



FILE

*Our Mission is to Provide Quality Public Services  
in a Fiscally Responsible Manner While  
Preserving the City's Open Space Character*

## **NOTICE OF MEETING**

**City of Lake Elmo  
3800 Laverne Avenue North  
City Council Meeting  
Tuesday, July 3, 2012 7:00 p.m.**

### **AGENDA**

- A. **CALL TO ORDER**
- B. **PLEDGE OF ALLEGIANCE**
- C. **ROLL CALL**
- D. **APPROVAL OF AGENDA**
- E. **ORDER OF BUSINESS/GROUND RULES**
- F. **ACCEPT MINUTES**
  - 1. Accept June 19, 2012 City Council minutes
- G. **PUBLIC COMMENTS/INQUIRIES**
- H. **PRESENTATIONS**
- I. **CONSENT AGENDA**

*Note: Items listed under the Consent Agenda will be enacted by one motion with no separate discussion. If discussion on an item is desired, the item will be removed from the Consent Agenda for separate consideration.*

  - 2. Approve Payment of Disbursements and Payroll
  - 3. Approve Resolution 2012-32 Designating Certified Building Official and Approval of JPA with the City of Hugo
  - 4. Approve Building Official Position, Posting and Recruitment

5. Proclaim August 9 through 12, 2012 Huff'n Puff Days
6. Approve Temporary Liquor License for Lake Elmo Jaycees

J. **REGULAR AGENDA**

7. 2011 Final Audit Report Review
8. Adopt Ordinance 2012-60 Mayor and Council Salaries Effective January 1, 2013
9. Country Sun Farms – Agricultural Building Construction
10. Quarterly Work Schedule

K. **SUMMARY REPORTS AND ANNOUNCEMENTS**

- Mayor and Council
- Administrator
- City Attorney
- City Engineer
- Planning Director
- Finance Director

L. Adjourn

**LAKE ELMO CITY COUNCIL MINUTES DRAFT  
JUNE 19, 2012**

**CITY OF LAKE ELMO  
CITY COUNCIL MINUTES  
JUNE 19, 2012**

Mayor Johnston called the meeting to order at 7:00 p.m.

**PRESENT: Mayor Johnston, Council Members Emmons, Smith, Pearson, and Park.**

Also Present: City Administrator Zuleger, City Attorney Snyder, City Engineer Griffin, Planning Director Klatt, City Clerk Thone, and Finance Director Bendel.

**APPROVAL OF AGENDA**

*MOTION: Council Member Pearson moved to approve the June 19, 2012 City Council Agenda as presented. Council Member Park seconded the motion. **Motion passed 5-0.***

**ACCEPTED MINUTES**

1. The June 5, 2012 City Council minutes were approved as amended by consensus of the City Council.

**PUBLIC COMMENTS/INQUIRIES**

**PRESENTATIONS**

Eric Eitzman, Stillwater High School Senior presented his Eagle Scout Project to the Council. He met with the Public Works Department and City Engineer, regarding the building of a bridge from the Lake Elementary School field to the City Hall parking lot.

*MOTION: Council Member Emmons moved to accept the project. Council Member Smith seconded the motion. **Motion passed 5-0.***

**CONSENT AGENDA**

2. May 2012 Financial Reporting; Year to date Building Report
3. Approve Payment of Disbursements and Payroll in the Amount of \$224,228.66
4. Approve Resolution 2012-30 Appointing 2012 Election Judges
5. Approve Resolution 2012-33 Removing Assessments from 2012 Washington County File

*MOTION: Council Member Pearson moved to approve the Consent Agenda as presented. Council Member Smith seconded the motion. **Motion passed 5-0.***

**REGULAR AGENDA**

**ITEM 6: RESOLUTION 2012-31 STREET NAME CHANGE-JULEP AVENUE NORTH (ENTRANCE INTO TAPESTRY AT CHARLOTTE'S GROVE)**

**LAKE ELMO CITY COUNCIL MINUTES DRAFT**  
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Planning Director Klatt presented a diagram of the proposed street name change request and provided a brief history and justification for the proposed change. He stated only three properties would be affected by the change from Julep Avenue North to 45<sup>th</sup> Street North.

Jim Blackford, 9765 45<sup>th</sup> Street North approached the council and stated he supported the street name change. The three property owners will cover the cost of moving their mailboxes and he will install a 24-inch wide cement flat concrete surface and curb to allow snowplowing.

*MOTION: Council Member Smith moved to approve Resolution 2012-031 Changing the Name of a Portion of Julep Avenue North Between the 45<sup>th</sup> Street North Right-of-Way and Tapestry Road. Council Member Park seconded the motion. **Motion passed 5-0.***

**ITEM 7: MINOR SUBDIVISION – 11240 50<sup>TH</sup> STREET NORTH**

Planning Director Klatt presented the minor subdivision request for 11240 50<sup>th</sup> Street North, which does meet City Code requirements allowing lot splits less than 10 acres when utilized to benefit the City. He explained this request takes advantage of a City Code amendment. The minor subdivision allows the City to purchase 1.4 acres (Parcel A) for Well Site No. 4, and the property owner the ability to sell/use the remaining two lots. The Planning Commission recommended approval with three conditions, which included park land dedication, easements to be shown on the survey, and the Flood Plain issues.

Council Member Smith sought clarification regarding the minimum lot size. Planning Director Klatt explained that the remaining two lots are not square due to the elevation, wetland classification, and Watershed District flood plain delineation. City Attorney Snyder interjected his thanks to the Staff and the applicant for the handling of the entire process. Council Member Pearson inquired about the additional Planning Commission recommendations. Planning Director Klatt responded that the recommendations regarding the well house design are to reflect the rural character and will be addressed during the design process. Also, the Planning Commission desires the trail plan be incorporated when the City is working on that portion.

*MOTION: Council Member Pearson moved to approve a Minor Subdivision to split an existing 19.72 acre parcel at 11240 50<sup>th</sup> Street North into three separate lots, one of which would be used for public purposes. Council Member Smith seconded the motion. **Motion passed 5-0.***

**ITEM 8: RESOLUTION 2012-29 APPROVE ISSUANCE AND SALE OF G. O. IMPROVEMENT BONDS; SERIES 2012 A CROSSOVER REFUNDING BONDS**

Finance Director Bendel presented the proposal to consider debt restructuring the current \$4,090,000 bond due to the interest rates dropping by 2%. The estimated net savings is approximately \$344,343 which the City would realize in 2015.

*MOTION: Council Member Smith moved to approve Resolution 2012-29 Authorizing Issuance and Sale of \$4,090,000 General Obligation Improvement Bonds, Series 2012A. Council Member Park seconded the motion. **Motion passed 5-0.***



**LAKE ELMO CITY COUNCIL MINUTES DRAFT**  
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**ITEM 9: RESOLUTION 2012-28 APPROVE ISSUANCE AND SALE OF G. O. IMPROVEMENT BONDS; SERIES 2012 B DEMONTREVILLE HIGHLANDS AREA STREET IMPROVEMENT PROJECT**

Finance Director Bendel presented the proposal for approval for the issuance of a new bond to cover the Demontreville Highlands Area Street Improvement Project. Due to the stringent competitive bidding on the 2011 Street Improvement projects, the City now has excess funding of \$185,000 available to be used to minimize the funding level necessary for the current project.

Council Member Smith inquired about whether partial credit would go to the City and partial credit would be refunded to residents who have already paid and adjustments made to homeowners property taxes. Finance Director Bendel responded in the affirmative. Council Member Pearson applauded both staff and Northland Securities for their work on these bonds.

*MOTION: Council Member Emmons moved to approve Resolution 2012-28 Authorizing Issuance and Sale of \$865,000 General Obligation Improvement Bonds, Series 2012B. Council Member Pearson seconded the motion. **Motion passed 5-0.***

**ITEM 10: FINANCIAL PLANNING SERVICES AGREEMENT WITH NORTHLAND SECURITIES FOR THE PURPOSE OF ANALYZING WATER, SANITARY SEWER, AND STORM WATER SYSTEMS IN PREPARATION OF WATER MAIN AND SEWER MAIN EXTENSION PROJECTS.**

City Administrator Zuleger explained the need and reasoning for the original approach to put together a financial plan to recover costs associated with water and other utilities.

Council Member Park inquired whether this would include the complete water loop. City Administrator Zuleger clarified that all recommendations would be examined and would include all grants and settlements. Council Member Smith inquired about recovering the design costs of the AUAR, assessing the new developers, and the cost of an Environmental Impact Study (EIS) that would be needed for the I-94 Corridor.

City Engineer Griffin reiterated the proposal would address all aspects of the project. Mayor Johnston stated our expectations were that the costs would be recovered as development occurred. City Attorney Snyder added that the costs would need to be recovered in an indirect manner. Council Member Emmons stated whether the goal was to understand how many costs are out there or how we would recover them, why we would not anticipate the infrastructure costs and include those in our developer's fees.

Council Member Pearson inquired whether the AUAR costs may be passed on as indirect cost. City Administrator Zuleger responded that he and City Engineer Griffin will work closely with Northland Securities on this matter. Council Member Park thanked staff for their work on the project.

**LAKE ELMO CITY COUNCIL MINUTES DRAFT**  
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*MOTION: Council Member Smith moved to approve the Financial Planning Agreement between the City of Lake Elmo and Northland Securities for an amount not to exceed \$5,280 for the Purpose of Developing a Financial Strategy for the Construction of Water Main and Sewer Force Main in the City's Growth Areas. The Funds are to be Disbursed Equally from the City's Undesignated Fund Balance and the City's Water Utility Fund – With Funds to be Recovered Through Mechanism Determined by the Study. Council Member Park seconded the motion. **Motion passed 5-0.***

**ITEM 11: ECONOMIC DEVELOPMENT AUTHORITY (EDA) STRUCTURE DISCUSSION**

City Administrator Zuleger explained the Minnesota Department of Employment and Economic Development document "Powers of EDA's" which outlines an Economic Development Authority's (EDA) responsibilities and the purpose of creating an EDA. He explained the EDA in his opinion would be the most encompassing tool for the City to support and encourage development in both the Old Village and the I-94 Corridor. He noted that quality firms seeking to locate in a community prefer working with an EDA regarding the details of a proposed project since the process can be more streamlined, with the City Council making ultimate decisions based on the groundwork of the EDA. He then explained how the EDA in his former city had done the groundwork for the city to acquire 240 acres for an industrial park that resulted in 1,900 new jobs in the city.

Council Member Park inquired whether Paul Donna would have anything to offer with regard to EDA's. Mr. Donna, Northland Securities, gave a brief description of an EDA and explained that an EDA has certain abilities that the Council does not have in the way of financing and contracting. He stated he felt there numerous benefits can come to the city through an EDA, but the EDA structure needed to be assembled thoughtfully. He cited some very positive results cities have made possible through their EDA's.

The Council made inquiries with regard to the roles and the power of an EDA in relation to those of the City Council. Paul Donna stated that an EDA could be structured to stand alone with respect to many development functions, but that many cities choose to limit an EDA's powers regarding such things as bonding and eminent domain.

City Administrator Zuleger explained that the concept of 'quiet enjoyment', where a city council can become liable for the actions of an independent EDA even if no "full faith and credit" of the city is pledged to EDA financial programs.

City Attorney Snyder stated many cities still have their EDA's, and for the most part answer to the Council but are the basic development arm of the city. When large scale economic development occurs, most developers expect to be dealing with an EDA, as it is a vehicle for the city to be more tightly engaged with commercial activities. He stressed that the governing documents of the EDA are approved by the City Council.

Council Member Park reiterated Council's discretion on the decision made on how the EDA is structured and its responsibilities. Council Member Park inquired how the EDA may specifically benefit the City in future development.

**LAKE ELMO CITY COUNCIL MINUTES DRAFT**  
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Paul Donna explained that in many cities the EDA is a tool to negotiate contracts, and develop financing options for private developments. He provided an example of one city in the Mankato area where the EDA constructed an "incubator building" to attract small and start-up businesses that could grow to the benefit of the city.

Mayor Johnston inquired whether how Lake Elmo's past interaction with Greater MSP could have been better served if the City had an EDA in place. City Administrator Zuleger responded an EDA would be useful when partnering with current businesses and landowners on the I-94 Corridor in creating a Business Park, and explained we could use it in structuring development agreements.

City Attorney Snyder stated a case recently where property was proposed for sale to the City and the City was interested in developing the property. The purchase could be handled by an EDA and the EDA can structure the transaction and resulting development how as the City wishes.

City Administrator Zuleger explained staff was looking for feedback from council on EDA structure, membership, limitation of powers, etc., and reminded Council it was their number one objective from the Council/Staff Strategic Planning retreat.

Council Member Pearson voiced his general support for an EDA, and asked the difference between an Economic Development Authority (EDA) and Economic Development Committee (EDC). Administrator Zuleger stated the EDA has authority and powers that the EDC would not. He stated the EDA can operate under parameters of negotiation set by Council, and the EDA could save much time for the City Council in times of growth, and he considers an EDA to be a safety net for the Council.

Council Member Park suggested the City Council be involved in interviewing members of the EDA and have some involvement on the EDA.

Mayor Johnston suggested Council provide staff direction in the next week so ***staff could begin drafting a starting point on creating an EDA.***

Administrator Zuleger advised the Council that the staff had a template for the ordinance to create an EDA in which the Council could insert its desired options for structure, board composition, and powers of the EDA as well as those reserved for the City Council.

Council Member Smith supported the direction of creating an EDA and stated the City should move forward on this in order to move the City in a forward direction. Council Member Emmons stated he would support that. **Mayor Johnston stated we could revisit the subject after feedback is received by staff and reconvene at the workshop in July.**

**SUMMARY REPORTS AND ANNOUNCEMENTS**

Council Member Park had nothing to report.

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Council Member Pearson attended a library meeting and applauded the work of the Library Board. He attended a meeting with the mayor and administrator at the county regarding economics, and attended a truck meeting with the Fire Department to determine the need.

Council Member Emmons reported Washington County Water Consortium meeting; maintenance of rain gardens and stated the county would like to see more city representation on that subgroup and welcomed the Council's feedback.

Council Member Smith staff on Fall Festival and discussed changing the name to Elmo Days, making it more of an identity and possibly making it a two-day event; shared her sadness at one of Lake Elmo resident's drowning and expressed sympathy for the family of the young man.

Mayor Johnston reported he met with a perspective candidate running for council and discussed running a campaign; met with city staff and Council Member Smith regarding the history of the Memo of Understanding (MOU) and basis of Comprehensive Plan; attended the groundbreaking for the East Metro Public Safety Training Facility; participated in the Friends of Lake Elmo Library meeting, attended the I-94 Business Corridor meeting with Council Member Pearson, attended the Metro Cities Board meeting where they approved the annual budget; worked on the new library building and commended all the hard work being done and asked for volunteers to help; met with staff, DNR and local lake owners on the water ordinance and stated it seemed to be resolved.

City Administrator Zuleger thanked Steve DeLapp and expressed he is a 'man on a mission' regarding the library; thanked and commended everyone who made the City Hall upgrade a possibility; noting a Quality Star will be recommended to the Public Works Department; received DNR final approval to keep the high water mark at 929.7 feet; working with Washington County Humane Officer regarding the dog ordinance and process; reported that 22 landowners attended the I-94 Corridor meeting out of 77 personal invitations delivered, and discussed road and sewer water development; will be attending the LMC Annual Conference in Duluth; Thursday's HOA meeting may be postponed until next week due to attendance.

City Attorney Snyder updated the City Council on the final purchase agreement of the library; thanked City Engineer Griffin and Planning Klatt assistance of the Purchase Agreement of Well Site No. 4; the detachment case brief will be filed at end of week; work regarding internal issues.

City Engineer Griffin reported he attended a pre-screening board meeting with the municipal State Aid regarding rules for fund distribution; St. Croix Sanctuary development is moving forward after Brown's Watershed District approval; met with City Administrator CIP scheduling process has started; met with Washington County to better prepare, coordinate and partner with regard to the infrastructure and County corridors.

Director of Planning Klatt reported the Village Work Group meeting Wednesday morning; updating the Comprehensive Plan for the Planning Commission's review for ultimate submittal to Council before METC; attended meeting regarding senior and affordable housing for our community.

Finance Director Bendel reported 2<sup>nd</sup> quarter water bills were mailed; developing new reports, monthly department reports; work on bonding documents; final audit report for July third meeting.

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**ADJOURN:** The meeting adjourned at 8:38 p.m.

**LAKE ELMO CITY COUNCIL**

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Dean A. Johnston, Mayor

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Sandie Thone, City Clerk





## MAYOR AND COUNCIL COMMUNICATION

DATE: 07/3/2012

**CONSENT**

ITEM #: 2

**MOTION** Consent Agenda

**AGENDA ITEM:** Approve Disbursements in the Amount of \$130,984.61

**SUBMITTED BY:** Cathy Bendel, Finance Director

**THROUGH:** Dean Zuleger, City Administrator

**REVIEWED BY:** Joan Ziertman, Finance Consultant

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**SUMMARY AND ACTION REQUESTED:** As part of its Consent Agenda, the City Council is asked to approve disbursements in the amount of \$130,984.61. No specific motion is needed, as this is recommended to be part of the overall approval of the *Consent Agenda*.

**BACKGROUND INFORMATION:** The City of Lake Elmo has fiduciary authority and responsibility to conduct normal business operation. Below is a summary of current claims to be disbursed and paid in accordance with State law and City policies and procedures.

Claim #	Amount	Description
ACH	\$ 8,406.98	Payroll Taxes to IRS & MN Revenue 6/28/2012
ACH	\$ 4,793.83	Payroll Retirement to PERA 6/28/12
DD4028 – DD4044	\$ 21,715.96	Payroll Dated 6/28/12 (Direct Deposit)
38560-38564	\$ 2,707.38	Payroll Dated 6/28/2012 (Payroll Paper Checks)
38559 & 38565	\$ 3,188.00	Accounts Payable Dated 7/3/12 (Manual Checks)
38566-38608	\$ 88,972.46	Accounts Payable Dated 7/3/12
1484-1503		Void Checks – Printer Error
1504-1523	\$ 1,200.00	Accounts Payable Dated 7/3/12 (Library Checks)
<b>TOTAL</b>	<b>\$ 130,984.61</b>	

**STAFF REPORT:** City staff has complied and reviewed the attached set of claims. All appears to be in order and consistent with City budgetary and fiscal policies and Council direction.

**RECOMMENDATION:** It is recommended that the City Council approve as part of the Consent Agenda proposed disbursements in the amount of \$130,984.61.

Alternatively, the City Council does have the authority to remove this item from the Consent Agenda or a particular claim from this item and further discuss and deliberate prior to taking action. If done so, the appropriate action of the Council following such discussion would be:

**“Move to approve the July 3, 2012, Disbursements as**

**Presented *[and modified]* herein.”**

**ATTACHMENTS:**

1. Accounts Payable Dated 7/3/2012

**SUGGESTED ORDER OF BUSINESS *(if removed from the Consent Agenda)*:**

- Questions from Council to Staff ..... Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion ..... Mayor & City Council
- Action on Motion ..... Mayor Facilitates



# Accounts Payable To Be Paid Proof List

User: joan z  
Printed: 06/28/2012 - 3:03 PM  
Batch: 015-06-2012

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
ARAM Aramark, Inc.										
629-7518051	06/28/2012	23.78	0.00	07/03/2012	Uniforms		-	No		0000
101-430-3100-44170	Uniforms									
629-7518051	Total:	23.78								
629-7519879	06/28/2012	31.62	0.00	07/03/2012	Monthly Rug service - Annex		-	No		0000
101-410-1940-44010	Repairs/Maint Contractual Bldg									
629-7522892	06/28/2012	31.62								
101-430-3100-44170	Uniforms	23.78	0.00	07/03/2012	Uniforms		-	No		0000
629-7524703	06/25/2012	38.44	0.00	07/03/2012	Linen City Hall		-	No		0000
101-410-1940-44010	Repairs/Maint Contractual Bldg									
629-7524703	Total:	38.44								
ARAM Total:		117.62								
BELLJOE Bell Joe & Missy										
Ck Req	06/11/2012	5,000.00	0.00	07/03/2012	Refund Escrow 10138 Tapestry #8181		-	No		0000
803-000-0000-22900	Deposits Payable									
BELLJOE Total:		5,000.00								
BERTELSON Bertelson's										
Multiple	06/28/2012	50.98	0.00	07/03/2012	City Hall Supplies		-	No		0000
101-410-1940-44010	Repairs/Maint Contractual Bldg									
Multiple	06/28/2012	26.72	0.00	07/03/2012	City Hall Supplies		-	No		0000
101-410-1940-44010	Repairs/Maint Contractual Bldg									
OE-289006-1	06/05/2012	77.70	0.00	07/03/2012	City Hall Supplies		-	No		0000
101-410-1940-44010	Repairs/Maint Contractual Bldg	232.60								
OE-289006-1	Total:	232.60								
WO-780996-1	06/19/2012	42.73	0.00	07/03/2012	City Hall Supplies		-	No		0000
101-410-1940-44010	Repairs/Maint Contractual Bldg									
WO-780996-1	Total:	42.73								

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
BERTELSON Total:		353.03								
BEVERAL Bever Al										
06/21/2012	06/21/2012	369.71	0.00	07/03/2012	A/C Unit for Sheriffs Office in Annex		-	No		0000
101-410-1320-42030 Printed Forms										
06/21/2012 Total:		369.71								
BEVERAL Total:		369.71								
BIFFS Biff's Inc.										
05/30/2012	05/30/2012	667.30	0.00	07/03/2012	Portable Restrooms		-	No		0000
Multiple Rentals - Buildings										
101-450-5200-44120 Multiple Total:		667.30								
BIFFS Total:		667.30								
BUELOW Buelow Excavating										
02/27/2012	02/27/2012	4,432.50	0.00	07/03/2012	Contract Snow Plowing		-	No		0000
6663 Contract Services										
101-430-3125-43150 6663 Total:		4,432.50								
BUELOW Total:		4,432.50								
CATCO Fleetpride										
06/01/2012	06/01/2012	51.51	0.00	07/03/2012	Replacement Truck Light - Reissue		-	No		0000
1-62545 Repairs/Maint Eqpt										
101-420-2220-44040 1-62545 Total:		51.51								
CATCO Total:		51.51								
CTYOAKDA City of Oakdale										
05/31/2012	05/31/2012	8,808.89	0.00	07/03/2012	Water Service I94		-	No		0000
10000460-01 Water Utility										
601-494-9400-43820 10000460-01 Total:		8,808.89								
CTYOAKDA Total:		8,808.89								
CUMMINGS Cummings Mary Jo										
06/27/2012	06/27/2012	900.00	0.00	07/03/2012	Library Consultant		-	No		0000
206-450-5300-43150 Contract Services										
06/27/2012 Total:		900.00								
CUMMINGS Total:		900.00								

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Case POLine #
DELTA Delta Dental Of Minnesota 4876611 06/15/2012 101-000-0000-21706 Medical Insurance 4876611 Total: DELTA Total:		1,117.05 1,117.05 1,117.05	0.00	07/03/2012	June 2012 Dental Coverage		-	No		0000
DPCINDUS DPC Industries, Inc. 827007-740-12 05/29/2012 601-494-9400-42160 Chemicals 827007-740-12 Total: DPCINDUS Total:		657.19 657.19 657.19	0.00	07/03/2012	Floride		-	No		0000
ELECTSER Election Systems & Software 817754 06/15/2012 101-410-1410-42000 Office Supplies 817754 Total: ELECTSER Total:		124.15 124.15 124.15	0.00	07/03/2012	Elections - Transter Cases 2012		-	No		0000
ENGWERLO Engwer Lou & Scott 06/06/2012 06/06/2012 101-430-3100-44300 Miscellaneous 06/06/2012 Total: ENGWERLO Total:		176.19 176.19 176.19	0.00	07/03/2012	Repair Damage for Fallen City Tree		-	No		0000
ENVENTIS ENVENTIS 738507 06/01/2012 101-410-1940-43210 Telephone 738507 06/01/2012 101-430-3100-43210 Telephone 738507 Total: ENVENTIS Total:		577.61 444.13 1,021.74 1,021.74	0.00 0.00	07/03/2012 07/03/2012	Telephone/Data Service CH June 2012 Telephone/Data Service PW June 2012		- -	No No		0000 0000
FANTASTI Fantastic Floors 20481 06/19/2012 703-430-3120-45300 Improvements Other Than Bldgs 20481 Total: FANTASTI Total:		8,337.33 8,337.33 8,337.33	0.00	07/03/2012	Balance Due on Tile & Carpeting		-	No		0000

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
GREATERM Greater MSP										
06/19/2012	06/19/2012	5,000.00	0.00	07/03/2012	Annual Investment		-		No	0000
101-410-1320-44300	Miscellaneous									
	06/19/2012 Total:	5,000.00								
	GREATERM Total:	5,000.00								
HOLIDAYC Holiday Credit Office										
06/15/2012	06/15/2012	407.21	0.00	07/03/2012	Fuel		-		No	0000
101-420-2220-42120	Fuel, Oil and Fluids									
	06/15/2012 Total:	407.21								
	HOLIDAYC Total:	407.21								
INTEREUM Intereum										
370631	06/13/2012	873.64	0.00	07/03/2012	Furniture and White Board - City Hall		-		No	0000
703-430-3120-45300	Improvements Other Than Bldgs									
	370631 Total:	873.64								
	INTEREUM Total:	873.64								
JOHNNICK Johnson Nick										
06/15/2012	06/15/2012	27.00	0.00	07/03/2012	3 books of stamps		-		No	0000
101-410-1910-44300	Miscellaneous									
	06/15/2012 Total:	27.00								
	JOHNNICK Total:	27.00								
LINNEN Linner Electric Company, Inc.										
22326	06/07/2012	361.50	0.00	07/03/2012	Ball Field Lights Wiring Repair		-		No	0000
101-450-5200-44030	Repairs/Maint Imp Not Bldgs									
	22326 Total:	361.50								
	LINNER Total:	361.50								
MEMPHISN Memphis Net & Twine Co Inc.										
66769	05/31/2012	69.86	0.00	07/03/2012	Soccer Nets		-		No	0000
101-450-5200-44030	Repairs/Maint Imp Not Bldgs									
	66769 Total:	69.86								
	MEMPHISN Total:	69.86								
MENARDSO Menards - Oakdale										
5070	06/12/2012	10.66	0.00	07/03/2012	File Cabinet Sliders - City Hall		-		No	0000
703-430-3120-45300	Improvements Other Than Bldgs									
	5070 Total:	10.66								

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
5356	06/13/2012	126.08	0.00	07/03/2012	Blinds for City Hall		-			0000
703-430-3120-45300	Improvements Other Than Bldgs									
	5356 Total:	126.08								
5444	06/13/2012	66.64	0.00	07/03/2012	Floor Diffuser		-			0000
101-410-1320-44300	Miscellaneous									
	5444 Total:	66.64								
5998	06/15/2012	19.90	0.00	07/03/2012	Office Construction - City Hall		-			0000
703-430-3120-45300	Improvements Other Than Bldgs									
	5998 Total:	19.90								
7538	06/19/2012	27.30	0.00	07/03/2012	City Hall Counter Caps, Shelf		-			0000
703-430-3120-45300	Improvements Other Than Bldgs									
7538	06/19/2012	39.98	0.00	07/03/2012	Flag Lights VFW		-			0000
101-450-5200-44030	Repairs/Maint Imp Not Bldgs									
	7538 Total:	67.28								
	MENARDSO Total:	290.56								
<hr/>										
MENARDST Menards - Stillwater										
84824	06/13/2012	170.98	0.00	07/03/2012	Blinds for City Hall		-			0000
703-430-3120-45300	Improvements Other Than Bldgs									
	84824 Total:	170.98								
	MENARDST Total:	170.98								
<hr/>										
MFERA McCombs Frank Roos Assoc Inc.										
70669	06/01/2012	1,077.84	0.00	07/03/2012	Planning Services - May 2012		-			0000
101-410-1910-43150	Contract Services									
	70669 Total:	1,077.84								
	MFERA Total:	1,077.84								
<hr/>										
NCPERS 566200-NCPERS MINNESOTA										
5662512	06/22/2012	112.00	0.00	07/03/2012	July 2012 Deductions		-			0000
101-000-0000-21708	Other Benefits									
	5662512 Total:	112.00								
	NCPERS Total:	112.00								
<hr/>										
NEXTEL Nextel Communications										
761950227-108	03/18/2012	85.15	0.00	07/03/2012	Cell Phone Service - Administration		-			0000
101-410-1940-43210	Telephone									
761950227-108	03/18/2012	350.60	0.00	07/03/2012	Cell Phone Service - Fire Dept		-			0000
101-420-2220-43210	Telephone									
761950227-108	03/18/2012	17.77	0.00	07/03/2012	Cell Phone Service - Building Dept		-			0000
101-420-2400-43210	Telephone									

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
761950227-108	03/18/2012	356.27	0.00	07/03/2012	Cell Phone Service - Public Works Dept	-	-	No		0000
101-430-3100-43210 Telephone										
761950227-108	03/18/2012	102.38	0.00	07/03/2012	Cell Phone Service - Parks Dept	-	-	No		0000
101-450-5200-43210 Telephone										
761950227-108 Total:		912.17								
NEXTEL Total:		912.17								
<hr/>										
POMPS Pump's Tire Service, Inc.										
WO210004420	05/25/2012	323.49	0.00	07/03/2012	Mower Trailer Tires and Mower Tire	-	-	No		0000
101-450-5200-42210 Equipment Parts										
WO210004420 Total:		323.49								
POMPS Total:		323.49								
<hr/>										
PRESSA Anastasia Press										
06/05/2012	06/05/2012	55.00	0.00	07/03/2012	City Council Meeting 6/5/12	-	-	No		0000
101-410-1450-43620 Cable Operations										
06/05/2012 Total:		55.00								
06/12/12	06/12/2012	41.25	0.00	07/03/2012	Workshop 6/12/12	-	-	No		0000
101-410-1450-43620 Cable Operations										
06/12/12 Total:		41.25								
06/19/12	06/19/2012	55.00	0.00	07/03/2012	City Council Meeting 6/19/12	-	-	No		0000
101-410-1450-43620 Cable Operations										
06/19/12 Total:		55.00								
PRESSA Total:		151.25								
<hr/>										
PROSTAFF PROSTAFF										
102-860446	06/07/2012	496.00	0.00	07/03/2012	Temp Help W/E 6/3/12	-	-	No		0000
101-410-1320-43150 Contract Services										
102-860446 Total:		496.00								
102-861680	06/14/2012	620.00	0.00	07/03/2012	Temp Help 6/10/12	-	-	No		0000
101-410-1320-43150 Contract Services										
102-861680 Total:		620.00								
PROSTAFF Total:		1,116.00								
<hr/>										
RELIANC Reliance Standard Life										
07/01/2012	07/01/2012	128.19	0.00	07/03/2012	Life Insurance	-	-	No		0000
101-000-0000-21706 Medical Insurance										
07/01/2012	07/01/2012	18.31	0.00	07/03/2012	AD & D Insurance	-	-	No		0000
101-000-0000-21708 Other Benefits										
07/01/2012	07/01/2012	176.31	0.00	07/03/2012	LTD Insurance	-	-	No		0000
101-000-0000-21708 Other Benefits										

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
07/01/2012	07/01/2012	253.31	0.00	07/03/2012	STD Insurance		-			No 0000
101-000-0000-21708	Other Benefits	576.12								
	07/01/2012 Total:	576.12								
	RELIANC Total:									
ROGERS Rogers Printing Services, Corp										
18725	06/08/2012	514.07	0.00	07/03/2012	New Logo - Stationary & Envelopes		-			No 0000
101-410-1320-42030	Printed Forms	514.07								
	18725 Total:	514.07								
	ROGERS Total:	514.07								
S&T S&T Office Products, Inc.										
01PF6890	06/08/2012	46.81	0.00	07/03/2012	Office Supplies		-			No 0000
101-410-1320-42000	Office Supplies	46.81								
	01PF6890 Total:	46.81								
01PG001	06/15/2012	43.44	0.00	07/03/2012	Office Supplies		-			No 0000
101-410-1320-42000	Office Supplies	43.44								
	01PG001 Total:	43.44								
	S&T Total:	90.25								
SCOTTPAU Scott Paul & Andrea										
Ck Req	06/28/2012	5,000.00	0.00	07/03/2012	Refund Escrow 10030 Tapestry #8237		-			No 0000
803-000-0000-22900	Deposits Payable	5,000.00								
	Ck Req Total:	5,000.00								
	SCOTTPAU Total:	5,000.00								
SMITHANN Anne Smith										
06/22/2012	06/22/2012	298.19	0.00	07/03/2012	Expenses Related to Seminar		-			No 0000
101-410-1110-44370	Conferences & Training	298.19								
	06/22/2012 Total:	298.19								
	SMITHANN Total:	298.19								
STILLMED Stillwater Medical Group										
2656	06/12/2012	680.27	0.00	07/03/2012	Physicals & Vaccinations		-			No 0000
101-420-2220-43050	Physicals	680.27								
	2656 Total:	680.27								
	STILLMED Total:	680.27								

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
STJOSEPH Titan Machinery										
9C06421	06/07/2012	335.98	0.00	07/03/2012	Tractor Brackets 6410		-	No		0000
101-430-3125-44040 Repairs/Maint Eqpt										
9C06421 Total:		335.98								
9C06552	06/18/2012	65.58	0.00	07/03/2012	Tractor Bracket 6410		-	No		0000
101-430-3125-44040 Repairs/Maint Eqpt										
9C06552 Total:		65.58								
STJOSEPH Total:		401.56								
TASCH T.A. Schifsky & Sons Inc										
53281	06/12/2012	144.09	0.00	07/03/2012	Asphalt		-	No		0000
101-430-3120-42240 Street Maintenance Materials										
53281 Total:		144.09								
TASCH Total:		144.09								
TDS TDS METROCOM - LLC										
651-779-8882	06/13/2012	197.75	0.00	07/03/2012	Analog Lines - Fire		-	No		0000
101-420-2220-43210 Telephone										
651-779-8882	06/13/2012	210.19	0.00	07/03/2012	Analog Lines - Public Works		-	No		0000
101-430-3100-43210 Telephone										
651-779-8882	06/13/2012	150.60	0.00	07/03/2012	Analog Lines - Lift Station Alarms		-	No		0000
602-495-9450-43210 Telephone										
651-779-8882	06/13/2012	47.78	0.00	07/03/2012	Alarm - Well House #2		-	No		0000
602-495-9450-43210 Telephone										
651-779-8882 Total:		606.32								
TDS Total:		606.32								
TRKUTI Truck Utilities Inc.										
240678	06/11/2012	5.80	0.00	07/03/2012	6410 Tractor Hose Elbow		-	No		0000
101-430-3120-42210 Equipment Parts										
240678 Total:		5.80								
TRKUTI Total:		5.80								
VFBA Benefit Association Volunteer Fire										
06/27/2012	06/27/2012	282.00	0.00	07/03/2012	Renewals		-	No		0000
101-420-2220-44330 Dues & Subscriptions										
06/27/2012 Total:		282.00								
VFBA Total:		282.00								



Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
VUGOVICH Yugovich Design Ck Req 06/20/2012 803-000-0000-22900 Deposits Payable Ck Req Total: VUGOVICH Total:		5,000.00 5,000.00 5,000.00	0.00	07/03/2012	Refund Escrow 2979 Lake Elmo #8141		-		No	0000
WASRADIO WASHINGTON COUNTY 72674 06/13/2012 101-420-2220-43230 Radio 72674 06/13/2012 101-420-2220-43230 Radio 72674 Total: WASRADIO Total:		3,734.08 112.00 3,846.08 3,846.08	0.00 0.00	07/03/2012 07/03/2012	1/4rly user fee for 800 MHz radios Radio Repair/Maintenance fund		- -		No No	0000 0000
ZAWADSKI Zawadski Homes, Inc ck Req 06/28/2012 803-000-0000-22900 Deposits Payable ck Req Total: ZAWADSKI Total:		26,500.00 26,500.00 26,500.00	0.00	07/03/2012	Refund part of Permit Escrow #8245		-		No	0000
Report Total:		86,972.46								

# Accounts Payable To Be Paid Proof List

User: joan z

Printed: 06/26/2012 - 12:47 PM

Batch: 013-06-2012

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
CENCOLLE Century College 461552	06/26/2012	556.00	0.00	06/26/2012	Fire Apparatus Driving - 3 Firefighters		-			0000
101-420-2220-44370	Conferences & Training	556.00								No
	461552 Total:	556.00								
	CENCOLLE Total:	556.00								
	Report Total:	556.00								

# Accounts Payable To Be Paid Proof List

User: joan z  
 Printed: 06/20/2012 - 3:03 PM  
 Batch: 011-06-2012

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
LERELJEF Lake Elmo Fire Relief Assn. 06/20/12 101-420-2250-44925 City Contribution	06/20/2012	2,632.00	0.00	06/20/2012	Additional due to Audit		-	No		0000
06/20/12 Total:		2,632.00								
LERELJEF Total:		2,632.00								
Report Total:		2,632.00								

# Accounts Payable To Be Paid Proof List

User: joan z  
Printed: 06/29/2012 - 9:40 AM  
Batch: 016-06-2012

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
FXL FXL, Inc. 06/30/2012 101-410-1320-43100 Assessing Services	06/30/2012	2,000.00	0.00	07/03/2012	Assessing Services - June 2012		-			0000
06/30/2012 Total:		2,000.00								
FXL Total:		2,000.00								
Report Total:		2,000.00								



## MAYOR AND COUNCIL COMMUNICATION

DATE: 07/03/2012

**CONSENT**

ITEM #: 3

**MOTION** Consent Agenda

**AGENDA ITEM:** Approve Resolution 2012-32 Designating Certified Building Official and Approval of JPA with the City of Hugo

**SUBMITTED BY:** Sandie Thone, City Clerk

**THROUGH:** Dean A. Zuleger, City Administrator

**REVIEWED BY:** Dean A. Zuleger, City Administrator

**SUMMARY AND ACTION REQUESTED:** As part of the Consent Agenda City Council is respectfully requested to approve Resolution 2012-32 designating the certified building official for the City of Lake Elmo as the City of Hugo and enter in a joint powers agreement with the City of Hugo for administration of the state and the municipal building code.

**STAFF REPORT:** With the departure of Karl Horning, staff began the search for a replacement to administer the state and municipal building code for the city. Per MN Statute 326B.133, Subd.1 & 7, the municipality must designate a certified building official to administer the code and the commissioner must be notified within 15 days of any vacancy or designation. The attached Notice of Designation was signed by City Administrator Dean Zuleger and was submitted to the MN Department of Labor and Industry on June 25, 2012 designating the City of Hugo as our Certified Building Official.

In addition please find attached the proposed Joint Powers Agreement Between the City of Lake Elmo and the City of Hugo outlining the services and fees for the administration of the state and municipal building code.

**RECOMMENDATION:**

*Staff recommends that the City Council approve Resolution 2012-32 Designating the Certified Building Official as the City of Hugo and a Joint Powers Agreement Between the City of Hugo and the City of Lake Elmo for Administration of the State and Municipal Building Code effectively immediately and until such further notice.*

**CITY OF LAKE ELMO  
WASHINGTON COUNTY  
STATE OF MINNESOTA**

**RESOLUTION 2012-32**

**A RESOLUTION DESIGNATING CERTIFIED BUILDING OFFICIAL**

**WHEREAS**, the City of Lake Elmo has adopted the Minnesota State Building Code; and

**WHEREAS**, the City is authorized and empowered to provide administration and a certified building official is required by Minnesota State Statute for implementation; and

**WHEREAS**, the City of Lake Elmo has determined it is in the best interests of the City and its citizens to designate the City of Hugo to provide such services to the City immediately and until such further notice;

**NOW, THEREFORE IT BE RESOLVED**, the City of Hugo as the Designated Certified Building Official for Lake Elmo to administer the State and Municipal Building Code.

**ADOPTED BY THE CITY COUNCIL OF THE CITY OF LAKE ELMO THIS  
THIRD DAY OF JULY 2012.**

By: \_\_\_\_\_  
Dean A. Johnston  
Mayor

ATTEST:

\_\_\_\_\_  
Sandie Thone  
City Clerk

THE CITY OF  
**LAKE ELMO**

June 25, 2012

MN Department of Labor and Industry  
Construction Codes and Licensing Division/Business Unit  
443 Lafayette Road North  
St. Paul, MN 55155-4341

Re: Notice of Designation of Certified Building Official for the City of Lake Elmo

To the Commissioner of Labor and Industry:

Please find attached the Notice of Notice of Designation of Certified Building Official for the City of Lake Elmo signed by the City Administrator on June 25, 2012. As defined by MN Statute 326B.103 the City is required to formally designate a certified building official accepting responsibility for code administration.

If you should have any questions please do not hesitate to contact me at 651.747.3900.

Thank you,



Sandie Thone  
City Clerk  
City of Lake Elmo

Minnesota Department of Labor and Industry  
Construction Codes and Licensing Division  
Business Unit  
443 Lafayette Road North, St. Paul, MN 55155-4341  
Phone: (651) 284-5068 Fax: (651) 284-5749  
www.dli.mn.gov TTY: (651) 297-4198  
PRINT IN INK or TYPE your responses.

### Notice of Designation or Vacancy Of Certified Building Official

To the Commissioner of Labor and Industry:

According to M.S. §326B.133, Subd. 1, which states:

Each municipality shall designate a building official to administer the code. A municipality may designate no more than one building official responsible for code administration defined by each certification category established in rule. Two or more municipalities may combine in the designation of a building official for the purpose of administering the provisions of the code within their communities.

and further, according to M.S. §326B.133, Subd. 7, which states in part:

In the event that a designated building official position is vacant within a municipality, that municipality shall designate a certified building official to fill the vacancy as soon as possible. The commissioner must be notified of any vacancy or designation in writing within 15 days.

The administrative authority of the municipality of City of Lake Elmo  
Hereby notifies you, pursuant to M.S. §326B.133, that it has made one of the following designations (A or B selected):

A.

☒ Municipality has designated

Charles L. Preisler

NAME (INCLUDE MIDDLE INITIAL)

8002596

CERTIFICATION NUMBER

as the municipality's building official, who in the municipality of

Lake Elmo

will be known as the

TITLE Building Official

, effective

DATE 6-22-2012

#### MUNICIPALITY CONTACT INFORMATION

MUNICIPALITY STREET ADDRESS (do not provide a PO Box)

3800 Laverne Avenue North

CITY

Lake Elmo

STATE

Mn.

ZIP

55042

PHONE

651-777-5510

FAX

651-777-9615

E-MAIL

#### MUNICIPAL BUILDING OFFICIAL CONTACT INFORMATION

BUILDING OFFICIAL STREET ADDRESS (do not provide a PO Box)

14669 Fitzgerald Avenue

CITY

Hugo

STATE

Mn.

ZIP

55038

PHONE

651-762-6300

FAX

651-426-2859

E-MAIL

cpreisler@ci.hugo.mn.us

OR B.

☐ Municipality has a vacancy in the building official position, effective

DATE

Statutory definitions from M.S. §326B.103, Subd. 6 *Designate* "the formal designation by a municipality's administrative authority of a certified building official accepting responsibility for code administration."

*Administrative authority* "a municipality's governing body or their assigned administrative authority."

Please have person with administrative (appointing) authority sign. Form must be signed.

SIGNATURE OF ADMINISTRATIVE AUTHORITY

TITLE

Administrator

DATE

6-25-2012



**Administration of the State Building Code  
Agreement Between  
City of Hugo and City of Lake Elmo**

WHEREAS, the City of Lake Elmo (hereinafter "City") has adopted the Minnesota State Building Code; and

WHEREAS, the City is authorized and empowered to provide for plan review and various types of inspections to ensure the public health, safety and welfare of its citizens; and

WHEREAS, said building code requires a certified building official for the implementation of the state building code; and

WHEREAS, the City has investigated the facts and determined that it is in the best interests of the City and its citizens to contract with the City of Hugo for administration of the state building code; and

WHEREAS, the City of Lake Elmo desires that the City of Hugo provide said plan review and inspections within the City of Lake Elmo at such times that are required; and

WHEREAS, the City of Lake Elmo desires that the City of Hugo Building Department, which verifies that it has a certified building official, implement and enforce the Minnesota State Building Code; and

WHEREAS, the City of Hugo is willing, able and hereby commits itself to the implementation of said building code for the City during such times as requested by the City of Lake Elmo until further notice;

NOW, THEREFORE, in consideration of the mutual promises and covenants of each to the other contained in this Agreement, the City of Lake Elmo and the City of Hugo, pursuant to the authority contained in Minn. Stat. § 471.59, in order to accomplish the foregoing purposes, agree as follows:

**ARTICLE I  
THE AGREEMENT**

**Section 1.01. Purposes.** The purpose of this Agreement is to provide for the exchange of services as provided in the recitals, which shall be incorporated herein, between the City of Hugo and the City of Lake Elmo for building inspection and plan review services.

**Section 1.02. Cooperation.** The Parties shall cooperate and use their best efforts to ensure the most effective implementation of the various provisions of this Agreement. The Parties agree in good faith to undertake resolution of disputes, if any,

in an equitable and timely manner.

**Section 1.03. Term.** The term of this Agreement shall be for a period commencing the date hereof and shall remain in place and in effect until and unless terminated by mutual agreement or by one of the Parties hereto.

**Section 1.04. Termination by One Party.** A Party's termination of this Agreement shall be effective 21 days after such Party's delivery in writing of a notice of termination to the City of Lake Elmo City Administrator or the City of Hugo City Administrator, as the case may be.

## **ARTICLE II THE CITY'S RIGHTS AND OBLIGATIONS**

**Section 2.01. Plan Review and Inspections.** The City of Hugo shall perform plan review and inspections for all public and private buildings and state licensed facilities required intermittently and at the request of the City of Lake Elmo. The City of Hugo shall not be obligated to review, approve or deny any zoning, site design, setback, road access, or sewer and water hook-ups, and/or collect fees for the same.

**Section 2.02. Fee for Inspections and related Services.** In exchange for the inspection services the City of Hugo performs pursuant to Section 2.01 of this Agreement, the City of Lake Elmo shall pay the City of Hugo an hourly rate and a mileage rate per the City of Hugo's adopted fee schedule, which shall be incorporated herein as Exhibit A, as said schedule may change from time to time.

**Section 2.03. Fee for Plan Review Services.** In exchange for the plan review services the City of Hugo performs pursuant to Section 2.01 of this Agreement, the City of Lake Elmo shall pay the City of Hugo the entire Plan Review Fee collected by the City of Lake Elmo as required by the City of Lake Elmo's adopted building code.

## **ARTICLE III GENERAL PROVISIONS**

**Section 3.01. Notices.** Except as provided in Section 1.04 of this Agreement, all notices or communications required or permitted pursuant to this Agreement shall be either hand delivered or mailed to the Parties, certified mail, return-receipt requested, at the following addresses:

**City of Hugo:**

City Clerk

City of Hugo  
14669 Fitzgerald Avenue North  
Hugo, Minnesota 55038

**City of Lake Elmo**

City Clerk  
City of Lake Elmo  
3800 Laverne Avenue North  
Lake Elmo, MN 55042

Each Party may change its address or authorized representative by written notice delivered to the other Party pursuant to this Section 4.01.

**Section 3.02. Counterparts.** This Agreement may be executed in more than one counterpart, each of which shall be deemed to be an original but all of which taken together shall be deemed a single instrument.

**Section 3.03. Non-Assignability.** Neither of the Parties shall assign any interest in this Agreement nor shall transfer any interest in the same, whether by subcontract, assignment, or novation, without the prior written consent of the other Party. Such consent shall not be unreasonably withheld.

**Section 3.04. Alteration.** Any alteration, variation, modification, or waiver of the provisions of the Agreement shall be valid only after it has been reduced to writing and duly signed by all Parties.

**Section 3.05. Indemnification and Insurance.**

- (1) Unless otherwise provided for in this Agreement, each Party shall be separately responsible for its own expenditures of funds made under this agreement.
- (2) Subject to the exclusion contained at Paragraph (1) of this Section, the Parties' total liability under this Agreement shall be governed by Minn. Stat. § 471.59, subd. 1a. Each Party agrees that it will be responsible for the acts or omissions of its officials, agents, and employees, and the results thereof, in carrying out the terms of this Agreement, to the extent authorized by law and shall not be responsible for the acts/omissions of the other Parties and the results thereof. For purposes of determining total liability for damages, the participating governmental units are considered to be a single governmental unit, the total liability of which shall not exceed the limits for a single governmental unit as provided in Minn. Stat. § 466.04, subd. 1.

- (3) Each Party agrees to defend, hold harmless, and indemnify other Parties, their officials, agents and employees, from any liability, loss or damages any other Party may suffer or incur as a result of demands, claims, judgments, or costs arising out of or caused by the indemnifying Party's negligence in the performance of its respective obligations under this Agreement. This provision shall not be construed nor operate as a waiver of any applicable limitation of liability, defenses, immunities, or exceptions by statute or common law.
- (4) Each Participating Party shall be responsible for injuries or death of its own Employees to the extent required by law. Each Participating Party will maintain workers' compensation insurance or self-insurance coverage, covering its own Employees while they are providing assistance pursuant to this Agreement.

**Section 3.06. Severability.** The provisions of this Agreement are severable. If any paragraph, section, subdivision, sentence, clause, or phrase of this Agreement is for any reason held to be contrary to law, or contrary to any rule or regulation having the force and effect of law, such decision shall not affect the remaining portions of this Agreement.

**Section 3.07. Interpretation According to Minnesota Law.** This Agreement shall be interpreted and construed according to the laws of the State of Minnesota.

**Section 3.08. Entire Agreement.** This Agreement shall constitute the entire agreement between the Parties and shall supersede all prior oral or written negotiations, and shall supersede all prior written agreements for the subject matter of this Agreement.

**Section 3.09. Headings.** The headings to the various sections of this Agreement are inserted only for convenience of reference and are not intended, nor shall they be construed, to modify, define, limit, or expand the intent of the Parties as expressed in this Agreement.

**Section 3.10. Further Actions.** The Parties agree to execute such further documents and take such further actions as may reasonably be required or expedient to carry out the provisions and intentions of this Agreement, or any agreement or document relating hereto or entered into in connection herewith.

**Section 3.11. Parties in Interest.** This Agreement shall be binding upon and inure solely to the benefit of the Parties hereto and their permitted assigns, and nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature under or by reason of this Agreement.

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their duly authorized representative as of the day and year first above written.

Adopted and approved by the City of Hugo on the \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Fran Miron, Mayor

ATTEST:

\_\_\_\_\_  
Michele Lindau, City Clerk

Adopted and approved by the City of Lake Elmo on the \_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Dean Johnston, Mayor

ATTEST:

\_\_\_\_\_

Approved as to Form:

\_\_\_\_\_  
City Attorney    DATE: \_\_\_\_\_, 2012

**Exhibit A**

Building Inspector Fee  
Mileage Rate

\$58.00/hour  
\$0.555/mile



## MAYOR AND COUNCIL COMMUNICATION

DATE: 07/03/2012

**CONSENT**

ITEM #: 4

**MOTION** Consent Agenda

**AGENDA ITEM:** Approve Building Official Position, Posting and Recruitment

**SUBMITTED BY:** Sandie Thone, City Clerk

**THROUGH:** Dean A. Zuleger, City Administrator

**REVIEWED BY:** Dean A. Zuleger, City Administrator  
Kyle Klatt, Director of Planning

### SUMMARY AND ACTION REQUESTED:

As part of the Consent Agenda the City Council is respectfully requested to consider approval of the Building Official position description, the posting of the position and the recruitment for a Building Official for the City of Lake Elmo to perform all operations of the Code Enforcement and Building Inspection department.

### STAFF REPORT:

With the departure of Acting Building Official Karl Horning, city staff set out to define the needs of the city with regards to this position keeping in mind our current and future objectives. Please find attached the position description for the Building Official staff is recommending. The position description was created based on current and future organizational needs/goals, feedback from staff with regard to relevant areas for enhanced processes and service delivery levels to support increased activities and future demands. In addition, staff aimed to define our needs in filling this position and have determined it to be in the best interest of the city to post and recruit for the position of a full time 1.0 FTE Building Official with the stated qualifications to administer code enforcement and building inspections for the city. Staff performed a salary survey of building officials in metro area cities with similar populations, growth opportunities and organizational structure to determine the desired salary range dependent upon qualifications for this position.

### RECOMMENDATION:

*Staff recommends the City Council approve the position description of Building Official at the pay range of \$55,586 to \$71,226 and approve staff to post and begin recruitment for the building official position.*



The City of Lake Elmo offers competitive pay and benefits in addition to professional development opportunities to all employees. The city's number one value statement is to foster an environment based on trust and ethics. These philosophies and practices help the City in recruiting and retaining exceptional employees.

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Accepting Applications for the Position of:

## BUILDING OFFICIAL

**SALARY:** \$55,586 to \$71,226/DOQ  
**OPENING DATE:** 7/5/2012  
**CLOSING DATE:** 7/27/2012

**POSITION TITLE:** Building Official  
**DEPARTMENT:** Code Enforcement – Building Inspections  
**ACCOUNTABLE TO:** Director of Planning  
**FLSA STATUS:** Exempt

### PRIMARY OBJECTIVE:

This individual will perform all operations of the Building Inspection Department to help promote quality construction and high standards of design throughout the City of Lake Elmo. This includes administration and enforcement of State building codes, City zoning ordinance enforcement, and implementation of property maintenance codes within Lake Elmo. Plan, develop, and implement methods to maintain optimum service levels in all phases of building and fire inspections, city code enforcement and designated environmental health services. Resolve complaints and/or concerns regarding code issues.

### ESSENTIAL FUNCTIONS OF THE POSITION

1. Establish and maintain policies and procedures for the Building Inspection Department including record keeping processes, inspection scheduling, fee collection and enforcement.
2. Manage and perform plan reviews and building inspections on all types of building structures (commercial, industrial and residential) to make sure that they meet building, zoning and related code requirements. This includes new construction, remodeling and additions to insure that structures are built consistent with official building codes.
3. Communicate with architects, engineers, contractors and property owners to interpret and clarify code requirements.
4. Authorize and ensure issuance of various permits as required by city code enforced by the City.



5. Maintains record of erosion control violations and coordinates the City's enforcement of erosion control requirements for new construction.
6. Issues Certificates of Occupancy for structures and verifies with other City staff that all site and development requirements have been met prior to issuance.
7. Verifies that site construction activity is in conformance to approved plans, coordinates City action to bring non-compliant sites into compliance.
8. Interprets building and housing codes for inspectors, contractors, and the general public.
9. Ensure complaints involving building codes and related ordinances are investigated in a timely manner. Initiate appropriate legal action regarding violations that are not corrected.
10. Keep abreast of innovations and developments in the construction industry and how changes in materials and construction practices relate to code requirements. Maintain effective enforcement and inspection techniques, practices and procedures including technology and software innovation.
11. When necessary attend development review, city council and planning commission meetings to provide input on building code and zoning ordinance requirements for proposed construction and development projects.
12. Establish and maintain policies and procedures for zoning administration which includes enforcement of the zoning, property maintenance and sign ordinances and takes action to ensure compliance with these.
13. Responsible for keeping supervisor informed of issues and adequately resolving issues quickly. Recommends procedures and policies to supervisor in cases not clearly covered by codes and ordinances.
14. Responsible for preparing and processing ordinance amendments as needed.
15. Responsible for ensuring department reports are completed and accurate.
16. Oversee maintenance of department work records and implementation of document management system.
17. Make recommendations to supervisor with regard to the annual budget for the Building Inspection Department.
18. Performs facilities management functions as they relate to City Hall.

#### **PERFORMANCE CRITERIA**

- Skills in mediation, complaint resolution and problem solving.
- Team player with the ability to collaborate and implement effective customer service.
- Strong initiative to improve processes and productivity.
- Ability to effectively use a computer and various software programs, including software for tracking building inspections and permitting activity.
- Ability to maintain a positive and effective working relationship with council, commissions, businesses, designers, contractors, residents and staff.
- Ability to communicate effectively, both orally and in writing.
- Thorough knowledge and understanding of the pertinent state and local codes and licensing requirements applicable to the City of Lake Elmo and the legal aspects of code administration.
- Ability to read and interpret plans, specifications, engineering and architectural project drawings, and electronic documents accurately and to compare them with construction in progress.
- Ability to enforce codes and ordinances firmly, tactfully and impartially and deal with difficult situations.
- Understanding and experience working with best management practices for construction activity.

- Develop and maintain effective working relationships with other City departments, Administration, Public Works, Fire, Planning, Engineering, etc.
- Ability to physically move about all areas of construction properties to carry out duties.
- Ability to manage multiple projects and meet deadlines working in a fast paced environment.

#### **MINIMUM QUALIFICATIONS**

- State Certification as State Building Official
- ICC Certification as plans examiner or building official or ability to obtain within 1 year of hire date.
- Bachelor's degree in related field; may substitute equivalent years of related work experience in construction, inspections, facilities management for degree.
- Five years experience in construction or a related field in public or private sector. Expertise in plumbing, electrical and/or HVAC a plus.
- Experience with Microsoft Products (Word, Excel, Powerpoint)
- Valid MN Driver's License

#### **DESIRABLE QUALIFICATIONS**

- Experience with inspections, property maintenance, sign permits and/or planning and zoning in Public Sector

#### **SUPERVISION RESPONSIBILITIES**

N/A

#### **PHYSICAL REQUIREMENTS**

Positions in this class typically require: sitting, feeling, manual dexterity, grasping, talking, and hearing, typing, and seeing. The individual may encounter unexpected and prolonged workdays and stress and pressures from dealing with emotional issues and conflicts. There is sustained exposure to computer keyboards and video screens. This position is light duty and may require the exertion of up to 20 pounds of force on occasion or a negligible amount of force frequently to lift, carry, push, pull or otherwise move objects.

**PLEASE APPLY BY CLOSING DATE: JULY 27, 2012**

**SEND COVER LETTER, RESUME, AND REFERENCES TO:**

CITY OF LAKE ELMO

ATTN: SANDIE THONE, CITY CLERK

3800 LAVERNE AVENUE NORTH, LAKE ELMO, MN 55042

OR [STHONE@LAKEELMO.ORG](mailto:STHONE@LAKEELMO.ORG)

PLEASE VISIT OUR WEBSITE AT **[WWW.LAKEELMO.ORG](http://WWW.LAKEELMO.ORG)** FOR ADDITIONAL INFORMATION OR CONTACT US AT 651.747.3900

CITY OF LAKE ELMO IS AN EQUAL OPPORTUNITY EMPLOYER



## MAYOR AND COUNCIL COMMUNICATION

DATE: 07/03/2012

**CONSENT**

ITEM #: 5

**MOTION** Consent Agenda

**AGENDA ITEM:** Proclaim August 9 through 12, 2012 Huff n' Puff Days

**SUBMITTED BY:** Sandie Thone, City Clerk

**THROUGH:** Dean A. Zuleger, City Administrator

**SUMMARY AND ACTION REQUESTED:**

As part of the Consent Agenda City Council is respectfully requested by the Lake Elmo Jaycees to proclaim August 9 through 12, 2012 Huff n' Puff Days in the City of Lake Elmo.

The proclamation has been provided for the mayor to read and sign.



Lake Elmo Jaycees  
P.O. Box 198  
Lake Elmo, MN 55042



## Proclamation

WHEREAS, the Lake Elmo Jaycees have been a vital part of the development of young leaders of our community the past 41 years and

WHEREAS, this organization of young people will again be sponsors of Huff n' Puff August 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup>, and 12<sup>th</sup> 2012.

NOW, THEREFORE, I, Dean Johnston, Mayor of Lake Elmo, do hereby proclaim the second week in August 2012 to be

### Huff n' Puff Days

in Lake Elmo, and urge all citizens of our community to give full regard to past and continuing services of the Lake Elmo Jaycees.

Signed this \_\_\_\_\_ day of July, 2012

---

Dean Johnston, Mayor of Lake Elmo



MAYOR AND COUNCIL COMMUNICATION

DATE: 07/03/2012

**CONSENT**

ITEM #: 6

**MOTION** *Consent Agenda*

**AGENDA ITEM:** Temporary Liquor License for Lake Elmo Jaycees

**SUBMITTED BY:** Sandie Thone, City Clerk

**THROUGH:** Dean A. Zuleger, City Administrator

**SUMMARY AND ACTION REQUESTED:**

As part of the Consent Agenda City Council is respectfully requested to consider approval of a temporary on-sale liquor license issued to Lake Elmo Jaycees for their Huff n' Puff Days event held August 9 through 12, 2012, subject to approval of the Director of Alcohol and Gambling Enforcement. In addition the city council is requested to waive the \$25 liquor license fee and the fee for the Lion's Park ball field lighting.

**BACKGROUND INFORMATION:**

Pursuant to Lake Elmo City Code Chapter 111.17 Section B3 temporary on-sale licenses shall be issued only to clubs, charitable, religious or other non-profit organizations in existence for at least three years and shall authorize the on-sale of intoxicating liquor in connection with a social event sponsored by the licensee and subject to the restrictions imposed by MN Statute 340A.

**STAFF REPORT:**

Lake Elmo Jaycees will hold their annual Huff n' Puff Days event August 9 through 12, 2012 and have requested an on-sale temporary special event liquor license to allow for the safe sale of alcoholic beverages at the event. They have successfully submitted an application, certificate of insurance for liquor liability and proof of their non-profit status.

**RECOMMENDATION:**

*Staff recommends city council approve a temporary on-sale liquor license issued to Lake Elmo Jaycees for their Huff n' Puff Days event held August 9 through 12, 2012, subject to approval of the Director of Alcohol and Gambling Enforcement and waive both the \$25 liquor license fee and the fee for the Lion's Park ball field lighting.*



Minnesota Department of Public Safety  
ALCOHOL AND GAMBLING ENFORCEMENT DIVISION  
444 Cedar Street Suite 133, St. Paul MN 55101-5133  
(651) 201-7507 Fax (651) 297-5259 TTY (651) 282-6555  
WWW.DPS.STATE.MN.US



APPLICATION AND PERMIT  
FOR A 1 TO 4 DAY TEMPORARY ON-SALE LIQUOR LICENSE

TYPE OR PRINT INFORMATION

NAME OF ORGANIZATION <u>Lake Elmo Jaycees</u>	DATE ORGANIZED <u>Oct 1970</u>	TAX EXEMPT NUMBER <u>State # 1072528</u> <u>Fed # 41-1478694</u>	
STREET ADDRESS <u>P.O. Box 198</u>	CITY <u>Lake Elmo</u>	STATE <u>MN</u>	ZIP CODE <u>55042</u>
NAME OF PERSON MAKING APPLICATION <u>Dana Monroe</u>	BUSINESS PHONE ( )	HOME PHONE <u>763 228-4172</u>	
DATES LIQUOR WILL BE SOLD <u>Aug 9-12 2012</u>	TYPE OF ORGANIZATION CLUB <u>(CHARITABLE)</u> RELIGIOUS OTHER <u>(NONPROFIT)</u>		
ORGANIZATION OFFICER'S NAME <u>Sarah Quick - President</u>	ADDRESS		
ORGANIZATION OFFICER'S NAME <u>Kali Trinkner - Secretary</u>	ADDRESS		
ORGANIZATION OFFICER'S NAME <u>Ruston Monroe - State Delegate</u>	ADDRESS <u>7405 123<sup>RD</sup> ST W #305 Apple Valley MN 55124</u>		
Location license will be used. If an outdoor area, describe <u>Lions Park, Lake Elmo</u> <u>We will have a beer trailer next to Concession building, behind counters to prevent unauthorized people at Beer.</u>			
Will the applicant contract for intoxicating liquor service? If so, give the name and address of the liquor licensee providing the service.			
Will the applicant carry liquor liability insurance? If so, please provide the carrier's name and amount of coverage. <u>Insurance By Design, LLC 15 West Cliff Road Ste A</u> <u>Burnsville MN 55337</u>			

APPROVAL

APPLICATION MUST BE APPROVED BY CITY OR COUNTY BEFORE SUBMITTING TO ALCOHOL & GAMBLING ENFORCEMENT

CITY/COUNTY \_\_\_\_\_

DATE APPROVED \_\_\_\_\_

CITY FEE AMOUNT \_\_\_\_\_

LICENSE DATES \_\_\_\_\_

DATE FEE PAID \_\_\_\_\_

SIGNATURE CITY CLERK OR COUNTY OFFICIAL


APPROVED DIRECTOR ALCOHOL AND GAMBLING ENFORCEMENT

NOTE: Submit this form to the city or county 30 days prior to event. Forward application signed by city and/or county to the address above. If the application is approved the Alcohol and Gambling Enforcement Division will return this application to be used as the License for the event



# Nonprofit Corporation status

## Lake Elmo Jaycees



**Minnesota Business & Lien System**  
Office of the Minnesota Secretary of State

[Home](#) [Search](#) [Filings](#)

[Search » Business Filings](#)

### Business Record Details »

[File Amendment or Renewal](#) [Order Copies](#) [Order a Certificate](#)

Minnesota Business Name

**Lake Elmo Jaycees**

Business Type

**Nonprofit Corporation (Domestic)**

MN Statute

**317A**

File Number

**2B-53**

Home Jurisdiction

**Minnesota**

Filing Date

**01/10/2003**

Status

**Active / In Good Standing**

Renewal Due Date:

**12/31/2012**

Registered Office Address

**3800 Laverne Ave II  
Lake Elmo MN 55042  
USA**

Registered Agent(s)

**(Optional) None provided**

President

**Sarah Quick  
3185 Karth Road  
Apt 125  
White Bear Lake MN 55110**

[Filing History](#)

[Renewal History](#)

[http://mbisportal.sos.state.mn.us/Business/SearchDetails/2B-53?status=Active&itemType=Nonprofit%20Corporation%20\(Domestic\)](http://mbisportal.sos.state.mn.us/Business/SearchDetails/2B-53?status=Active&itemType=Nonprofit%20Corporation%20(Domestic))





MAYOR AND COUNCIL COMMUNICATION

DATE: July 3, 2012

**REGULAR**

ITEM #: 7

**MOTION**

**AGENDA ITEM:** 2011 Annual Financial Report & Management Letter Presentation

**SUBMITTED BY:** Cathy Bendel, Finance Director

**THROUGH:** Cathy Bendel, Finance Director

**REVIEWED BY:** Dean Zuleger, City Administrator  
Matt Voss; Abdo, Eick & Meyers LLP

**SUMMARY AND ACTION REQUESTED:** The City has retained the services of Abdo, Eick & Meyers to audit the financial statements for 2011. Enclosed are the 2011 Annual Financial Audit Report and Management Letter. The City Council is asked to review and accept the 2011 reports.

**BACKGROUND INFORMATION:** Annually, the City engages the services of an independent outside audit firm to review the financial statements. The accountants are asked to assure that the financial statements are free of material misstatement to the extent possible. They also review to ensure that the proper internal controls are in place.

**STAFF REPORT:** Matt Voss from Abdo, Eick & Meyers will present the report and respond to any inquiries.

**RECOMMENDATION:** It is recommended that the City Council accept the 2011 Year End Annual Financial Report and Management Letter.

**ATTACHMENTS:**

1. 2011 Annual Financial Report
2. 2011 Management Letter





MAYOR AND COUNCIL COMMUNICATION

DATE: 07/03/2012

**REGULAR**

ITEM #: 8

**MOTION**

**AGENDA ITEM:** Mayor and City Council Salaries

**SUBMITTED BY:** Sandie Thone, City Clerk

**THROUGH:** Dean A. Zuleger, City Administrator

**SUMMARY AND ACTION REQUESTED:**

The City Council is respectfully requested to consider the adoption of Ordinance 2012-60 Setting Mayor and City Council annual salaries effective January 1, 2013 in the amount of \$6,250 and \$4,860, respectively.

**STAFF REPORT:**

In November of 2011 the city council asked staff to bring forth an ordinance raising the annual salaries of mayor and council members from the current levels of \$3,915 and \$3,130, respectively to the proposed \$6,250 and \$4,860. The current salaries for mayor and city council have been in effect since January 1, 2008 and were set by Ordinance 97-160. A proposed ordinance was presented by staff in December 2011 and failed by a 2 -3 vote of the council. A comparative study of mayor and council salaries was included with the request and is attached for your review. Per MN Statute and Lake Elmo City Code city council must set salaries by ordinance prior to a regular city election and the salary adjustment may not take effect until the January 1 of year following the next city election.

**RECOMMENDATION:**

*Staff recommends city council adopt Ordinance 2012-60 Setting Mayor and City Council annual salaries effective January 1, 2013 in the amount of \$6,250 and \$4,860, respectively.*

**CITY OF LAKE ELMO  
COUNTY OF WASHINGTON  
STATE OF MINNESOTA  
ORDINANCE 2012-60**

**AN ORDINANCE SETTING MAYOR AND CITY COUNCIL SALARIES**

**Section 1: Ordinance 2012-60:** The Lake Elmo City Council hereby ordains Section 200.01, Subdivision 8 are amended to read as follows:

8. Salaries of Mayor and City Council Members

- a. Effective January 1, 2013, the annual salary of the mayor shall be \$6,250 and the annual salary of each council member shall be \$4,860.

**Section 2: Effective Date:** This ordinance becomes effective on January 1, 2013 after its publication.

**ADOPTION DATE: ADOPTED BY LAKE ELMO CITY COUNCIL ON THE THIRD DAY OF JULY 2012.**

**CITY OF LAKE ELMO CITY COUNCIL**

\_\_\_\_\_  
Dean A. Johnston  
Mayor

Attest:

\_\_\_\_\_  
Sandie Thone  
City Clerk

This Ordinance 2012-60 was published on the \_\_\_\_ day of \_\_\_\_\_ 2012.

(Seal)

# Comparative Mayor and Council Salaries

from 2011 League of Minnesota Cities Salary Survey

all Metro area participants in survey with 5,000 - 25,000 population

Salaries in Descending Order

<u>City</u>	<u>Population</u>	<u>Mayor</u>	<u>Council</u>	<u>Other Compensation</u>
Columbia Heights	18,361	\$ 13,800	\$ 7,800	
Golden Valley	20,132	\$ 11,619	\$ 8,696	\$50/addl mtg, max. 3 mtgs/mo
New Hope	20,718	\$ 10,672	\$ 7,553	\$25 per EDA meeting
Robbinsdale	13,775	\$ 10,151	\$ 8,097	
Crystal	22,014	\$ 10,307	\$ 7,929	
South St. Paul	20,180	\$ 10,200	\$ 6,600	
Champlin	23,934	\$ 9,950	\$ 6,610	
Prior Lake	23,335	\$ 9,420	\$ 7,440	
Stillwater	18,235	\$ 9,000	\$ 7,200	
New Brighton	22,321	\$ 8,600	\$ 7,553	
Rosemount	21,521	\$ 8,528	\$ 6,396	\$35/Port Authority meeting
Hastings	22,491	\$ 8,400	\$ 6,000	
Chaska	24,177	\$ 8,208	\$ 6,948	
West Saint Paul	18,947	\$ 8,100	\$ 6,500	
Farmington	18,959	\$ 8,040	\$ 7,020	
Ramsey	23,272	\$ 8,000	\$ 6,000	
St. Anthony Village	8,437	\$ 7,500	\$ 6,000	Mayor pro-tem: \$6,756 salary
Vadnais Heights	13,071	\$ 7,500	\$ 6,000	
Spring Lake Park	6,768	\$ 7,234	\$ 6,000	
Forest Lake	17,496	\$ 6,500	\$ 5,500	
North Saint Paul	11,569	\$ 6,400	\$ 5,200	
East Bethel	12,090	\$ 6,300	\$ 5,700	
Mounds View	12,733	\$ 6,300	\$ 5,700	
Lino Lakes	20,305	\$ 6,272	\$ 5,018	\$40/addl meeting
Ham Lake	15,324	\$ 6,000	\$ 4,900	
Chanhassen	23,629	\$ 6,000	\$ 4,800	\$50/addl meeting
Dayton	5,072	\$ 6,000	\$ 4,800	
Hopkins	17,290	\$ 6,000	\$ 4,800	
Little Canada	10,036	\$ 5,700	\$ 4,630	
Mendota Heights	11,766	\$ 5,700	\$ 4,200	
Falcon Heights	5,762	\$ 5,400	\$ 3,400	
Waconia	10,183	\$ 4,800	\$ 4,000	
Mahtomedi	8,143	\$ 4,800	\$ 3,600	
Minnnetrista	6,296	\$ 4,800	\$ 3,600	\$50/addl meeting
Oak Grove	8,579	\$ 4,772	\$ 4,100	EDA: Mayor, \$107/mo; Council \$95/mo.
Circle Pines	5,297	\$ 4,500	\$ 3,900	
Saint Francis	7,455	\$ 4,500	\$ 3,900	\$35/half-day
Mound	9,787	\$ 4,500	\$ 3,000	
New Prague	7,081	\$ 4,440	\$ 3,144	
Saint Paul Park	5,221	\$ 4,350	\$ 3,800	
Medina	5,026	\$ 4,250	\$ 3,000	
Rogers	7,497	\$ 4,200	\$ 3,600	
Orono	7,980	\$ 4,200	\$ 3,500	
Lake Elmo	8,326	\$ 3,915	\$ 3,130	
Arden Hills	10,137	\$ 3,600	\$ 3,200	
Shorewood	7,618	\$ 3,600	\$ 3,000	
Victoria	6,727	\$ 2,700	\$ 2,400	
Corcoran	5,842	\$ 1,800	\$ 1,200	





## MAYOR AND COUNCIL COMMUNICATION

DATE: 7/3/12

**REGULAR AGENDA**

ITEM #: 9

**MOTION**

**AGENDA ITEM:** Country Sun Farms – Agricultural Building Construction

**SUBMITTED BY:** Kyle Klatt, Planning Director

**THROUGH:** Dean Zuleger, City Administrator

**REVIEWED BY:** Nick Johnson, City Planner

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**SUMMARY AND ACTION REQUESTED:** The City Council is being asked to review a proposed request from the Country Sun Farm and Greenhouses to construct agricultural buildings on their property at 5500 Lake Elmo Avenue North. The proposed construction would involve a lean-to addition to an existing barn and a new structure to replace a farm building that has fallen down. Details concerning the location of the proposed building and the use of the structures are included in the attached letter from the Country Sun Farms.

Staff is recommending that that City Council authorize construction of the proposed structures as permitted agricultural buildings. The recommended motion to act on this on this request is as follows:

***“Move to authorize construction of two agricultural buildings at 5500 Lake Elmo Avenue North that are consistent with the A – Agricultural and RR – Rural Residential Zoning for this property”***

**BACKGROUND INFORMATION:** Under the terms of the approved Interim Use Permit for an agricultural sales operation on the property, City Council is required to review all new construction to determine whether or not proposed buildings would represent an expansion or modification of the agricultural business. The specific condition that requires this action is as follows:

The addition of any new structures or buildings or expansion of existing structures or buildings, regardless of size, shall require notification to City Staff prior to construction. The City Council will determine if the changes will require an amendment to the Interim Use Permit or to the existing Conditional Use Permit on the site.

Because the proposed buildings would be used for agricultural purposes not directly related to the sales or entertainment business, the proposed structures are permitted as agricultural buildings. There are no limits concerning the number or size of agricultural buildings on agricultural properties (A or RR Zoning) in the City that are over 20 acres in size. Since the Country Sun Farm property is zoned in this manner, the proposed structures are permitted under the Zoning Ordinance.

**RECOMMENDATION:** Staff is recommending that that City Council authorize construction of two agricultural buildings at 5500 Lake Elmo Avenue North that are consistent with the A – Agricultural and RR – Rural Residential Zoning for this property.

**ATTACHMENTS:**

1. Letter from Country Sun Farms
2. Proposed Building Location Map
3. Photograph of Barn Structure (Lean-to Area)

**SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item ..... City Administrator
- Presentation..... Planning Director
- Questions from Council to Staff ..... Mayor Facilitates
- Public Input, If Appropriate..... Mayor Facilitates
- Call for Motion ..... Mayor & City Council
- Discussion..... Mayor & City Council
- Action on Motion..... Mayor Facilitates



# COUNTRY SUN FARM & GREENHOUSES INC.

5500 Lake Elmo Avenue North  
Lake Elmo, Minnesota, 55042  
Phone (651) 351-5139  
Cell (651) 399-7423  
Keithbergmann@msn.com

June 13, 2012

City of Lake Elmo  
3800 Laverne Ave. N.  
Lake Elmo, Mn. 55042

Dear Mr. Klatt,

This letter is being sent to you as a follow up to our conversation the other day regarding the addition of any structures to the property at Country Sun Farm and Greenhouses. As we reviewed our various permits, it was determined that the addition of any structures to the property regardless of use would require notification to the city to determine if their use would be acceptable and fall under agricultural guidelines.

We are proposing to add two additional agricultural structures to the property. The first one is a lien-to addition to an existing barn. The addition would be approximately 24' by 50', would be attached directly to the existing building, and would match the look of the old barn in that it would be all wood siding with a corrugated steel roof. The structure would be used to house farm implements in service at our farm. This structures location is marked on the attached map as site 1. Also included is a photograph of the side of the barn that this lien-to would be attached to.

The other structure being proposed would be located at site 2 on the attached map. This structure will be approximately 16' by 32' will also be all wood construction with a steel roof, and will be painted red to match the old red barn sitting next to it. This structure will be built upon the foundation/replace an old farm building which was previously located on this site, which has fallen down. This structure will be used to house two hay balers used on the property.

Thank you for your time and consideration in this matter.

Sincerely,



Keith Bergmann  
Country Sun Farm & Greenhouses Inc.

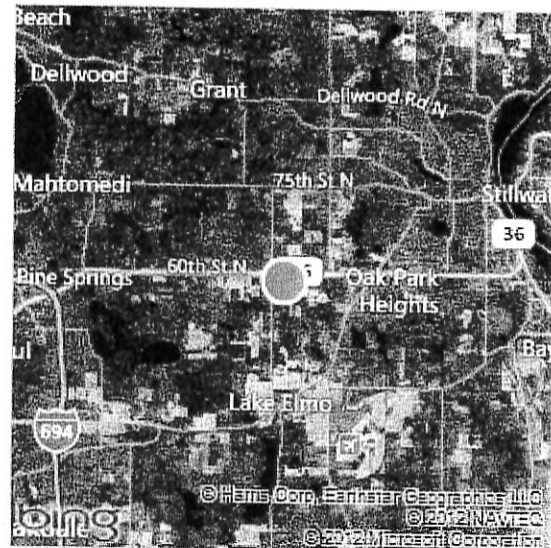
bing Maps

**11211 60th St N, Stillwater, MN 55082**

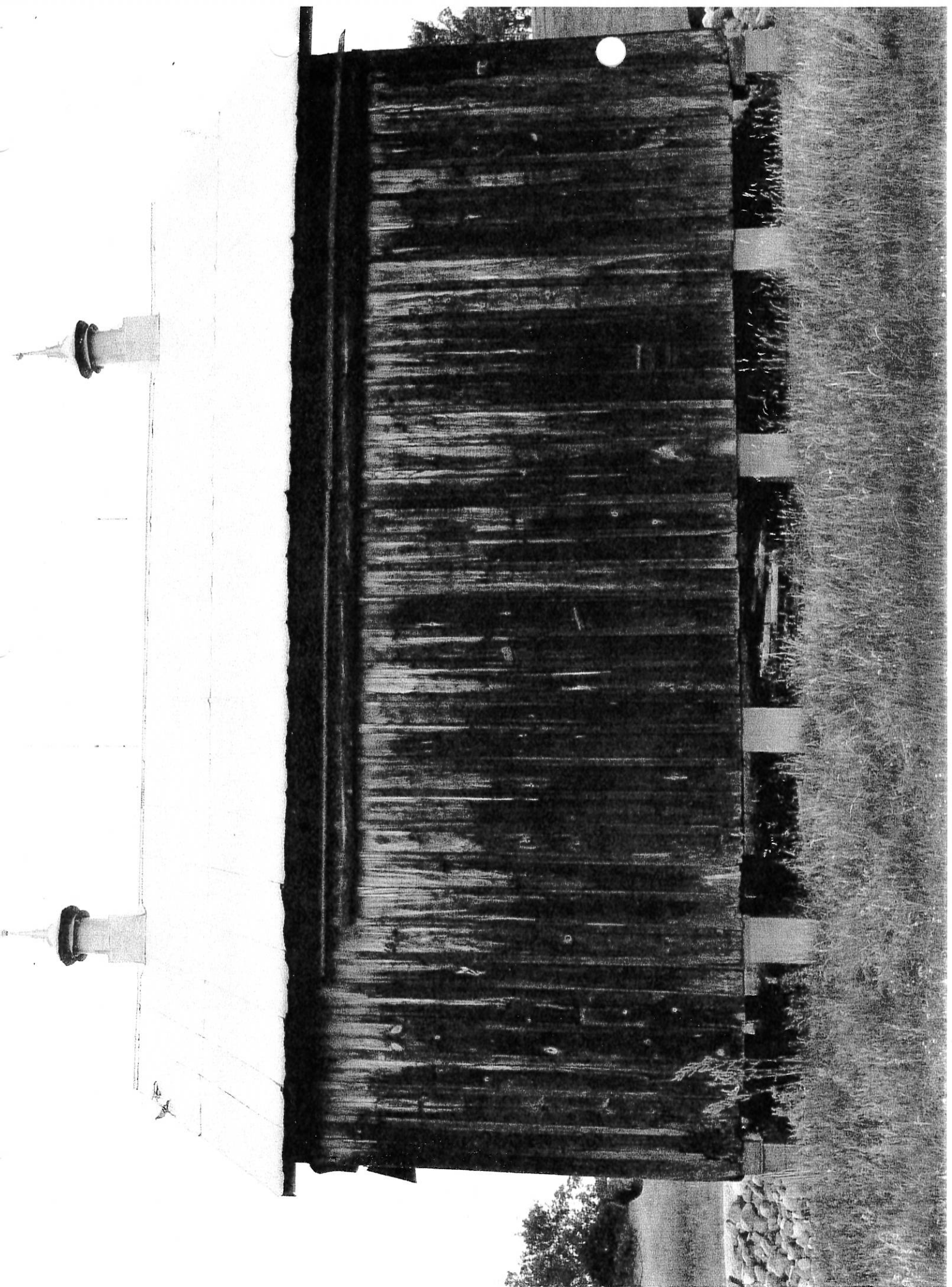
## My Notes



On the go? Use **m.bing.com** to find maps, directions, businesses, and more.



Bird's eye view maps can't be printed, so another map view has been substituted.





## 2012 City of Lake Elmo 3rd Quarter Program of Work Schedule

### Program Basics

Council Draft Minutes -

Tuesday @ 5 PM Before Council Mtg

Council Packet Submissions -

Thursday @ 5 PM Before Council Mtg

Financial Statements, Building Permit Update –

2<sup>nd</sup> Council Meeting Packet

### July 2012

Audit Complete

July 3<sup>rd</sup>

Fall Festival FR Letters Out

July 5<sup>th</sup>

EDA Workshop

July 10<sup>th</sup>

Website Launch (D) / Newsletter

July 15<sup>th</sup>

2012 Borrowing Complete

July 17<sup>th</sup>

Lake Ordinance Final

July 17<sup>th</sup>

Employee Handbook Draft to Council (D)

July 17<sup>th</sup>

Social Media / Cable Communication Policy

July 17<sup>th</sup>

Zoning for I-94 Corridor Complete (D)

July 23<sup>rd</sup>

2013 Budget Draft Complete

July 30<sup>th</sup>

### August 2012

Deputy Clerk Position Filled

August 1<sup>st</sup>

EDA Resolution / Structure Adopted

August 7<sup>th</sup>

Demontreville Project Commences

Budget Workshop

August 14<sup>th</sup>

Northland Securities Financial Analysis

August 17<sup>th</sup>

Administrative Assistant Position Filed

August 17<sup>th</sup>

I-94 Design Standards Complete

August 17<sup>th</sup>

Environmental Commission Meets

August 19<sup>th</sup>

Lake Elmo Demonstration Project Complete

August 20<sup>th</sup>

EDA Appointed

August 21<sup>st</sup>

Comp Plan / Zoning Old Village

August 27<sup>th</sup>

EDA Scoping / Plan of Work Meeting

August 28<sup>th</sup>

### September 2012

Building Official Hired

September 4<sup>th</sup>

Fire Truck Specs Complete

September 7<sup>th</sup>

Fall Festival

September 7<sup>th</sup> and 8<sup>th</sup>

D=Delayed from 2nd Quarter











CITY OF LAKE ELMO  
LAKE ELMO, MINNESOTA

MANAGEMENT LETTER

FOR THE YEAR ENDED  
DECEMBER 31, 2011





June 25, 2012

5201 Eden Avenue  
Suite 250  
Edina, MN 55436

Management, Honorable Mayor and City Council  
City of Lake Elmo, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lake Elmo, Minnesota (the City), for the year ended December 31, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing on our audit. We have communicated such information in our letter to you dated November 21, 2011. Professional standards also require that we communicate to you the following information related to our audit.

#### **Our Responsibility under Auditing Standards Generally Accepted in the United States of America**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control over financial reporting of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control over financial reporting. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

#### **Significant Audit Findings**

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the following page as finding 2011-1 to be a material weakness in internal control over financial reporting.





## 2011-1 Material audit adjustments

<i>Condition:</i>	<p>During our audit, adjustments were needed to correct the year-end trial balance, which include:</p> <ul style="list-style-type: none"><li>• Receipts collected from utility bills were miscoded in the accounting software to Water and should have identified for Storm Sewer.</li><li>• The General fund received a contribution from Washington County for any and all future costs to provide snow and ice removal services and other maintenance for Demontreville Trail/County Road 13B until 11/01/2013.</li></ul>
<i>Criteria:</i>	<p>The financial statements are the responsibility of the City's management. Additionally, funds are segregated for the purpose of carrying on specific activities or objectives under special regulations, restrictions or limitations.</p>
<i>Cause:</i>	<p>The City has not prepared a year-end trial balance reflecting all necessary accounting entries. Specifically,</p> <ul style="list-style-type: none"><li>• Receipts are tracked on an excel spreadsheet as collected and then entered into the accounting system monthly. It appears that certain receipts collected from Storm Sewer charges were not properly classified. Also, there is no formal reconciliation done by the City to ensure that what has been billed is properly recorded as revenue in the appropriate fund in the accounting system.</li><li>• Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. The donation has not met these requirements and needed to be adjusted to deferred revenue.</li></ul>
<i>Effect:</i>	<p>This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency.</p>
<i>Recommendation:</i>	<p>We recommend that management review and approve each adjustment, obtain an understanding of why each was necessary and modify current procedures to ensure that future corrections are minimized. Further, we recommend reconciliation be completed, quarterly at a minimum, that identifies any discrepancy between utility billings charged and collected from the billing software to the revenue recorded in the accounting system.</p>
<i>Management response:</i>	<p>The management team will review each journal entry in an effort to better understand the reason the modification was necessary in an effort to limit future corrections. Although these adjustments were minor compared to total utility collections and total fund balance, management agrees that additional reconciling needs to be done throughout the year to allow for timely corrections.</p>

## Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of Minnesota statutes. However, the objective of our tests was not to provide an opinion on compliance with such provisions. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. We noted no instances of noncompliance with Minnesota statutes.





### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The requirements of GASB statements No. 54 were adopted for the year ended December 31, 2011. The application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation on capital assets, other postemployment benefits payable and the allocation of payroll expenses.

- Management's estimate of depreciation is based on the estimated useful lives of capital assets. Depreciation is calculated using the straight-line method.
- Management's estimate of its OPEB liability is based on several factors including, but not limited to, anticipated retirement age for active employees, life expectancy, turnover, and healthcare cost trend rate.
- Allocations of gross wages and payroll benefits are approved by Council within the City's budget and are derived from each employee's estimated time to be spent servicing the respective functions of the City.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. We proposed two journal entries that we consider to be audit entries or corrections of management decisions. They related to the situations previously discussed in finding 2011-1.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated June 25, 2012.







## Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the City’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. Other items for improvement include:

### Utility billing adjustments

*Condition:* During analysis of revenues, we noted various adjustments recorded to the City’s utility billing system in 2011. Roughly \$44,300 was from delinquent bills certified to the County for collection, and approximately \$56,700 was identified as necessary adjustments to correct other mechanical errors (ex. meter malfunction, software error from calculating usage, correction of estimated usage, etc.), including one adjustment of nearly \$21,500 to a single commercial utility customer. This one adjustment was a result of a new tier structure approved by the City Council for hotel/motel businesses in the summer of 2011 retroactive to the implementation of the tiered structure billing for this client. Remaining net adjustments totaled approximately \$24,000, which were identified as regular minor adjustments by staff. There does not appear to be a formal documented policy or procedure regarding how these adjustments are approved.

*Criteria:* Internal controls should include standardized procedures on how adjustments are made as well as a process to catch these errors prior to the bills being sent.

*Cause:* The primary cause of these adjustments is billing system software limitations. The billing system requires global updates and processing. As a result, even though many corrections are identified prior to publishing the bills, they cannot be processed systematically in the edit process in the system.

*Effect:* As evident in the amount of adjustments made in 2011, the City is exposed to the risk of billing error. Also, significant time has been spent by staff to identify and correct these errors.

*Recommendation:* We recommend a documented procedures policy be adopted to ensure proper monitoring is in place. This has become more important as the City’s utility function continues to grow and evolve. A few procedure to consider would be 1) setting a dollar limit of adjustments needing prior approval from the Finance Director, City Administrator, or even Council prior to being entered into the system, 2) having either the Finance Director or City administrator formally approve a monthly report of billing adjustments, and 3) continue to review billing register summaries, documenting reasonableness compared to previous register summaries prior to mailing the billing statements.

### Management response:

Management acknowledges that utility billing errors occur and are corrected via billing adjustments. Staff will work on continuing to improve internal controls to minimize these types of errors before they occur where possible. A formal documented policy needs to be implemented related to the types of adjustments and the approval necessary prior to processing those adjustments.





### **Collection of delinquent utility bills**

- Condition:* At year-end, the City has significant delinquent balances due from customers beyond the current fourth quarter billing. For the Water, Sewer, and Storm Sewer funds, the outstanding balance at 2011 was approximately \$79,000, \$26,000, and \$63,000, respectively. Of these balances, over \$105,000 relates to balances that were more than 90 days old. Although the City has the ability to certify delinquent utility bills to the County for collection with special assessments, several accounts could not be assessed due to pending appeals.
- Criteria:* From an operational standpoint, rates are established to cover operating expenses as well as debt requirements and anticipated capital purchases. Ultimately, it is Council's responsibility to manage the ongoing activities of each of the funds, including monitoring that cash levels will meet future operating, debt, and capital needs.
- Cause:* This appears to be primarily a result of accounts that are under appeal, not being renewed, or not being resolved.
- Effect:* This has required the City to use a significant amount of cash reserves to cover operating expenses within the Water, Sewer, and Storm Sewer funds for an extended period of time.
- Recommendation:* It is important that Council be aware of the receivable balance outstanding as well as be reminded of the importance to monitor cash within each fund of the City. We recommend a documented procedures policy be adopted to ensure proper monitoring is in place, including setting an appeal process/policy to address collection or adjustment of account balances, particularly those greater than 90 days past due, in a timely manner. This has become more important as the City's utility function continues to grow and evolve.
- Management response:*
- Staff will work on internal controls to reduce the amount of delinquent balances carried by the City. In particular, Management is in the process of submitting a Surface Water Utility Fee Appeal Process / Credit Policy that will address some of the items identified above, as well as balances outstanding due to hardships.





## Financial Position and Results of Operations

Our principal observations and recommendations are summarized below. These recommendations resulted from our observations made in connection with our audit of the City's financial statements for the year ended December 31, 2011.

### General Fund

The General fund is used to account for resources traditionally associated with government, which are not required legally or by sound principal management to be accounted for in another fund. The General fund balance increased \$227,759 from 2010. The fund balance of \$2,913,920 is 100 percent of the 2012 budgeted expenditures. We recommend the fund balance be maintained at a level sufficient to fund operations until the major revenue sources are received in June. We feel a reserve of approximately 50 percent of planned expenditures and transfers out is adequate to meet working capital and small emergency needs. Considering the General fund has advanced monies to other funds, the unassigned fund balance of \$1,707,711 is a better measure of funds available to meet the needs of the City. This amount is 59 percent of the 2012 budgeted expenditures. In addition, the City has formally adopted a fund balance policy for the General fund to maintain a minimum unassigned fund balance of 50 percent of the following year's budgeted expenditures for cash-flow timing needs. The City's ending fund balance is above this target level from the policy.

The purposes and benefits of a strong fund balance are as follows:

- Expenditures are incurred somewhat evenly throughout the year. However, property tax and state aid revenues are not received until the second half of the year. An adequate fund balance will provide the cash flow required to finance the General fund expenditures until these revenue sources are received.
- The City is vulnerable to legislative actions at the State and Federal level. The State continually adjusts the local government aid and property tax credit formulas. An adequate fund balance will provide a temporary buffer against those aid adjustments and levy limits.
- Expenditures not anticipated at the time the annual budget was adopted may need immediate Council action. These would include capital outlay, replacement, lawsuits and other items. An adequate fund balance will provide the financing needed for such expenditures.
- A strong fund balance will assist the City in maintaining, improving or obtaining its bond rating. The result will be better interest rates in future bond sales.

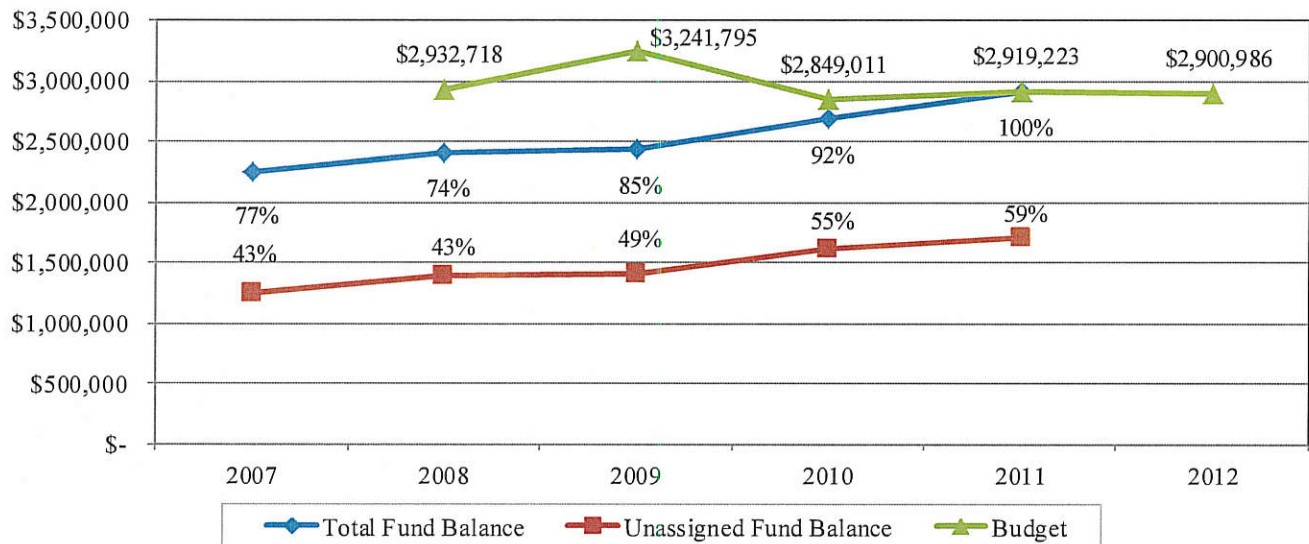




A table summarizing the General fund balance in relation to budget expenditures and transfers out follows:

Year	Total Fund Balance December 31	Unassigned Fund Balance December 31	Budget Year	General Fund Budget	Percent of Total Fund Balance to Budget	Percent of Unassigned Fund Balance to Budget
2007	\$ 2,254,950	\$ 1,251,127	2008	\$ 2,932,718	77 %	43 %
2008	2,410,841	1,395,088	2009	3,241,795	74	43
2009	2,435,810	1,403,240	2010	2,849,011	85	49
2010	2,686,161	1,617,211	2011	2,919,223	92	55
2011	2,913,920	1,707,711	2012	2,900,986	100	59

**Fund Balance as a Percent of Next Year's Budget**



We have compiled a peer group average derived from information available on the website of the Office of the State Auditor for Cities of the 4th class which have populations of 2,500-10,000. In 2009 and 2010, the average General fund balance as a percentage of expenditures was 63 percent and 67 percent, respectively. Based on comparison to the peer groups, the City's General fund balance is above average.







A summary of the 2011 operations is as follows:

	Final Budget	Actual	Variance with Final Budget
Revenues	\$ 2,919,223	\$ 3,062,572	\$ 143,349
Expenditures	<u>2,737,223</u>	<u>2,604,308</u>	<u>132,915</u>
Excess of revenues over expenditures	182,000	458,264	276,264
Other financing uses			
Transfers out	<u>(182,000)</u>	<u>(230,505)</u>	<u>(48,505)</u>
Net change in fund balance	-	227,759	227,759
Fund balances, January 1	<u>2,686,161</u>	<u>2,686,161</u>	<u>-</u>
Fund balances, December 31	<u>\$ 2,686,161</u>	<u>\$ 2,913,920</u>	<u>\$ 227,759</u>

The City did not amend the General fund budget during the year. Actual operations of the fund provided an increase of \$227,759. Some of the line items with significant variances from the final budget are highlighted below:

- Revenues were \$143,349 over budget during 2011. The main factor of this positive variance relates to licenses and permits, which were over budget by \$62,459.
- The next largest positive revenue variance occurred within intergovernmental revenues for \$40,277.
- Expenditures were \$132,915 under budget in 2011. Each of the public safety, public works, and culture and recreation functions were under budget by \$73,689, \$53,810, and \$50,195, respectively.
- The only expenditure variance over budget was in general government totaling \$44,779. Expenditures relating to accounting and auditing (\$18,472) and legal fees (\$35,081) are the main reasons for the variance.

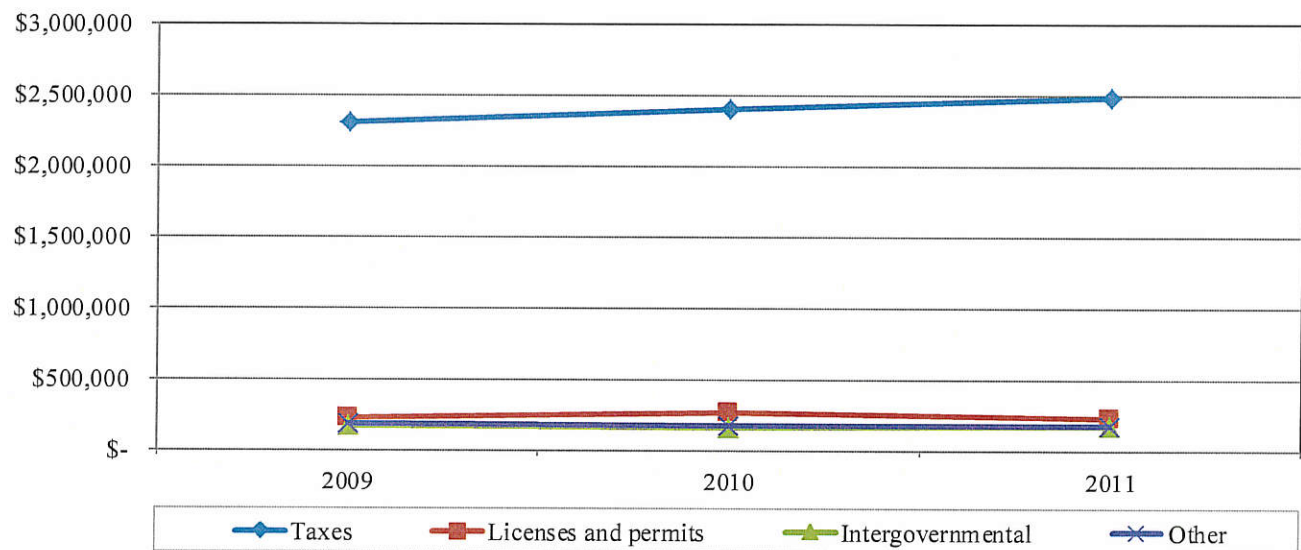




A more detailed comparison of General fund revenues with the prior years is as follows:

Source	2009	2010	2011	Percent of Total	Per Capita
Taxes	\$ 2,309,821	\$ 2,409,509	\$ 2,486,117	81.2 %	\$ 308
Licenses and permits	225,166	261,450	230,419	7.5	29
Intergovernmental	165,708	155,293	172,750	5.6	21
Charges for services	11,433	11,616	14,691	0.5	2
Fines and forfeitures	54,052	68,897	63,819	2.1	8
Investment earnings	72,715	59,711	59,413	1.9	7
Miscellaneous	50,327	25,333	35,363	1.2	4
<b>Total revenues</b>	<b>\$ 2,889,222</b>	<b>\$ 2,991,809</b>	<b>\$ 3,062,572</b>	<b>100.0 %</b>	<b>\$ 379</b>

The revenues summarized above are presented graphically as follows:





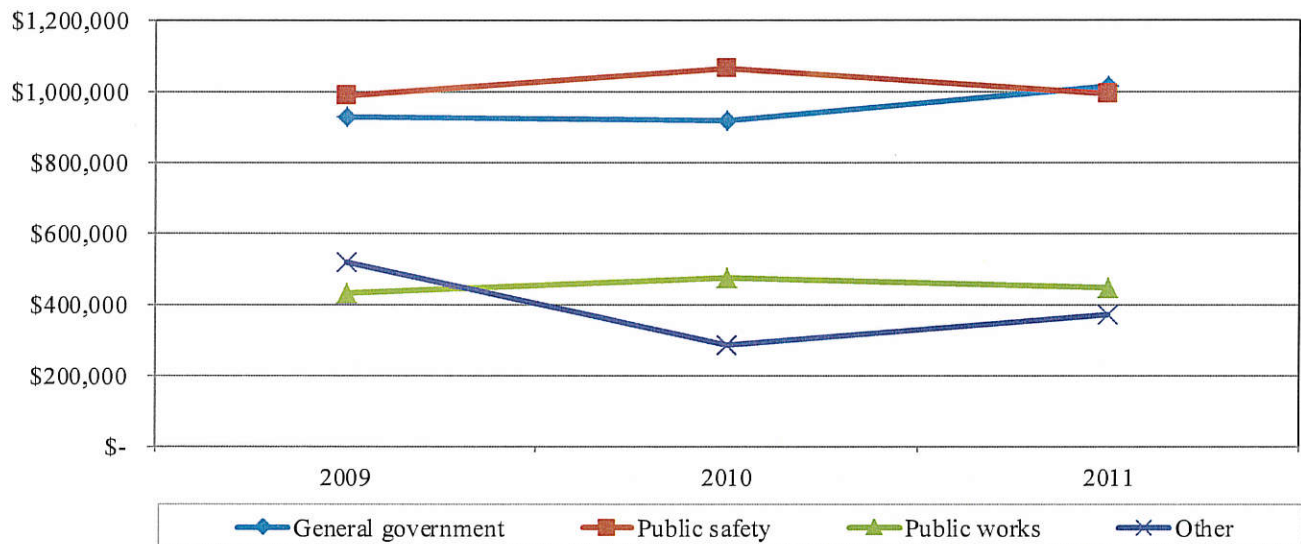


A more detailed comparison of General fund expenditures and transfers with the prior years is as follows:

Program	2009	2010	2011	Percent of Total	Per Capita	Peer Group Per Capita
General government	\$ 929,960	\$ 921,590	\$ 1,016,898	35.9 %	\$ 126	\$ 123
Public safety	988,082	1,064,176	996,733	35.2	124	204
Public works	430,832	473,293	447,629	15.8	55	108
Culture and recreation	165,644	155,549	143,048	5.0	18	47
Transfers out	349,735	126,850	230,505	8.1	29	-
Total expenditures and transfers	<u>\$ 2,864,253</u>	<u>\$ 2,741,458</u>	<u>\$ 2,834,813</u>	<u>100.0 %</u>	<u>\$ 352</u>	<u>\$ 482</u>

The above chart compares the amount the City spends per capita, in comparison to a peer group. We have compiled peer group average fund balance information from approximately 120 fourth class cities (populations of 2,500 to 10,000). The peer group average is derived from information available on the website of the Office of the State Auditor.

The expenditures and transfers summarized above are presented graphically as follows:







## Debt Service Funds

Debt Service funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than enterprise fund debt). Debt Service funds may have one or a combination of the following revenue sources pledged to retire debt as follows:

- Property taxes - Primarily for general City benefit projects such as parks and municipal buildings. Property taxes may also be used to fund special assessment bonds which are not fully assessed.
- Capitalized interest portion of bond proceeds - After the sale of bonds, the project may not produce revenue (tax increments or special assessments) for a period of one to two years. Bonds are issued with this timing difference considered in the form of capitalized interest.
- Special assessments - Charges to benefited properties for various improvements.

In addition to the above pledged assets, other funding sources may be received by Debt Service funds as follows:

- Residual project proceeds from the related capital projects fund
- Investment earnings
- State or Federal grants
- Transfers from other funds

Debt Description		December 31, 2011			Final Maturity Date
		Total Cash	Total Assets	Bonds Outstanding	
313	2004 G.O. CIP Bond	\$ 3,209,184	\$ 3,209,184	\$ 3,205,000	2013
314	2006 G.O. Equipment Certificates of Indebtness	17,797	17,797	196,000	2015
315	2009A G.O. Refunding Bond	-	340,000	340,000	2016
316	2009B G.O. Improvement Bond	164,600	226,729	545,000	2020
317	2010A G.O. Improvement Bond	142,162	228,662	710,000	2021
318	2010B G.O. CIP Crossover Refunding Bond	-	-	1,970,000	2025
319	2011A G.O. Improvement Bond	878	878	845,000	2022
Total All Debt Service Funds		<u>\$ 3,534,621</u>	<u>\$ 4,023,250</u>	<u>\$ 7,811,000</u>	

The 2004 G.O. CIP Bond has been refunded by the 2010B G.O. CIP Crossover Refunding Bond. The cash with fiscal agent balance is primarily set aside for the future principal payment of \$2,845,000 in 2013.

The 2011A G.O. Improvement Bond was issued in 2011 for funding the 2011 street improvements project.







### Special Revenue Funds

Special revenue funds receive revenue from specific sources and expenditures are for specific purposes. The following funds, with fund balances included, comprise the Special revenue fund type:

Fund	Fund Balances December 31,		Increase (Decrease)
	2011	2010	
Nonmajor			
Development	\$ -	\$ 15,973	\$ (15,973)
Fall Festival	7,114	11,351	(4,237)
Library	(7,483)	-	(7,483)
Total	<u>\$ (369)</u>	<u>\$ 27,324</u>	<u>\$ (27,693)</u>

The Development fund was closed at the end of 2011. The Library fund was established in 2011 to account for the operations surrounding the new library. The Fall Festival fund remained stable during 2011.

### Capital Projects Funds

These funds accumulate resources to finance major capital acquisition and construction projects. A recap of each fund and fund balances (deficits) follows:

Fund	Fund Balances (Deficits) December 31,		Increase (Decrease)
	2011	2010	
Major			
Village Project	\$ (1,205,398)	\$ (1,146,241)	\$ (59,157)
2011 Street Improvements	184,946	(41,948)	226,894
Nonmajor			
Park Dedication	952,641	949,345	3,296
Infrastructure Reserve	49,259	44,145	5,114
Vehicle Acquisition	353,433	363,012	(9,579)
City Facilities	271,085	276,501	(5,416)
Manning Avenue/Highway 36	(6,794)	(7,701)	907
2010 Street Improvements	-	39,669	(39,669)
2012 Street Improvements	(10,650)	-	(10,650)
South of 10th Street	(123,429)	-	(123,429)
Total	<u>\$ 465,093</u>	<u>\$ 476,782</u>	<u>\$ (11,689)</u>

As projects are completed the City should transfer the remaining resources to the original funding source or to a permanent reserve fund. As mentioned above, all funds should maintain a balance sufficient to provide for project costs. Each deficit indicates a funding shortfall and all will eventually need to be eliminated whether by issuing bonds, future charges, or by transfers from other funds. Council should monitor the original financing plans.



**Internal Service Funds**

These funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the funding of equipment replacement for radios, IT, furniture, fixtures, and other equipment. These services predominantly benefit governmental rather than business-type functions. A recap of each fund and net asset balances follows:

Fund	Net Assets, December 31,		Increase (Decrease)
	2011	2010	
Radio Replacement	\$ 89,748	\$ 91,755	\$ (2,007)
IT Replacement	67,414	78,639	(11,225)
FFE Replacement	158,173	147,960	10,213
Total	<u>\$ 315,335</u>	<u>\$ 318,354</u>	<u>\$ (3,019)</u>

These funds accumulate funding primarily from other departments within the City on a cost reimbursement basis, as identified within the City's budget. 2011 activity included transfers of \$18,000 from the General fund into these funds for future capital purchases, as well as over \$42,000 transferred for the purchase of fire equipment. These transfers were primarily offset with depreciation of approximately \$55,000. We recommend the City reevaluate the intended use of these funds, either to establish a plan for continued financing and purchasing with these funds or to close them to other governmental funds.





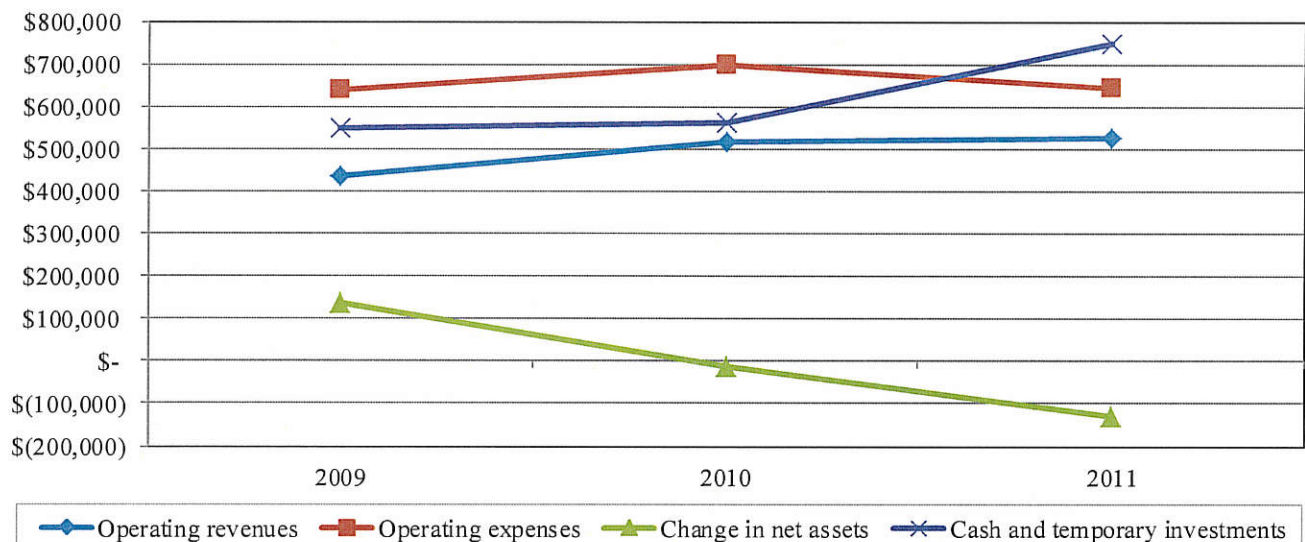
## Enterprise Funds

The Water Utility, Sewer Utility and Storm Sewer Utilities make up this fund type.

### Water Utility Fund

A three year comparison for the Water Utilities fund follows:

	2009		2010		2011	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 437,255	100.0 %	\$ 517,359	100.0 %	\$ 526,979	100.0 %
Operating expenses	641,293	146.7	699,745	135.3	647,962	123.0
Operating loss	(204,038)	(46.7)	(182,386)	(35.3)	(120,983)	(23.0)
Nonoperating expenses	(70,465)	(16.1)	(142,768)	(27.6)	(139,054)	(26.4)
Transfers in	-	-	50,000	9.7	50,000	9.5
Capital contributions	411,553	94.1	265,401	51.3	79,367	15.1
Change in net assets	<u>\$ 137,050</u>	<u>31.3 %</u>	<u>\$ (9,753)</u>	<u>(1.9) %</u>	<u>\$ (130,670)</u>	<u>(24.8) %</u>
Cash and temporary investments	<u>\$ 553,346</u>		<u>\$ 565,407</u>		<u>\$ 752,658</u>	
Bonds payable	<u>\$ 4,715,000</u>		<u>\$ 4,680,000</u>		<u>\$ 4,640,000</u>	



The fund incurred an operating loss each of the last three years, however, it is encouraging the loss is now only \$120,983 compared to \$204,038 in 2009. Currently, net cash from operations are not sufficient to pay the Water fund's debt requirements. The increase in cash of \$187,251 from 2010 is due to multiple factors, including: tower rental of \$48,555, connection fees of \$74,100, a transfer from the General fund of \$50,000, and payment of the remaining \$56,226 borrowed to the Storm Sewer fund. We recommend the City review rates annually to determine if operating revenues will cover operating costs, debt requirements, and future projects.

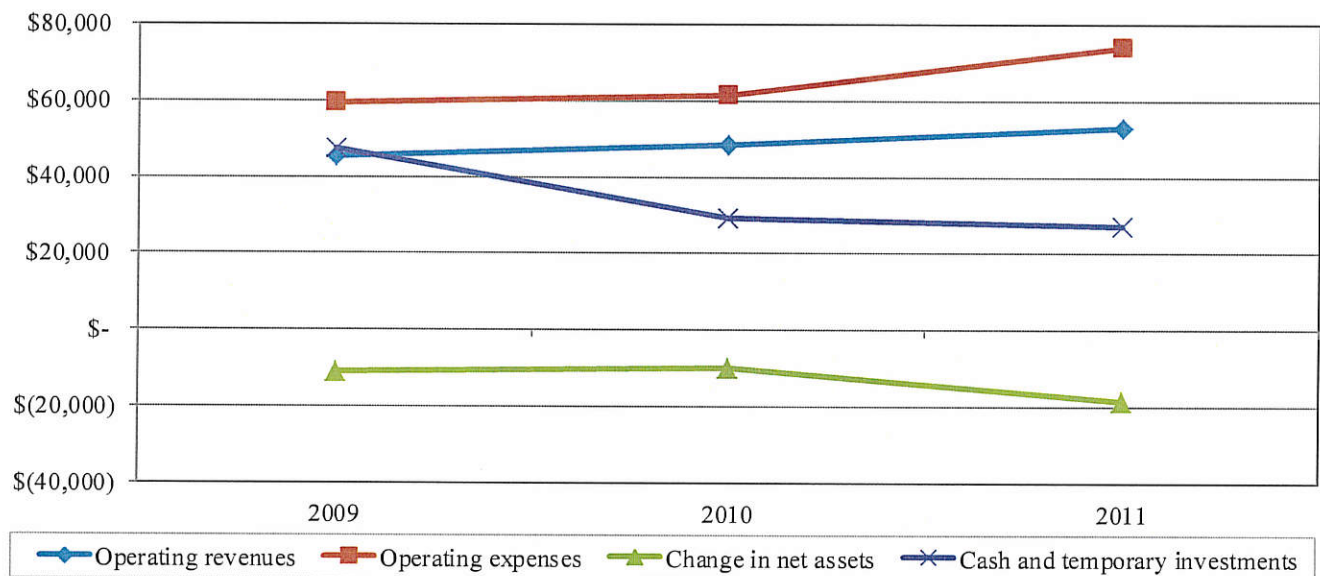




### Sewer Utility Fund

A three year comparison for the Sewer Utility fund follows:

	2009		2010		2011	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 45,146	100.0 %	\$ 48,508	100.0 %	\$ 53,012	100.0 %
Operating expenses	59,243	131.2	61,513	126.8	73,797	139.2
Operating loss	(14,097)	(31.2)	(13,005)	(26.8)	(20,785)	(39.2)
Nonoperating revenues	3,083	6.8	632	1.3	418	0.8
Capital contributions	-	-	2,400	4.9	1,785	3.4
Change in net assets	<u>\$ (11,014)</u>	<u>(24.4) %</u>	<u>\$ (9,973)</u>	<u>(20.6) %</u>	<u>\$ (18,582)</u>	<u>(35.0) %</u>
Cash and temporary investments	<u>\$ 47,474</u>		<u>\$ 29,226</u>		<u>\$ 27,062</u>	



The Sewer fund showed an operating loss and a decrease in cash and temporary investments each of the last three years. The City needs to ensure their current rate structure is sufficient to cover operations of the fund as well as any future project costs.



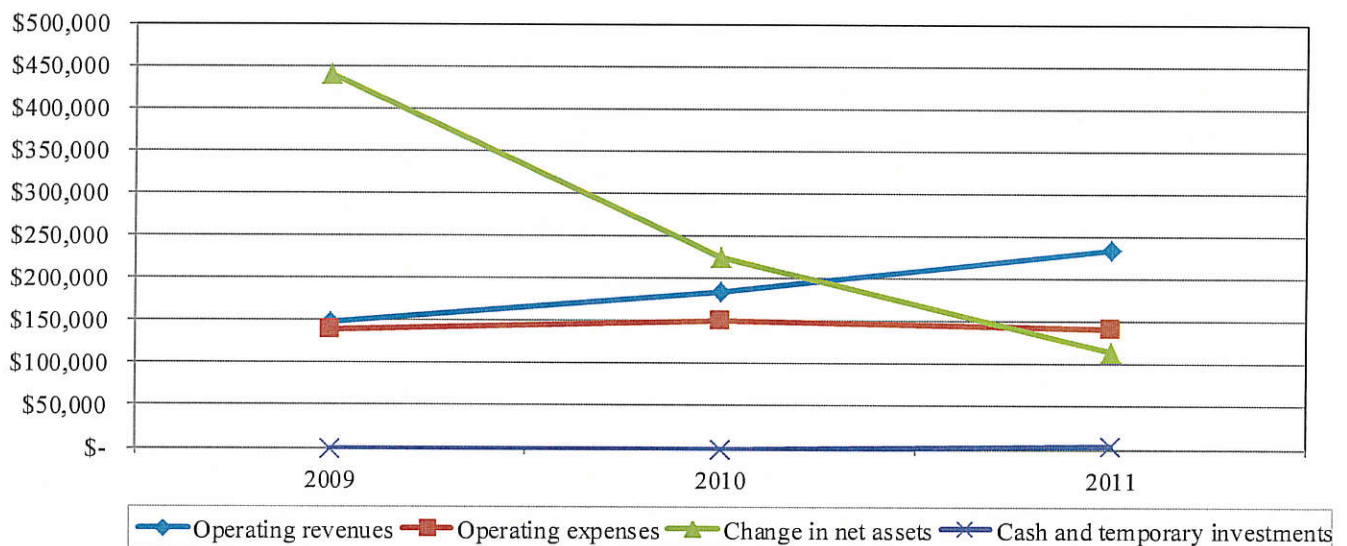




## Storm Sewer Utility

A three year comparison for the Storm Sewer Utility fund follows:

	2009		2010		2011	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 149,347	100.0 %	\$ 185,425	100.0 %	\$ 235,252	100.0 %
Operating expenses	140,365	94.0	151,384	81.6	142,517	60.6
Operating income	8,982	6.0	34,041	18.4	92,735	39.4
Nonoperating revenues (expenses)	(3,188)	(2.1)	32,638	17.6	17,468	7.4
Transfers in	100,000	67.0	-	-	-	-
Capital contributions	336,624	225.4	158,546	85.5	4,370	1.9
Change in net assets	<u>\$ 442,418</u>	<u>296.3 %</u>	<u>\$ 225,225</u>	<u>121.5 %</u>	<u>\$ 114,573</u>	<u>48.7 %</u>
Cash and temporary investments	<u>\$ -</u>		<u>\$ -</u>		<u>\$ 3,317</u>	
Due to other funds	<u>\$ 80,154</u>		<u>\$ 56,226</u>		<u>\$ -</u>	



Operating income increased primarily as a result of increasing the billing rate. The change in net assets was lower than the prior year due to fewer capital contributions. After several years of borrowing cash, the ending cash balance in the fund is a positive \$3,317 for 2011. The City will need to continue to review operations of the fund to ensure the future of the fund stays positive.





## Ratio Analysis

The following captures a few ratios from the City's financial statements that give some additional information for trend and peer group analysis. The peer group average is derived from information available on the website of the Office of the State Auditor. Different peer group averages are used for Cities of the 4<sup>th</sup> class (population 2,500 - 10,000). The majority of these ratios facilitate the use of economic resources focus and accrual basis of accounting at the government-wide level. A combination of liquidity (ability to pay its most immediate obligations), solvency (ability to pay its long-term obligations), funding (comparison of financial amounts and economic indicators to measure changes in financial capacity over time) and common-size (comparison of financial data with other cities regardless of size) ratios are shown below.

Ratio	Calculation	Source	2008	2009	2010	2011
Debt to assets	Total liabilities/total assets	Government-wide	34.2% 33.5%	33.3% 33.5%	37.3% 34.3%	38.0% N/A
Debt service coverage	Net cash provided by operations enterprise fund debt payments	Enterprise funds	38.1% 163.3%	75.0% 261.3%	57.2% 90.3%	83.2% N/A
Debt per capita	Bonded debt/population	Government-wide	\$ 1,155 \$ 2,677	\$ 1,151 \$ 2,713	\$ 1,440 \$ 2,774	\$ 1,543 N/A
Taxes per capita	Tax revenues/population	Government-wide	\$ 310 \$ 401	\$ 320 \$ 399	\$ 321 \$ 459	\$ 341 N/A
Current expenditures per capita	Governmental fund current expenditures/population	Governmental funds	\$ 316 \$ 663	\$ 320 \$ 625	\$ 316 \$ 624	\$ 326 N/A
Capital expenditures per capita	Governmental fund capital outlay/population	Governmental funds	\$ 109 \$ 323	\$ 119 \$ 310	\$ 145 \$ 265	\$ 128 N/A
Capital assets % left to depreciate - Governmental	Net capital assets/ gross capital assets	Government-wide	83.2% 70.0%	81.8% 68.3%	79.9% 67.9%	77.4% N/A
Capital assets % left to depreciate - Business-type	Net capital assets/ gross capital assets	Government-wide	89.0% 66.6%	87.1% 67.3%	84.9% 67.8%	82.3% N/A

Represents the City of Lake Elmo

Peer Group ratio





#### **Debt-to-Assets Leverage Ratio (Solvency Ratio)**

The debt-to-assets leverage ratio is a comparison of a City's total liabilities to its total assets or the percentage of total assets that are provided by creditors. It indicates the degree to which the City's assets are financed through borrowings and other long-term obligations (i.e. a ratio of 50 percent would indicate half of the assets are financed with outstanding debt).

#### **Debt Service Coverage Ratio (Solvency Ratio)**

The debt coverage ratio is a comparison of cash generated by operations to total debt service payments (principal and interest) of enterprise funds. This ratio indicates if there are sufficient cash flows from operations to meet debt service obligations. Except in cases where other nonoperating revenues (i.e. taxes, assessments, transfers from other funds, etc.) are used to fund debt service payments, an acceptable ratio would be above 100 percent.

#### **Bonded Debt per Capita (Funding Ratio)**

This dollar amount is arrived at by dividing the total bonded debt by the population of the City and represents the amount of bonded debt obligation for each citizen of the City at the end of the year. The higher the amount, the more resources are needed in the future to retire these obligations through taxes, assessments or user fees.

#### **Taxes per Capita (Funding Ratio)**

This dollar amount is arrived at by dividing the total tax revenues by the population of the City and represents the amount of taxes for each citizen of the City for the year. The higher this amount is, the more reliant the City is on taxes to fund its operations.

#### **Current Expenditures per Capita (Funding Ratio)**

This dollar amount is arrived at by dividing the total current governmental expenditures by the population of the City and represents the amount of governmental expenditures for each citizen of the City during the year. Since this is generally based on ongoing expenditures, we would expect consistent annual per capita results.

#### **Capital Expenditures per Capita (Funding Ratio)**

This dollar amount is arrived at by dividing the total governmental capital outlay expenditures by the population of the City and represents the amount of capital expenditures for each citizen of the City during the year. Since projects are not always recurring, the per capita amount will fluctuate from year to year.

#### **Capital Assets Percentage (Common-size Ratio)**

This percentage represents the percent of governmental or business-type capital assets that are left to be depreciated. The lower this percentage, the older the City's capital assets are and may need major repairs or replacements in the near future. A higher percentage may indicate newer assets being constructed or purchased and may coincide with higher debt ratios or bonded debt per capita.





## **Future Accounting Standard Changes**

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements:

### **GASB Statement No. 60 - *Accounting and Financial Reporting for Service Concession Arrangements***

#### **Summary**

The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. This Statement also provides guidance for governments that are operators in a service concession arrangement.

This Statement requires disclosures about a service concession arrangement including a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, and guarantees and commitments.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

#### **How the Changes in This Statement Will Improve Financial Reporting**

The requirements of this Statement improve financial reporting by establishing recognition, measurement, and disclosure requirements for SCAs for both transferors and governmental operators, requiring governments to account for and report SCAs in the same manner, which improves the comparability of financial statements.

### **GASB Statement No. 61 - *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34***

#### **Summary**

The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14 and the related financial reporting requirements of Statement No. 34, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements.

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances.

This Statement clarifies the reporting of equity interests in legally separate organizations as well. It requires a primary government to report its equity interest in a component unit as an asset.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

#### **How the Changes in This Statement Will Improve Financial Reporting**

The requirements of this Statement result in financial reporting entity financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.







## **Future Accounting Standard Changes - Continued**

### **GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***

#### **Summary**

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations.
2. Accounting Principles Board Opinions.
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged. The provisions of this Statement generally are required to be applied retroactively for all periods presented.

#### **How the Changes in This Statement Will Improve Financial Reporting**

The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.

### **GASB Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position***

#### **Summary**

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

#### **How the Changes in This Statement Will Improve Financial Reporting**

The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.





## Future Accounting Standard Changes - Continued

**GASB Statement No. 64 - Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53**

### Summary

The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2011. Earlier application is encouraged.

### How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or swap counterparty's credit support provider, is replaced.

\* \* \* \* \*

This report is intended solely for the information and use of City Council, management, and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

June 25, 2012  
Minneapolis, Minnesota

*Abdo, Eick & Meyers, LLP*  
ABDO, EICK & MEYERS, LLP  
Certified Public Accountants

