ingemann – Did Ramsey approve the \$28?

Commissioner Lehrke – Yes

Councilman Gallagher – Fritz, is a company's IRS information available to the general public?

Attorney Knaak – Generally not. If I could offer a couple comments. There were incredibly intricate and lengthy negotiations for this. There was a lot of opposition at the time because no one wanted a garbage plant in the City. A lot of negotiations were to direct it to making sure that at the very least it was revenue neutral because this was paid for by bonds and that it not be a detriment to the community. I think remarkably that has happened. The underlying concept was always that whatever subsidy there would be it would be to equalize this process with what it would cost to dump. I think part of the problem is that people haul to Wisconsin instead of going to RRT to process like they're supposed to. One thing I'm looking into is the nature of the obligations that the Counties have. One of the conditions for the City to issue bonds was that there needed to be guaranteed revenue source and that had to come both from the company and Counties. My understanding is that the bonds have now passed but I'm still looking to see what the other obligations in place are.

Councilman Ingemann – Who was the company that originally built that?

Attorney Knaak – It was NSP. What it really boils down to is whether or not the County has an obligation, which they recognized at one point, to provide a particular subsidy, in other words to make it worth Newport's while to have this facility in the City. I think it's safe to say that the agreements that were reached back in 1982 did that. I need to do some more work to see what obligations continue with the County.

Mayor Geraghty – Who actually owns the property and the building?

Commissioner Lehrke – It's my understanding that the whole thing is privately owned.

Admin. Anderson – It comes up as a steel company on Washington County.

Councilman Gallagher – Frtiz, it would be interesting if you could find that information because your comment about it being revenue neutral tells me that they should have been opening their books to show that they are revenue neutral.

Attorney Knaak – My recollection is that there was a lot of candor about the anticipated operating costs and a need for a subsidy to produce a revenue stream necessary to pay off the bonds. Basil Loveland was on the board for years and he was on top of that.

Mayor Geraghty – It was part of the negotiations that we have representation on the board.

Councilman Ingemann – Yea, when he passed away I was appointed to the board and we notified RRT and I have never been notified of a meeting since.

Mayor Geraghty – Autumn, could you check on that?

Councilman Rahm – Do we really need this resolution Mr. Mayor?

Mayor Geraghty – I would like something to take to the County Board that says you guys care about it or you don't.

Councilman Ingemann – I think we care about it but I'm having a hard time giving a rubber stamp.

Councilman Rahm – I'm in the same boat.

Councilman Gallagher – I believe the County should at least extend the contract even for 18 months so that we can look at other options, for the City to be prepared and for the County to put even more pressure on them. So I would amend the resolution to recommend the contract be extended for 18 months.

Commissioner Lehrke – The contract itself is for three years so if we wanted a different length of time we would need to deny this contract and create a new one.

Councilman Gallagher – Then I would say we approve this resolution.

Councilman Rahm – If we're just voting to say that we're supportive of the plant there then I guess I'm ok with it.

Admin. Anderson – I think you're giving staff direction to work with Autumn on this issue over the next three years. I also have a hard time believing that we can't see the books.

Councilman Gallagher – I don't think Tim or I are saying to rubberstamp it, we're just saying let's get something done here.

Mayor Geraghty – I have to go there Tuesday and argue that they approve the contract because I can't take the chance of that thing being empty. In the good spirit I would say that if it was approved, I would encourage the County to review the options of taking it over.

Motion by Gallagher, seconded by Geraghty, to approve Resolution No. 2012-28. With 4 Ayes, 1 Nay, the motion carried.

10. ATTORNEY'S REPORT – Nothing to Report

11. POLICE CHIEF'S REPORT –

A. Resolution No. 2012-26 – Hire David Crist for the Police Officer Position

Chief Montgomery presented on this item as outlined in the September 20, 2012 City Council packet. Dave Crist has been working as the Community Service Officer since April 2012. Mr. Crist graduated with an A.S.S. Degree in Law Enforcement.

Motion by Geraghty, seconded by Sumner, to approve Resolution No. 2012-26 hiring David Crist for the Police Officer Position. With 5 Ayes, 0 Nays, the motion carried.

12. FIRE CHIEF'S REPORT – Nothing to Report

13. ENGINEER'S REPORT – Nothing to Report

14. SUPERINTENDENT OF PUBLIC WORKS REPORT

A. Resolution No. 2012-27 – Authorizing City Staff to Improve the Loveland Park Tennis Courts

Supt. Hanson presented on this item as outlined in the September 20, 2012 City Council packet.

Motion by Rahm, seconded by Geraghty, to approve Resolution No. 2012-27. With 5 Ayes, 0 Nays, the motion carried.

15. NEW/OLD BUSINESS

16. CLOSED MEETING TO DISCUSS PENDING LITIGATION

The City Council closed the meeting to the public to discuss pending litigation.

17. ADJOURNMENT

Motion by Ingemann, seconded by Rahm, to adjourn the regular Council Meeting at 6:58 P.M. With 5 Ayes, 0 Nays, the motion carried.

Signed: _____
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Helm
Executive Analyst