



**City of Newport  
City Council Minutes  
December 4, 2014**

**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** – Deb Hill, City Administrator; Bruce Hanson, Supt. of Public Works; Mark Mailand, Fire Chief; Renee Eisenbeisz, Executive Analyst; Fritz Knaak, City Attorney; Jon Herdegen, City Engineer;

**Staff Absent** – Curt Montgomery, Police Chief;

**4. ADOPT AGENDA**

**Motion by Sumner, seconded by Rahm, to adopt the Agenda as presented. With 5 Ayes, 0 Nays, the motion carried.**

**5. ADOPT CONSENT AGENDA**

**Mayor Geraghty** - We have an edited version of the Employee Personnel Policy here at the table, we'll be using that one for tonight.

**Councilman Gallagher** - I would like to pull item 5.F, the Employee Personnel Policy.

**Councilman Sumner** - I would like to make a comment on the list of bills, the reason it's over \$1,000,000 is because there's a construction bill over \$900,000.

**Motion by Gallagher, seconded by Ingemann, to approve the Consent Agenda as amended which includes the following items:**

- A. Minutes of the November 20, 2014 Regular City Council Meeting
- B. Minutes of the November 20, 2014 City Council Workshop Meeting
- C. List of Bills in the Amount of \$1,127,315.63
- D. Pay Equity Report
- E. Animal Permits
- G. Publication of Ordinance No. 2014-16
- H. Publication of Ordinance No. 2014-17
- I. **Resolution No. 2014-54** - Authorizing St. Paul Park-Newport Lions Club to Continue Lawful Gambling Operations at Opinion Brewing Company, 374 21st Street
- J. **Resolution No. 2014-55** - Authorizing Cottage Grove Athletic Association to Continue Lawful Gambling Operations at Cloverleaf Bar and Grill, 2146 Hastings Avenue
- K. **Resolution No. 2014-56** – Adopting the 2015 Annual Fee Schedule
- L. Technology and Information Subscription Agreement between the City and Washington County

**With 5 Ayes, 0 Nays, the motion carried.**

## **F. Employee Personnel Policy Amendments**

**Councilman Gallagher** - Where it says "college degree" could it be "college degree, certificate, or diploma?"

**Admin. Hill** - For certificates or trainings, the City pays for that in full so it just differentiates that this does not include the certificates for training.

**Councilman Ingemann** - He's talking about certificates if you go to vo-tech or associates.

**Councilman Gallagher** - There is other stuff like programs.

**Admin. Hill** - We can administer that through myself and department heads. There's quite a few certificates that the City pays for.

**Councilman Ingemann** - Could we just add certificate to it then?

**Mayor Geraghty** - Why did you want to add that?

**Executive Analyst Eisenbeisz** - It was to differentiate between courses towards a degree and certificates that employees take for their job.

**Mayor Geraghty** - They need it for their licensing.

**Councilman Gallagher** - Let's just take out the "towards college degree." What about where it say's "With a C or pass?" There are some courses that are a pass or fail.

**Executive Analyst Eisenbeisz** - Yes, if they fail they don't get reimbursed.

**Councilman Gallagher** - So they would get 100% if they passed?

**Executive Analyst Eisenbeisz** - They would get 50%.

**Mayor Geraghty** - We could just add another line saying 100% reimbursement if they pass.

**Councilman Rahm** - Is the maximum amount consistent with other cities?

**Executive Analyst Eisenbeisz** - They ranged anywhere from \$250 to \$5,200. The average was between \$1,000 and \$2,000.

**Councilman Sumner** - Let's be open to re-examine this if the amounts aren't reasonable.

**Motion by Geraghty, seconded by Gallagher to approve the Employee Personnel Policy as amended. With 5 Ayes, 0 Nays, the motion carried.**

## **6. VISITORS PRESENTATIONS/PETITIONS/CORRESPONDENCE**

### **A. Senator Katie Sieben**

**Senator Katie Sieben** - Thank you for having me. I just wanted to come to pass along my greetings and a quick update from the State. There was a November budget forecast that came out today that shows that the State will have an approximately \$1 billion surplus. Those numbers will be adjusted and we base those numbers off of the March forecast. This gives us a good indication and I think there's a good message for the public that the finances for the State are in fairly decent shape. With that being said, \$1 billion sounds like a lot of money but it can go quickly once you factor in inflation in some programs and look at demands of some areas. We start our legislative session the first week of January and

welcome your input.

My staff talked with Admin. Hill prior to this meeting and there are two issues that the City is looking for assistance with. The first is for properties along the River. This has been an ongoing collaboration between the State and City to purchase some homes along the levee. We checked with Pat Lynch and he indicated that there were three properties remaining. I think we'll keep in contact with each other and continue to work on that. There needs to be more money appropriated towards that fund and I'm not sure that will happen this year because it's a budget year, not a bonding year.

The second issue is how the City was required by the Met Council to update some sewer lines. I checked with the lobbyist who lobbies for small cities to get access to funding for it. That organization doesn't have money right now but they are putting in a request for the clean water legacy bill. That is something that Representative Schoen and I will work on to make sure Newport is on that list of cities for eligible funds.

I know the transit station opened this week and that's really exciting. I appreciate the Council working diligently over the last few years to get that open. If there's anything else I can, I'm happy to take your input.

**Councilman Ingemann** - There was a bill that you and Representative Schoen introduced last year in regards to the ridiculous gas prices between here and across the River. Could you re-introduce that?

**Senator Sieben** - For the public, he's talking about a bill that Representative Schoen championed that would restrict the price of gas from being higher within a certain mile radius from a refinery. I think it's something that we can talk about this session. It's difficult to pass a bill like that and I think it'll be more difficult now with Representative Schoen being in the minority. I know the representatives from the Refinery have been willing to talk with us about the prices and they're supposedly on top of it.

**Councilman Ingemann** - It doesn't look like it because they're still the highest right here.

**Councilman Gallagher** - They had said that they would reach out to us and they haven't.

**Mayor Geraghty** - It hasn't changed in Newport at all.

**Councilman Ingemann** - The farther you get away from the Refinery the lower it gets.

**Senator Sieben** - Trust me, I'm on your side on this. I think it's the right thing to do but it's difficult to get that bill passed.

**Mayor Geraghty** - It has to be worked out with Northern Tier and management and I would have thought that they would have been more receptive to our thoughts.

**Senator Sieben** - I would encourage you to keep on top of them and I'll help in any way.

**Councilman Ingemann** - The DNR caved in to White Bear and it sounds like they want all of Washington County to pay for White Bear's water evaporation in this agreement. They want to tax everyone in Washington County so White Bear can get water from the Mississippi.

**Senator Sieben** - My understanding was that White Bear and some of the surrounding areas were going to seek State bonding money to install a pipe.

**Councilman Ingemann** - They want the rest of us to pay for the upkeep and maintenance.

**Senator Sieben** - I'm happy to follow that. There hasn't been a bill yet.

**Councilman Gallagher** - It looks like they want to create a new taxing district.

**Mayor Geraghty** - Thank you for your help on the Newport Cold Storage property. We're continuing to move forward

with that. We have an agreement with MNDot for it. Between the purchase of the land and right-of-way it's about \$500,000.

**Senator Sieben** - For that strip of land that you would put a billboard on?

**Mayor Geraghty** - No, we're hoping for a Kwik Trip.

**Senator Sieben** - I'm happy to help.

## 7. MAYOR'S REPORT –

**Mayor Geraghty** - I'd just like to remind people that the Holiday Train is coming next Wednesday, December 10 at 5:45 p.m. in Cottage Grove near the Youth Service Bureau.

## 8. COUNCIL REPORTS –

**Councilman Rahm** - Nothing to report

**Councilman Ingemann** - Nothing to report

**Councilman Sumner** - Nothing to report

**Councilman Gallagher** - Nothing to report.

## 9. ADMINISTRATOR'S REPORT –

### A. Employee Recognition

Mayor Geraghty recognized the following employees for their years of service with the City:

- Fire Department
  - Jeff Lovgren - 10 Years
  - Luke Mailand - 10 Years
  - Mark Mailand - 35 Years
  - Tom Ingemann - 40 Years
- Public Works Department
  - Jason Joa - 10 Years

### B. Resolution No. 2014-48 - Establishing Water and Sewer Rates for 2015-2017

Admin Hill. And Jason Aarsvold, Ehlers, presented on this item as outlined in the attached. The Met Council agreed to apply the amount of money for the 2014 Street Improvement Projects towards the work order.

**Councilman Sumner** - This is driven by some of the demands by Met Council?

**Mr. Aarsvold** - Correct.

**Councilman Rahm** - If we can take advantage of some of the funding that Senator Sieben was talking about we could reduce this cost or not?

**Mayor Geraghty** - She said that there's no bonding this year but we can revisit it in a future year. How much will the million dollars on the lines get us?

**Engineer Herdegen** - Approximately 200 service lines and 76 manholes.

**Mayor Geraghty** - Along Cedar, 1st and 2nd?

**Supt. Hanson** - Yes, it's everything we did in 2011.

**Mayor Geraghty** - How soon will they come out with another order? Will they give us a break?

**Admin. Hill** - I'd hope so.

**Councilman Gallagher** - I think we should revisit this every two years at least instead of five. We don't know what will happen in five.

**Councilman Ingemann** - The year before the State sets their bonds. So it would be revisited every even years.

**Councilman Gallagher** - Just approve it through 2016?

**Councilman Ingemann** - That makes sense.

**Councilman Sumner** - We need to have a long-term projection but we can make adjustments.

**Mayor Geraghty** - We should look at it annually.

**Councilman Rahm** - My concern is that we're spending all this money but can we measure it.

**Supt. Hanson** - We'll notice it on the high flows right away.

**Councilman Sumner** - Do we measure them too?

**Supt. Hanson** - No but we can tell when we have increased flows.

**Councilman Sumner** - So you don't have any reason to doubt?

**Supt. Hanson** - No, for instance, when we exceeded in June, our system was full to the top so there's no doubt we exceeded it.

**Councilman Gallagher** - I would offer a friendly amendment to have it be for 2015 and 2016.

**Councilman Sumner** - I would like to leave it as is and revisit it as needed.

**Mayor Geraghty** - Based on the current projections it's saying that we need the 2017 increase as well.

**Councilman Ingemann** - We should still revisit it.

**Mayor Geraghty** - Yes.

**Motion by Sumner, seconded by Geraghty, to approve Resolution No. 2014-48 as presented. With 4 Ayes, Gallagher voting Nay, the motion carried.**

### **C. 2015 Budget Proposal**

**The Public Hearing opened at 6:04 p.m.**

Admin. Hill presented on this item as outlined in the December 4, 2014 City Council packet.

**Cheryl Wrisky, 1685 Cheri Lane** - I don't know if this is where I should be addressing this or not. I got a notice of proposed taxes. The Star Trib had an article saying that taxes in Newport have gone down 1.7% but mine have increased \$33,700.

**Councilman Gallagher** - Your taxes or the value?

**Mrs. Wrisky** - The value, sorry. I don't understand why. Nothing has changed.

**Councilman Gallagher** - The County sets the assessments, we don't have any control over that. You'll probably have to go to tax court to reduce that value. If you do it earlier in the year, there's a mechanism where you can appeal it directly to the County. You can contact me or Deb to direct you to an individual.

**Mayor Geraghty** - What did the actual dollar go up?

**Mrs. Wrisky's Acquaintance** - Approximately \$400. Newport went up about \$200.

**Mayor Geraghty** - And the change in the market value is changing that.

**Mrs. Wrisky's Acquaintance** - So we should have gone to the County?

**Attorney Knaak** - There is a process where you can challenge the valuation for the next tax season and that occurs in January or February. If you show up and challenge it, you might have some success.

**Mrs. Wrisky** - What should we bring?

**Attorney Knaak** - Anything you have.

**Mrs. Wrisky's Acquaintance** - Should she wait?

**Mayor Geraghty** - No, call the County tomorrow.

**Councilman Rahm** - Aren't there dates on there for the County?

**Mrs. Wrisky's Acquaintance** - I guess we overlooked the Washington County dates. They had a meeting two days ago that we should have gone to.

**Councilman Ingemann** - No, you're objecting to the assessment.

**Councilman Gallagher** - You want to call the assessor's office. The number on that sheet will be lower because we're passing something lower than the preliminary.

**Mayor Geraghty** - Sometimes they compute it based on surrounding market values and street projects.

**The Public Hearing closed at 6:17 p.m.**

**Councilman Gallagher** - I think the City could afford a 0% increase at this time and take it out of the transfers.

**Mayor Geraghty** - The expenditures went down, it's because of the bonding and transfers that went up.

**Councilman Rahm** - We're not hurting.

**Councilman Gallagher** - We're not and I feel in the next couple years, you'll have to increase taxes in order to make up for some of the obligations so you if you can afford to save them money now you should.

**Mayor Geraghty** - If you look at the budget six or eight years ago and the budget now, there's no comparison.

**Councilman Gallagher** - I agree.

**Mayor Geraghty** - It should have been brought up before.

**Councilman Gallagher** - I did.

**Mayor Geraghty** - And it didn't get anywhere.

**Councilman Sumner** - It's interesting that you want to decrease the budget now but you wanted to add another officer at \$85,000.

**Councilman Gallagher** - Because we could afford it.

**Mayor Geraghty** - You would have had to raise taxes quite a bit to cover that.

**Councilman Sumner** - There's a reason they've asked for this increase and it's a minor amount and we decided to go with this recommendation.

**Councilman Rahm** - Our increase of 0.6% is much lower than surrounding areas. I think any Council needs to cover the future and expenses and are not making holes in the future. I'd like to see it more level. I think we're doing well and a 0% increase would not hurt at all.

**Motion by Geraghty, seconded by Sumner, to approve Resolution No. 2014-57 as presented. With 4 Ayes, Gallagher voting Nay, the motion carried.**

**Admin. Hill** - I'd like to thank the Council and staff for all the work that was put into the budget.

**D. Resolution No. 2014-58 – Directing the City Administrator to Certify Unpaid Water, Sanitary Sewer, Storm Sewer, and Street Lighting Charges to the County Treasurer/Auditor**

**Councilman Sumner** - Is this an aggregation of several missed periods?

**Admin. Hill** - It's usually a couple.

**Councilman Sumner** - And they've been contacted?

**Admin. Hill** - Yes, we sent out letters and payments are continuing to come in every day. We'll take them off before we send it to the County.

**Councilman Sumner** - I was contacted by some neighbors and they don't recall receiving the most recent bill.

**Admin. Hill** - We've been taking off the late fees for that.

**Councilman Ingemann** - I think some of that was during the construction.

**Mayor Geraghty** - How long do we go until we do shut offs? A couple missed payments?

**Admin. Hill** - Yes and that's done in the summer only.

**Motion by Geraghty, seconded by Sumner, to approve Resolution No. 2014-58 as presented. With 5 Ayes, 0 Nays, the motion carried.**

**10. ATTORNEY'S REPORT** - Nothing to report

**11. POLICE CHIEF'S REPORT** - Nothing to report

**12. FIRE CHIEF'S REPORT** – Nothing to report

**13. ENGINEER'S REPORT –**

**A. Partial Payment #6**

Jon Herdegen, City Engineer, presented on this item as outlined in the December 4, 2014 City Council packet.

**Councilman Sumner** - It says that we've determined the work to be satisfactory, can you reinforce that?

**Engineer Herdegen** - Yes, they've done a great job.

**Motion by Geraghty, seconded by Ingemann, to approve Partial Payment #6 for \$293,875.33. With 5 Ayes, 0 Nays, the motion carried.**

**14. SUPERINTENDENT OF PUBLIC WORKS REPORT -**

**Councilman Sumner** - You said there was a water break, what was that for?

**Supt. Hanson** - It was on the north end of 3rd Avenue where we have substantial rock issues.

**Councilman Sumner** - How did we know, it started bubbling up?

**Supt. Hanson** - Yes.

**Councilman Sumner** - And it was repaired by St. Paul? How has that been?

**Supt. Hanson** - Yes, they've been working well. They were a bit delayed on this one but we just throttled it back until they got there.

**15. NEW/OLD BUSINESS**

**16. ADJOURNMENT**

**Motion by Ingemann, seconded by Geraghty, to adjourn the regular Council Meeting at 6:30 P.M. With 5 Ayes, 0 Nays, the motion carried.**

Signed: \_\_\_\_\_  
Tim Geraghty, Mayor

Respectfully Submitted,

Renee Eisenbeisz  
Executive Analyst



## City of Newport Utility Rate Analysis Update Water and Sanitary Sewer

December, 2014




### Recap of Water and Sewer Funds

- Current Challenges in the Enterprise Funds
  - Future Capital Needs
  - Future Operating Needs
  - Insufficient Cash Balances
  - Metropolitan Council Environmental Services (MCES) Mandates
- November Rate Presentation
  - Recommended sewer rate increase of 10%
  - Recommended water rate increase of 8.5%

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### Recap of Water and Sewer Funds

- Changes since the November discussion
  - Water rate recommendation remains unchanged
    - 8.5%
  - Sewer rate recommendation is reduced slightly
    - 9.75% 2015 – 2017
    - 8.5% in 2018 and beyond
- Two factors affecting the sewer rate
  - Revised capital plan costs and timing
  - Inclusion of assessments for lateral lining project

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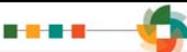



### Sewer CIP – Nov.

City of Newport  
Sanitary Sewer System  
Capital Improvement Program

Projects	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>CAPITAL EQUIPMENT</b>									
Lift station pump replacement	75,000	37,000							20,700
Lift station structure rehab	49,400								27,600
Utility truck (50% of cost-shared with Water Utility)				53,500					
Roller								79,200	
Backhoe									
ISI Rehab					500,000				
Control/SCADA system upgrade	100,000								
Street Projects	500,433								
Raceway to Fun site			0						
Century Drive Area							253,500		
Sewer lateral lining		500,000							
<b>Total</b>	<b>675,433</b>	<b>586,400</b>	<b>0</b>	<b>53,500</b>	<b>0</b>	<b>0</b>	<b>332,700</b>	<b>0</b>	<b>48,300</b>

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### Sewer CIP – Dec.

City of Newport  
Sanitary Sewer System  
Capital Improvement Program

Projects	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>CAPITAL EQUIPMENT</b>									
Lift station pump replacement	75,000	37,000							20,700
Lift station structure rehab	49,400								27,600
Utility truck (50% of cost-shared with Water Utility)				53,500					
Roller								79,200	
Backhoe									
Control/SCADA system upgrade	100,000								
Street Projects	500,433								
Raceway to Fun site			0						
Century Drive Area							253,500		
Sewer lateral lining		951,300							
<b>Total</b>	<b>675,433</b>	<b>1,037,700</b>	<b>0</b>	<b>53,500</b>	<b>0</b>	<b>0</b>	<b>332,700</b>	<b>0</b>	<b>48,300</b>

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### Sewer Assessments

- Assessment for lateral lining
  - Revised plan incorporates assessment revenue for lateral lining projects consistent with past projects
  - Annual assessment revenue estimated at approximately \$55,200
  - Offsets the need for fee increase

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## Proposed Rates-Water



	Quarterly Water Rates					
	Actual 2014	Proposed Rates				
Percentage Increase	6.75%	8.50%	8.50%	8.50%	8.50%	8.50%
<b>Flat Rates</b>						
Residential	16.28	17.66	19.16	20.79	22.56	24.48
Senior	12.21	13.25	14.37	15.60	16.92	18.36
Multi Family, per unit	12.21	13.25	14.37	15.60	16.92	18.36
Commercial	26.69	28.96	31.42	34.09	36.99	40.13
<b>Usage Rates</b>						
<b>Residential, Multi Family</b>						
0 - 8,000 gallons	1.33	1.45	1.57	1.70	1.85	2.01
8,001 - 20,000 gallons	1.67	1.81	1.96	2.13	2.31	2.51
Over 20,000 gallons	2.34	2.53	2.75	2.98	3.24	3.51
<b>Senior</b>						
0-8,000 gallons	0.00	0.00	0.00	0.00	0.00	0.00
8,001 - 20,000 gallons	1.67	1.81	1.96	2.13	2.31	2.51
Over 20,000 gallons	2.34	2.53	2.75	2.98	3.24	3.51
<b>Commercial</b>						
0 - 30,000 gallons	1.33	1.45	1.57	1.70	1.85	2.01
30,001 - 70,000 gallons	1.67	1.81	1.96	2.13	2.31	2.51
Over 70,000 gallons	2.35	2.44	2.65	2.88	3.12	3.36

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## Proposed Rates-Sewer



	Quarterly Sewer Rates					
	Actual 2014	Proposed Rates				
Percentage Increase	6.75%	9.75%	9.75%	9.75%	8.50%	8.50%
<b>Flat Rates</b>						
Residential	13.78	15.12	16.60	18.22	19.76	21.44
Senior	10.34	11.35	12.45	13.67	14.83	16.09
Multi Family, per unit	10.34	11.35	12.45	13.67	14.83	16.09
Commercial	15.19	16.67	18.30	20.08	21.79	23.64
<b>Usage Rates (City and MCES)</b>						
Sewer Only	3.60	3.95	4.34	4.76	5.17	5.61
Residential, Multi Family, Commercial	3.60	3.95	4.34	4.76	5.17	5.61
Senior	2.70	2.96	3.25	3.57	3.87	4.20

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## Impact on Users



	Impact Analysis on Rate Payers						
	Actual 2013	Actual 2014	Proposed Quarterly Bills, Usage and Fixed Fee				2018
			2015	2016	2017	2018	2018
<b>Residential Property (Senior)</b>							
Water (8,000 gallons)	\$ 11.44	\$ 12.21	\$ 13.25	\$ 14.37	\$ 15.60	\$ 16.92	\$ 18.36
Sewer (8,000 gallons)	39.15	37.95	38.01	38.43	42.24	45.83	49.72
Total Quarterly Utility Bill	\$ 41.59	\$ 44.10	\$ 48.31	\$ 52.80	\$ 57.83	\$ 62.75	\$ 68.08
\$ Increase/(Decrease)	10.95	2.97	4.15	4.95	4.97	4.92	5.33
<b>Residential Property (Low User)</b>							
Water (8,000 gallons)	\$ 25.25	\$ 26.95	\$ 29.25	\$ 31.73	\$ 34.43	\$ 37.35	\$ 40.53
Sewer (8,000 gallons)	40.20	42.60	46.75	51.31	56.31	61.99	68.29
Total Quarterly Utility Bill	\$ 65.45	\$ 69.55	\$ 75.99	\$ 83.04	\$ 90.74	\$ 99.34	\$ 108.82
\$ Increase/(Decrease)	4.16	4.10	6.44	7.04	7.70	7.71	8.37
<b>Residential Property (Median User)</b>							
Water (16,000 gallons)	\$ 37.75	\$ 40.30	\$ 43.72	\$ 47.44	\$ 51.47	\$ 55.95	\$ 60.99
Sewer (16,000 gallons)	67.40	71.41	78.37	86.01	94.40	102.42	111.13
Total Quarterly Utility Bill	\$ 105.15	\$ 111.71	\$ 122.10	\$ 133.45	\$ 145.87	\$ 158.27	\$ 172.12
\$ Increase/(Decrease)	14.41	6.56	16.39	11.36	12.42	12.40	13.45
<b>Residential Property (High User)</b>							
Water (45,000 gallons)	\$ 98.69	\$ 105.35	\$ 114.30	\$ 124.02	\$ 134.56	\$ 145.00	\$ 156.41
Sewer (45,000 gallons)	166.01	176.85	193.01	211.83	232.45	255.24	279.68
Total Quarterly Utility Bill	\$ 264.70	\$ 281.21	\$ 307.31	\$ 335.85	\$ 367.04	\$ 398.24	\$ 432.09
\$ Increase/(Decrease)	28.36	16.53	26.10	28.53	31.20	31.29	33.85

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