



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 17, 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 July 3, 2012 City Council minutes
- G. **PUBLIC COMMENTS/INQUIRIES**

- H. **PRESENTATIONS**
  - Virginia Holder, GTN

- 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
  - 2a. 2012 Second Quarter Financials
  - 2b. Year-to-Date Permit Report

3. Professional Engineering Support Services Consulting Pool – Approve Updated Pool to add AE2S in the areas of Water and Wastewater Systems
4. Ordinance No. 2012-58 Amending 97.21 Watercraft and Water Surface Regulations and 97.23 (A) Prohibited Structures and Uses
5. Lions Park Tennis Court Resurfacing
6. Lions Park Safety Surface

J. **REGULAR AGENDA**

7. Resolution 2012-35 Authorization for Sale of \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A
8. Authorization to Enter into an Escrow Agreement with Northland Trust Services, Inc. related to the Sale of \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A
9. Resolution 2012-36 Authorization for Sale of \$865,000 General Obligation Improvement Bonds, Series 2012B
10. Resolution 2012-34 – 2012 Street and Water Quality Improvements – Approve Accepting Bids and Awarding Contract
11. Keats Avenue North MSA Street Improvements –Engineer's Update on Proposed Improvements and Authorize Report Revisions
12. Old Village Area Municipal Sanitary Sewer Service – Initiate Preliminary Study
13. Inwood Avenue Trunk Watermain and Booster Station – Initiate Preliminary Study
14. Administrator's Report: Organized Collection Feasibility and Proposed 2014 Plan of Work Schedule
15. Library Board Appointments

K. **SUMMARY REPORTS AND ANNOUNCEMENTS**

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

L. Adjourn



**LAKE ELMO CITY COUNCIL MINUTES**  
**JULY 3, 2012**

**CITY OF LAKE ELMO**  
**CITY COUNCIL MINUTES**  
**JULY 3, 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, Planning Director Klatt, City Clerk Thone, and Finance Director Bendel.

**APPROVAL OF AGENDA**

*MOTION: Council Member Smith moved to approve the June 19, 2012 City Council Agenda as Amended. Council Member Park seconded the motion. **Motion passed 3-0.***

**ACCEPTED MINUTES**

1. The June 19, 2012 City Council minutes were approved as amended by consensus of the City Council.

**PUBLIC COMMENTS/INQUIRIES**

**A) LAKE ELMO LIBRARY**

Steve DeLapp, Library Board President, introduced Olivia Moris, the new library director. Ms. Moris expressed her gratitude to the council for choosing her for the position. Ms. Moris stated she was excited for the opportunity to be involved with the new library, expressing it was a unique chance to create a vibrant local library. She explained September first has been proposed as a tentative date for the grand opening of the library. Council Member Pearson inquired about the type of volunteers currently needed. Moris replied there are numerous opportunities including data entry, cataloguing of materials, sorting, and shelving. Two Eagle Scout Projects are underway that include landscaping and furniture for the new library. Mr. DeLapp added that many volunteers would be needed to realize efforts to increase the hours of the library over current staffing levels. Ms. Moris gave the council a brief synopsis of her previous work experience.

**B) FRIENDS OF THE LAKE ELMO LIBRARY**

Karen Johnston, Friends of the Lake Elmo Library, reported that 1200 people have visited the Interim Library and 800 books have been checked out. Summer story time hours held on Friday mornings have been well attended. She expressed, on behalf of the group, their gratitude for all of the volunteers whose help and assistance in getting the new library ready for opening has been very much appreciated.

**C) HUFF 'N PUFF EVENT**

Mayor Johnson read the Huff 'n Puff Proclamation. Jaycee's Chairperson, Heather Noyes, and Rusty Monroe, State Jaycees delegate, spoke specifically about the vitality of the annual event and explained in detail the event activities and invited the community and surrounding communities to

# LAKE ELMO CITY COUNCIL MINUTES

## JULY 3, 2012

participate in the event on August 9 through 12, 2012. They especially thanked the city for its continued support and for supporting the event for the past 36 years.

Council Member Smith thanked the Jaycees for all of the work they do in the community and expressed her appreciation for the event for the city's residents.

### PRESENTATIONS

None

### CONSENT AGENDA

2. Approve Payment of Disbursements in the Amount of \$130,984.61
3. Approve Resolution 2012-32 Designating Certified Building Official and Approval of Joint Powers Agreement 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

*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 7: 2011 FINAL AUDIT REPORT REVIEW

Finance Director Bendel reported the 2011 Final Audit Report had been received and introduced Matt Voss of Abdo, Eick and Meyers, LLP. He provided a brief summary of the City's financial statement and reviewed the specifics of the management letter with the council.

City Administrator Zuleger recognized Finance Director Bendel for her hard work in getting the city's financial records into shape for the audit, and acknowledged the additional hours and weekends spent during this time. The City Council expressed appreciation for staff's hard work as well.

*MOTION: Council Member Pearson moved to accept the 2011 Year End Annual Finance Report and Management Letter. Council Member Emmons seconded the motion. **Motion passed 5-0.***

#### ITEM 8: ORDINANCE 2012-60 ADOPTING MAYOR AND CITY COUNCIL SALARIES EFFECTIVE JANUARY 1, 2013

Administrator Zuleger requested Council consider adopting the proposed ordinance compensating the council and mayor by raising the annual salaries. He explained that this was originally requested by the Council for consideration in November 2011 and presented by previous Interim Administrator Dawson. The ordinance failed with a 3-2 vote. City Administrator Zuleger stated a comparative study was included in the packet, and that a reasonable and adequate salary adjustment was being presented.

Mayor Johnston spoke in support of the salary increase and stated although he voted against the increase in 2011, he has since heard much support for the increase in discussions with various residents. He added the compensation is minimal comparatively to the time involved in the position.

## LAKE ELMO CITY COUNCIL MINUTES

JULY 3, 2012

Council Member Pearson expressed his discomfort with the salary increase coming back for approval on a typically minimal attended meeting and questioned the reasoning. He specifically questioned the perception or lack of 'trust' that may be created by the city leaders in this sort of practice. Council Member Pearson stated council has a second shot to get this right and feels this sends a negative message. Council Member Pearson continued he did not want to re-hash the details of salary increase as nothing has changed except for maybe the political ambitions and the tightening up of the budget but reiterated his disapproval for the increase.

Council Member Park expressed her support for the increase.

Council Member Emmons spoke in support of the increase. He expressed, although, that he was not excited about it.

Council Member Smith expressed her support for the increase and stated the time at meetings at City Hall and outside of City Hall are numerous, and this increase does not seem unreasonable in the least. Currently, Lake Elmo does not pay for additional city council meetings and feels that could be addressed as well or at least discussion of limiting extra meetings. She stated in addition, the increase may be a draw for quality people as elected officials for the city.

Mayor Johnston stated he was opposed to pay for extra meetings and stated these are just expected for people who enter into public service. Council Member Park explained her support for some type of compensation for extra meetings and stated it was likely the Council would continue to have more meetings than usual as the City continues to grow.

Administrator Zuleger explained there are many communities that add compensation for special or additional meetings.

*MOTION: Mayor Johnston moved to approve Ordinance 2012-60 adopting annual mayor and council salaries to \$6,250 and \$4,860, respectively effective January 1, 2013. Council Member Park seconded the motion. **Motion passed 4-1, Pearson - Nay.***

### ITEM 9: COUNTRY SUN FARMS - AGRICULTURE BUILDING CONSTRUCTION

Planning Director Klatt requested Council review the proposed request from Country Sun Farms and Greenhouse to construct two agricultural buildings on their property; a lean-to addition to an existing barn and a new structure replacing a farm building. Under the terms of the approved Interim Use Permit, the Council must review all new construction.

Council Member Smith inquired if the parcel size had changed, and if Agricultural zoning still required a 20 acre minimum. Mayor Johnston asked if the proposed structure met the RR zoning requirements. Planning Director Klatt responded in the affirmative.

*MOTION: Council Member Smith moved to authorize construction authorize construction of two agricultural buildings at 11211 60<sup>th</sup> Street North that are consistent with the A – Agricultural and RR – Rural Residential Zoning for this property. Council Member Park seconded the motion.*

**LAKE ELMO CITY COUNCIL MINUTES**  
**JULY 3, 2012**

***Motion passed 5-0.***

**ITEM 10: THIRD QUARTER GOALS**

City Administrator Zuleger reported that the 2<sup>nd</sup> Quarter Work Schedule Program had been met with three exceptions due to disruptions and office modifications of City Hall and the HVAC system in the Annex. The Economic Development Authority (EDA) workshop is scheduled for the July 10<sup>th</sup> Council Workshop; the budget process is currently underway; City Engineer Griffin is working on the CIP process.

Council Member Pearson inquired about the current status of organized trash hauling in the City. He expressed his concern for local business owners and their need for a decision on where this may be heading in the future. He expressed his frustration with the state of limbo, and hoped this would not be delayed until after November. Council Member Pearson expressed he is neither in support or opposed to organized hauling but encouraged the council to make a decision to move on it or not.

Council Member Smith stated at the LMC conference they learned how difficult moving forward with the organized collections process may be, and deferred to Administrator Zuleger for details.

Administrator Zuleger stated he had been gathering data on the impact multiple haulers have on the condition of the roads, the savings to the residents which appears to be in the amount of approximately 40 percent, and indemnification from future liability. Maplewood is one of the only local cities in 20 years to have successfully made this transition. He expressed it would be expected to be a 9 to 13 month process and would likely cause much external pressure and cautioned that it could take a considerable toll on council and staff.

Council Member Smith suggested placing this on a future agenda as it was not on this agenda.

City Administrator Zuleger asked whether council would like staff to schedule organized trash hauling on a future agenda.

Council Member Park agreed with Council Member Pearson that the residents and business owners concerns should be addressed and there are several versions of organized collections, but suggested tabling the discussion until 2014.

In response to Council Member Park, City Attorney Snyder stated it was not appropriate to make a motion on an item not on the agenda.

**Mayor Johnston asked staff to place this item on the next meeting's agenda.**

Council Member Emmons clarified other communities have been successful at organized collection.

## LAKE ELMO CITY COUNCIL MINUTES

### JULY 3, 2012

Mayor Johnston stated our first responsibility is to our residents and there appears to be significant savings. He supported moving forward as is reasonably possible.

Council Member Emmons added there would need to be some communication with the residents and discussion about the I-94 Corridor zoning for this to occur. Planning Director Klatt responded that base zoning was in place and materials will be provided to the Council to determine design areas in an efficient manner.

#### SUMMARY REPORTS AND ANNOUNCEMENTS

Council Member Emmons welcomed DSG Architects, a new business located on Lake Elmo Avenue.

Council Member Smith reported she received a design for the logo for Elmo Days and expressed her appreciation for the LMC conference, especially the key note speaker who spoke about the next generation.

Council Member Park reported her son Bobby won the Minnesota Junior Gold Championship tournament with a score of 69.

Council Member Pearson reported that he attended a Library Board meeting, expressing his appreciation for everybody's work on the library and expressed his support in the hiring of Library Director Olivia Moris. He attended a Fire Department meeting with Bayport where he experienced being 110 feet high in the lift truck.

Mayor Johnston reported he attended the LMC Conference, attended Metro Cities who are looking for people to fill various committees, and spoke highly of various communities' Citizen's Academy programs and the possibility of such a program for Lake Elmo in the future.

City Administrator Zuleger reported he had a Citizens Academy at his former city and the closing session was a mock council meeting, which was very effective. Five attended the HOA meeting and the interaction and feedback was helpful; working on code enforcement; participated in a Moody's telephone conversation confirming the City's Aa2 bond rating; discussions with Washington County on Hwy 5 about a traffic and speed study; reviewed the design of brackets for flowering pots on utility poles; meeting with developers about a sophisticated greenhouse project that could provide developmentally disabled adults work; next week's Council Workshop will expound on development of an EDA; he participated in the July 4<sup>th</sup> parade with his granddaughter Iris and expressed his appreciation for Steve Johnson for putting this very community oriented event together.

City Attorney Snyder reported well #4 access easements are completed; internal staff issues have gone smoothly; Joint Powers Agreement with the City of Hugo was completed; a motion to dismiss for detachment hearing is scheduled at the end of July and requested Lake Elmo residents attend.

**LAKE ELMO CITY COUNCIL MINUTES**  
**JULY 3, 2012**

Planning Director Klatt reported that Whistling Valley development is complete; transition with the City of Hugo building officials was going smoothly; working on a more aggressive comprehensive plan schedule and upcoming public hearings.

Finance Director Bendel reported on the completed audit; stated City Administrator Zuleger and herself participated in the Moody's telephone call and received the final bond rating; City received the levy money today; Workers Compensation audit proved to save over eight thousand dollars, and was requesting appraisals on the facilities.

**ADJOURN:** The meeting adjourned at 8:47 p.m.

**LAKE ELMO CITY COUNCIL**

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

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





## MAYOR AND COUNCIL COMMUNICATION

DATE: 07/17/2012

**CONSENT**

ITEM #: 2

**MOTION** Consent Agenda

**AGENDA ITEM:** Approve Disbursements in the Amount of \$204,836.20

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

**THROUGH:** Dean Zuleger, City Administrator

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

---

**SUMMARY AND ACTION REQUESTED:** As part of its Consent Agenda, the City Council is asked to approve disbursements in the amount of \$204,836.20. 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	\$ 9,775.61	Payroll Taxes to IRS & MN Revenue 7/12/2012
ACH	\$ 4,766.47	Payroll Retirement to PERA 7/12/12
DD4045 – DD4083	\$ 30,674.83	Payroll Dated 7/12/12 (Direct Deposit)
38610-38614	\$ 2,131.04	Payroll Dated 7/12/2012 (Payroll Paper Checks)
38615	\$ 7,800.00	Accounts Payable Dated 7/11/12 (Manual Checks)
38616-38667	\$ 148,968.25	Accounts Payable Dated 7/12/12
1524-1535	\$ 720.00	Accounts Payable Dated 7/12/12 (Library Checks)
<b>TOTAL</b>	<b>\$ 204,836.20</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 \$204,836.20.

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 17, 2012, Disbursements as  
Presented *[and modified]* herein.”**

**ATTACHMENTS:**

1. Accounts Payable Dated 7/17/2012

**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: 07/12/2012 - 12:53 PM

Batch: 005-07-2012

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
ABDO Abdo Eick & Meyers, LLP 296089 07/12/2012 101-410-1520-43010 Audit Services 296089 Total: ABDO Total:		16,000.00 16,000.00 16,000.00	0.00	07/17/2012	Progress Bill for 12/31/11 Audit		-	No		0000
AMDAHL Amdahl Chris 9024 07/12/2012 101-420-2220-44010 Repairs/Maint Bldg 9024 Total: AMDAHL Total:		136.00 136.00 136.00	0.00	07/17/2012	Re-Key Offices		-	No		0000
ARAM Aramark, Inc. 629-4532628 07/05/2012 101-430-3100-44170 Uniforms 629-4532628 Total: 629-7527760 06/28/2012 101-430-3100-44170 Uniforms 629-7527760 Total: 629-7534430 07/09/2012 101-420-2220-44010 Repairs/Maint Bldg 629-7534430 Total: 629-7534431 07/09/2012 101-410-1940-44010 Repairs/Maint Contractual Bldg 629-7534431 Total: 629-7534432 07/09/2012 101-420-2220-44010 Repairs/Maint Bldg 629-7534432 Total: ARAM Total:		23.78 23.78 23.78 156.02 156.02 45.73 45.73 154.25 154.25 403.56	0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.00	07/17/2012 07/17/2012 07/17/2012 07/17/2012 07/17/2012 07/17/2012 07/17/2012 07/17/2012 07/17/2012	Uniforms Uniforms Monthly Rug Service Staion #2 Linen City Hall Monthly Rug Service Staion #1		- - - - - - - - -	No No No No No No No No No		0000 0000 0000 0000 0000 0000 0000 0000 0000

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close PO Line #
BATTYPL Batteries Plus Woodbury, Corp 032-754004 07/02/2012 101-420-2220-44040 Repairs/Maint Eqpt 032-754004 Total: BATTYPL Total:		137.33 137.33 137.33	0.00	07/17/2012	Ranger - Replacement Battery		-	No		0000
BIFFS Biff's Inc. Multiple 06/27/2012 101-450-5200-44120 Rentals - Buildings Multiple Total: BIFFS Total:		674.10 674.10 674.10	0.00	07/17/2012	Portable Restrooms		-	No		0000
CDW CDW Government Inc. M109948 06/20/2012 101-410-1320-42000 Office Supplies M109948 Total: CDW Total:		99.14 99.14 99.14	0.00	07/17/2012	Office Supplies		-	No		0000
COMCAST COMCAST 06/27/2012 06/27/2012 101-420-2220-44300 Miscellaneous 06/27/2012 Total: COMCAST Total:		7.90 7.90 7.90	0.00	07/17/2012	Monthly Service		-	No		0000
COMPENSA Compensation Consultants, Ltd July 2012 07/05/2012 101-410-1320-44300 Miscellaneous July 2012 Total: COMPENSA Total:		40.00 40.00 40.00	0.00	07/17/2012	Monthly FSA Admin fee July 2012		-	No		0000
CTYBLOOM City of Bloomington 06/01/2012 06/01/2012 601-494-9400-42270 Utility System Maintenance 06/01/2012 Total: CTYBLOOM Total:		30.00 30.00 30.00	0.00	07/17/2012	Lab Bacteria Testing		-	No		0000
CTYOAKDA City of Oakdale 201207023251 06/29/2012 101-420-2220-44040 Repairs/Maint Eqpt 201207023251 Total:		338.69 338.69	0.00	07/17/2012	CV1, Front Brakes		-	No		0000

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
CTYOAKDA Total:		338.69								
CTYROSEV City of Roseville										
216205	06/29/2012	1,652.08	0.00	07/17/2012	Monthly IT Services - July 2012		-	No		0000
101-410-1450-43180	Information Technology/Web									
	216205 Total:	1,652.08								
CTYROSEV Total:		1,652.08								
DELUXE Deluxe Business Checks										
2024749451	07/12/2012	541.53	0.00	07/17/2012	Re-Order Check Stock		-	No		0000
101-410-1520-42030	Printed Forms									
	2024749451 Total:	541.53								
DELUXE Total:		541.53								
EMERGAUT Emergency Automotive tech, Inc										
JC06051201	07/05/2012	871.89	0.00	07/17/2012	LED Beacon and directional advisor		-	No		0000
410-480-8000-45400	Heavy Machinery				12-1					
	JC06051201 Total:	871.89								
MS071012-2	07/10/2012	738.16	0.00	07/17/2012	Amber Lights HL/TL 12-1		-	No		0000
410-480-8000-45400	Heavy Machinery									
	MS071012-2 Total:	738.16								
EMERGAUT Total:		1,610.05								
ENVENTIS ENVENTIS										
737500	07/01/2012	450.41	0.00	07/17/2012	Telephone/Data Service PW July 2012		-	No		0000
101-430-3100-43210	Telephone									
	737500 Total:	450.41								
738507	07/01/2012	571.53	0.00	07/17/2012	Telephone/Data Service CH July 2012		-	No		0000
101-410-1940-43210	Telephone									
	738507 Total:	571.53								
ENVENTIS Total:		1,021.94								
FERGUSON Ferguson Waterworks, Inc.										
SO1373629.001	06/26/2012	237.52	0.00	07/17/2012	Supplies for Water Meters		-	No		0000
601-494-9400-42300	Water Meters & Supplies									
	SO1373629.001 Total:	237.52								
SO13720805.001	06/26/2012	3,985.56	0.00	07/17/2012	Neptune Meters		-	No		0000
601-494-9400-42300	Water Meters & Supplies									
	SO13720805.001 Total:	3,985.56								

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
FERGUSON Total:		4,223.08								
FOCUS Focus Engineering, Inc.										
249 & 250	07/02/2012	6,567.06	0.00	07/17/2012	General Engineering		-		No	0000
101-410-1930-43030 Engineering Services										
249 & 250	07/02/2012	450.00	0.00	07/17/2012	General Engineering		-		No	0000
101-410-1910-43030 Engineering Services										
249 & 250 Total:										
251	07/02/2012	7,017.06	0.00	07/17/2012	General Engineering - VRA		-		No	0000
101-420-2400-43030 Engineering										
251	07/02/2012	1,507.50	0.00	07/17/2012	General Engineering - VRA		-		No	0000
101-410-1910-43030 Engineering Services										
251	07/02/2012	989.50	0.00	07/17/2012	General Engineering - VRA		-		No	0000
101-410-1910-43030 Engineering Services										
251	07/02/2012	30.83	0.00	07/17/2012	General Engineering - VRA		-		No	0000
404-480-8000-43030 Engineering Services										
251	07/02/2012	945.00	0.00	07/17/2012	General Engineering - VRA		-		No	0000
101-430-3100-43030 Engineering Services										
251	07/02/2012	2,558.94	0.00	07/17/2012	General Engineering - VRA		-		No	0000
601-494-9400-43030 Engineering Services										
251	07/02/2012	171.50	0.00	07/17/2012	General Engineering - VRA		-		No	0000
602-495-9450-43030 Engineering Services										
251	07/02/2012	1,649.00	0.00	07/17/2012	General Engineering - VRA		-		No	0000
603-496-9500-43030 Engineering Services										
251 Total:										
252	07/02/2012	7,852.27	0.00	07/17/2012	Transportation and Traffic Systems		-		No	0000
409-480-8000-43030 Engineering Services										
252	07/02/2012	1,158.00	0.00	07/17/2012	Street Maintenance		-		No	0000
409-480-8000-43030 Engineering Services										
252	07/02/2012	71.94	0.00	07/17/2012	Municipal Aid System		-		No	0000
409-480-8000-43030 Engineering Services										
252	07/02/2012	118.00	0.00	07/17/2012	Capital Improvement Planning		-		No	0000
409-480-8000-43030 Engineering Services										
252	07/02/2012	798.00	0.00	07/17/2012	2012 Seal Coat Project		-		No	0000
409-480-8000-43030 Engineering Services										
252	07/02/2012	1,925.00	0.00	07/17/2012	Trunk Highway 36 Corridor Planning		-		No	0000
409-480-8000-43030 Engineering Services										
252	07/02/2012	448.05	0.00	07/17/2012	What Cty Demo Trail Reclamation		-		No	0000
409-480-8000-43030 Engineering Services										
252	07/02/2012	267.00	0.00	07/17/2012	Whistling Valley III		-		No	0000
252 Total:										
253	07/02/2012	4,785.99	0.00	07/17/2012	Sanctuary		-		No	0000
409-480-8000-43030 Engineering Services										
253	07/02/2012	1,695.49	0.00	07/17/2012			-		No	0000
253 Total:										
254	07/02/2012	1,695.49	0.00	07/17/2012			-		No	0000
409-480-8000-43030 Engineering Services										
254	07/02/2012	164.50	0.00	07/17/2012			-		No	0000
254 Total:										
164.50										

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
255	07/02/2012	1,656.83	0.00	07/17/2012	Supply Well & Pumphouse #4		-	No		0000
601-494-9400-43030	Engineering Services									
255 Total:		1,656.83								
256	07/02/2012	885.00	0.00	07/17/2012	3M Litigation		-	No		0000
601-494-9400-43030	Engineering Services									
256 Total:		885.00								
257	07/02/2012	67.50	0.00	07/17/2012	Lake Elmo Water System Chlorination		-	No		0000
601-494-9400-43030	Engineering Services									
257 Total:		67.50								
258	07/02/2012	3,188.88	0.00	07/17/2012	Demontreville/Highlands Area Feas		-	No		0000
419-480-8000-43030	Engineering Services									
258 Total:		3,188.88								
FOCUS Total:		27,313.52								
<hr/>										
HACH HACH Company										
7766928	05/23/2012	541.34	0.00	07/17/2012	Lab Test Supplies		-	No		0000
601-494-9400-42160	Chemicals									
7766928 Total:		541.34								
HACH Total:		541.34								
<hr/>										
Hewlett Hewlett Packard										
51397944	06/20/2012	149.98	0.00	07/17/2012	Docking Station		-	No		0000
101-410-1320-42000	Office Supplies									
51397944 Total:		149.98								
51399054	06/20/2012	203.54	0.00	07/17/2012	LCD Monitor		-	No		0000
101-410-1320-42000	Office Supplies									
51399054 Total:		203.54								
Hewlett Total:		353.52								
<hr/>										
INTERSTA Interstate All Battery Ctr										
47670	07/09/2012	227.32	0.00	07/17/2012	Replace batteries in U-2		-	No		0000
101-420-2220-44040	Repairs/Maint Eqpt									
47670 Total:		227.32								
INTERSTA Total:		227.32								
<hr/>										
JOHNSON& Johnson & Turner Attorneys										
June 2012	07/09/2012	1,648.00	0.00	07/17/2012	Legal Services - Civil		-	No		0000
101-410-1320-43040	Legal Services									
June 2012	07/09/2012	494.00	0.00	07/17/2012	Legal Services - Well No 4		-	No		0000
601-494-9400-43040	Legal Services									
June 2012	07/09/2012	4,250.00	0.00	07/17/2012	Legal Services - Prosecution		-	No		0000
101-420-2150-43045	Attorney Criminal									

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
June 2012	07/09/2012	292.50	0.00	07/17/2012	Legal Services - Whistling Valley		-			0000
101-410-1910-43040	Legal Services									No
June 2012	07/09/2012	5,053.00	0.00	07/17/2012	Legal Services - Detachment Petition		-			0000
101-410-1320-43040	Legal Services									No
June 2012	07/09/2012	1,261.00	0.00	07/17/2012	Legal Services - 3M		-			0000
601-494-9400-43040	Legal Services									No
June 2012 Total:		12,998.50								
JOHNSON& Total:		12,998.50								
KDV Kern DeWenter Viere Ltd										
151435	06/29/2012	837.00	0.00	07/17/2012	Financial Services - May 2012 - Audit		-			0000
101-410-1520-43150	Contract Services									No
151435 Total:		837.00								
KDV Total:		837.00								
LEOIL Lake Elmo Oil, Inc.										
56978 & 12034	06/30/2012	1,788.11	0.00	07/17/2012	Fuel		-			0000
101-430-3120-42120	Fuel, Oil and Fluids									No
56978 & 12034 Total:		1,788.11								
LEOIL Total:		1,788.11								
LOFF Loffler Companies, Inc.										
1423745	07/02/2012	371.21	0.00	07/17/2012	Copy Machine Overages & Base July 2012		-			0000
101-410-1940-44040	Repairs/Maint Contractual Eqpt									No
1423745 Total:		371.21								
LOFF Total:		371.21								
MALMQ Malmquist Greg										
07/10/2012	07/10/2012	744.76	0.00	07/17/2012	Reimburse FSA Dollars		-			0000
101-000-0000-21710	Health HSA									No
07/10/2012 Total:		744.76								
MALMQ Total:		744.76								
MARONEYS Maroney's Sanitation, Inc										
438270	06/29/2012	191.04	0.00	07/17/2012	Waste Removal - City Hall		-			0000
101-410-1940-43840	Refuse									No
438270	06/29/2012	47.68	0.00	07/17/2012	Waste Removal - Fire		-			0000
101-420-2220-43840	Refuse									No
438270	06/29/2012	207.82	0.00	07/17/2012	Waste Removal - Public Works		-			0000
101-430-3100-43840	Refuse									No

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
438270	06/29/2012	207.82	0.00	07/17/2012	Waste Removal - Parks		-	No		0000
101-450-5200-43840	Refuse									
	438270 Total:	654.36								
	MARONEY'S Total:	654.36								
MENARDSO Menards - Oakdale										
12407	07/02/2012	4.02	0.00	07/17/2012	Wasp & Hornet Spray		-	No		0000
101-450-5200-42160	Chemicals									
	12407 Total:	4.02								
	MENARDSO Total:	4.02								
METCOU Metropolitan Council										
993060	07/03/2012	1,081.28	0.00	07/17/2012	Monthly Wastewater Service - July 2012		-	No		0000
602-495-9450-43820	Sewer Utility - Met Council									
	993060 Total:	1,081.28								
	METCOU Total:	1,081.28								
MIDWAYFO Midway Ford										
90352	06/25/2012	25,730.80	0.00	07/17/2012	2012 F-250 Pickup (new) 12-1		-	No		0000
410-480-8000-45400	Heavy Machinery									
	90352 Total:	25,730.80								
	MIDWAYFO Total:	25,730.80								
MILLEREX Miller Excavating, Inc.										
16386	06/28/2012	135.00	0.00	07/17/2012	Grading Gravel Roads		-	No		0000
101-430-3120-43150	Contract Services									
16386	06/28/2012	800.00	0.00	07/17/2012	Haul & Dispose Street Sweepings		-	No		0000
603-496-9500-44010	Street Sweeping									
	16386 Total:	935.00								
	MILLEREX Total:	935.00								
MN NATIV Minnesota Native Land, Inc.										
7670	04/23/2012	75.00	0.00	07/17/2012	Weed Control and Site Visit - Sunfish		-	No		0000
404-480-8000-45300	Improvements Other Than Bldgs									
	7670 Total:	75.00								
	MN NATIV Total:	75.00								
OAKDRC Oakdale Rental Center										
82534	05/29/2012	89.78	0.00	07/17/2012	Sod Cutter used for Hwy 5 Project		-	No		0000
101-430-3100-44030	Repairs/Maint Imp Not Bldgs									

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
	82534 Total:	89.78								
	OAKDRC Total:	89.78								
ONECALL Gopher State One Call 42062 07/03/2012		252.50	0.00	07/17/2012	Line Locates - June 2012		-	No		0000
101-430-3100-43150 Contract Services 42062 Total:		252.50								
ONECALL Total:		252.50								
PIONEER Pioneer Rim & Wheel Company 1-162310 06/27/2012		28.21	0.00	07/17/2012	Pintle ring trailer		-	No		0000
101-430-3120-42210 Equipment Parts 1-162310 Total:		28.21								
PIONEER Total:		28.21								
PITNEY Pitney Bowes 855210 07/03/2012		221.33	0.00	07/17/2012	Postage Machine Rental		-	No		0000
101-410-1940-44010 Repairs/Maint Contractual Bldg 855210 Total:		221.33								
PITNEY Total:		221.33								
POMPS Pump's Tire Service, Inc. 210007169 06/18/2012		397.88	0.00	07/17/2012	4 tires 91 Dodge		-	No		0000
101-450-5200-42210 Equipment Parts 210007169 Total:		397.88								
210008763 06/27/2012		571.76	0.00	07/17/2012	Four Tires 04-2		-	No		0000
101-420-2400-44040 Repairs/Maint Eqpt 210008763 Total:		571.76								
POMPS Total:		969.64								
PRESSA Anastasia Press 06/25/12 06/25/2012		55.00	0.00	07/17/2012	Planning commissin 6/25/12		-	No		0000
101-410-1450-43620 Cable Operations 06/25/12 Total:		55.00								
07/03/2012 07/03/2012		55.00	0.00	07/17/2012	City Council Meeting 7/3/12		-	No		0000
101-410-1450-43620 Cable Operations 07/03/2012 Total:		55.00								
07/09/2012 07/09/2012		55.00	0.00	07/17/2012	Cabled PZ Meeting 7/9/12		-	No		0000
101-410-1450-43620 Cable Operations 07/09/2012 Total:		55.00								



Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
PRESSA Total:		165.00								
PROSTAFF PROSTAFF										
102-862405	06/21/2012	620.00	0.00	07/17/2012	Temp Help W/E 6/17/12		-	No		0000
101-410-1320-43150	Contract Services	620.00								
102-862405 Total:		620.00								
102-864291	07/05/2012	620.00	0.00	07/17/2012	Temp Help W/E 7/1/12		-	No		0000
101-410-1320-43150	Contract Services	620.00								
102-864291 Total:		620.00								
PROSTAFF Total:		1,240.00								
RICHTMAN Richtman Karen										
Final Invoice	06/12/2012	2,500.00	0.00	07/17/2012	Jan 1 - June 30, 2012		-	No		0000
101-430-3200-44300	Miscellaneous	2,500.00								
Final Invoice	06/12/2012	2,500.00	0.00	07/17/2012	2011 Instruction - LE Elementary		-	No		0000
101-430-3200-44300	Miscellaneous	2,500.00								
Final Invoice	06/12/2012	2,500.00	0.00	07/17/2012	2012 Instruction - LE Elementary		-	No		0000
101-430-3200-44300	Miscellaneous	7,500.00								
Final Invoice Total:		7,500.00								
RICHTMAN Total:		7,500.00								
RIVERPRT River Valley Printing										
13154	06/30/2012	34.28	0.00	07/17/2012	2 pt. carbonless paper for forms		-	No		0000
101-420-2220-42000	Office Supplies	34.28								
13154 Total:		34.28								
RIVERPRT Total:		34.28								
RIVRCOOP River Country Cooperative										
06/30/2012	06/30/2012	701.41	0.00	07/17/2012	Fuel		-	No		0000
101-420-2220-42120	Fuel, Oil and Fluids	701.41								
06/30/2012 Total:		701.41								
RIVRCOOP Total:		701.41								
ROTARYLE Lake Elmo Rotary Club										
3rd Qtr	07/01/2012	125.00	0.00	07/17/2012	Membership dues - City Admin		-	No		0000
101-410-1320-44330	Dues & Subscriptions	125.00								
3rd Qtr Total:		125.00								
ROTARYLE Total:		125.00								

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
SAMSCLUB Sam's Club										
07/10/2012	07/10/2012	47.76	0.00	07/17/2012	Rehab Supplies		-			No 0000
101-420-2220-44300	Miscellaneous	47.76								
	07/10/2012 Total:	47.76								
	SAMSCLUB Total:	47.76								
SCHWAAB Schwaab, Inc.										
C22716	05/10/2012	31.50	0.00	07/17/2012	Building Dept Stamp		-			No 0000
101-420-2400-42000	Office Supplies	31.50								
	C22716 Total:	31.50								
	SCHWAAB Total:	31.50								
STANTEC Stantec Consulting Services										
602243	06/29/2012	1,000.00	0.00	07/17/2012	Well #4 Collect & Review Data		-			No 0000
419-480-8000-43030	Engineering Services	1,000.00								
602243	06/29/2012	1,000.00	0.00	07/17/2012	Well #4 Field Survey		-			No 0000
419-480-8000-43030	Engineering Services	2,000.00								
602243	06/29/2012	2,000.00	0.00	07/17/2012	Well #4 Review Hysraulic Model W/VBWD		-			No 0000
419-480-8000-43030	Engineering Services	150.00								
602243	06/29/2012	150.00	0.00	07/17/2012	Well #4 Purchase Top from County		-			No 0000
419-480-8000-43030	Engineering Services	1,600.00								
602243	06/29/2012	1,600.00	0.00	07/17/2012	Well #4 Wetland Delineation		-			No 0000
419-480-8000-43030	Engineering Services	5,750.00								
	602243 Total:	5,750.00								
	STANTEC Total:	5,750.00								
SW/WC SW/WC Service Cooperatives										
08/1/12	08/01/2012	14,527.50	0.00	07/17/2012	August 2012 Premiums		-			No 0000
101-000-0000-21706	Medical Insurance	14,527.50								
	08/1/12 Total:	14,527.50								
	SW/WC Total:	14,527.50								
TASCH T.A. Schifsky & Sons Inc										
53375	06/26/2012	146.27	0.00	07/17/2012	Asphalt		-			No 0000
101-430-3120-42240	Street Maintenance Materials	146.27								
	53375 Total:	146.27								
53422	07/09/2012	142.65	0.00	07/17/2012	Asphalt		-			No 0000
101-430-3120-42240	Street Maintenance Materials	142.65								
	53422 Total:	142.65								
	TASCH Total:	288.92								

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
TOWNCTRY Town & Country Cleaning Co										
712259	07/09/2012	245.81	0.00	07/17/2012	Cleaning City Hall & Annex		-	No		0000
101-410-1940-44010	Repairs/Maint Contractual Bldg									
	712259 Total:	245.81								
	TOWNCTRY Total:	245.81								
VEOLIA Veolia Environmental Svs, Inc.										
G50002436057	06/25/2012	5,436.40	0.00	07/17/2012	Clean up Day Waste Removal		-	No		0000
101-430-3100-44380	Clean-up Days									
	G50002436057 Total:	5,436.40								
	VEOLIA Total:	5,436.40								
VISA-SL VISA										
07/01/2012	07/01/2012	247.95	0.00	07/17/2012	Library Processing Supplies		-	No		0000
206-450-5300-42000	Office Supplies									
07/01/2012	07/01/2012	109.83	0.00	07/17/2012	Office Supplies		-	No		0000
101-410-1320-42000	Office Supplies									
07/01/2012	07/01/2012	158.99	0.00	07/17/2012	Meals & lodging - League Conference		-	No		0000
101-410-1320-44370	Conferences & Training									
	07/01/2012 Total:	516.77								
	VISA-SL Total:	516.77								
XCEL Xcel Energy										
51-0117417-0	07/12/2012	34.18	0.00	07/17/2012	Welcome sign		-	No		0000
101-430-3160-43810	Street Lighting									
	51-0117417-0 Total:	34.18								
51-4504807-7	07/12/2012	99.14	0.00	07/17/2012	Lights at Legion park		-	No		0000
101-450-5200-43810	Electric Utility									
51-4504807-7	07/12/2012	66.10	0.00	07/17/2012	Lift Station		-	No		0000
602-495-9450-43810	Electric Utility									
51-4504807-7	07/12/2012	34.44	0.00	07/17/2012	Traffic Lights		-	No		0000
101-430-3160-43810	Street Lighting									
	51-4504807-7 Total:	199.68								
51-4572945-7	07/12/2012	26.64	0.00	07/17/2012	Street Lights		-	No		0000
101-430-3160-43810	Street Lighting									
	51-4572945-7 Total:	26.64								
51-4576456-3	07/12/2012	288.80	0.00	07/17/2012	Fire Station 2		-	No		0000
101-420-2220-43810	Electric Utility									
	51-4576456-3 Total:	288.80								
51-4580376-5	07/12/2012	514.17	0.00	07/17/2012	City Hall		-	No		0000
101-410-1940-43810	Electric Utility									
51-4580376-5	07/12/2012	33.17	0.00	07/17/2012	Traffic Lights		-	No		0000
101-430-3160-43810	Street Lighting									

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
51-4580376-5	07/12/2012	409.32	0.00	07/17/2012	City Hall		-	No		0000
101-410-1940-43810	Electric Utility									
51-4580376-5	Total:	956.66								
51-4733556-8	07/12/2012	12.66	0.00	07/17/2012	Tennis Court		-	No		0000
101-450-5200-43810	Electric Utility									
51-4733556-8	Total:	12.66								
51-5044219-0	07/12/2012	45.19	0.00	07/17/2012	Parks Bldg		-	No		0000
101-450-5200-43810	Electric Utility									
51-5044219-0	Total:	45.19								
51-5275289-3	07/12/2012	30.34	0.00	07/17/2012	Pebble Park		-	No		0000
101-450-5200-43810	Electric Utility									
51-5275289-3	Total:	30.34								
51-5356323-8	07/12/2012	2,570.24	0.00	07/17/2012	Wells 1 & 2		-	No		0000
601-494-9400-43810	Electric Utility									
51-5356323-8	Total:	2,570.24								
51-5522332-2	07/12/2012	43.16	0.00	07/17/2012	Traffic Lights		-	No		0000
101-430-3160-43810	Street Lighting									
51-5522332-2	Total:	43.16								
51-5747685-4	07/12/2012	43.16	0.00	07/17/2012	Arts Center		-	No		0000
101-450-5200-43810	Electric Utility									
51-5747685-4	Total:	136.14								
51-5916043-7	07/12/2012	18.11	0.00	07/17/2012	Lift Station		-	No		0000
602-495-9450-43810	Electric Utility									
51-5916043-7	Total:	18.11								
51-6429583-8	07/12/2012	15.39	0.00	07/17/2012	Lift Station		-	No		0000
602-495-9450-43810	Electric Utility									
51-6429583-8	Total:	15.39								
51-6433976-2	07/12/2012	312.17	0.00	07/17/2012	Fire Station #1		-	No		0000
101-420-2220-43810	Electric Utility									
51-6433976-2	Total:	312.17								
51-6625457-1	07/12/2012	43.20	0.00	07/17/2012	Legion Park		-	No		0000
101-450-5200-43810	Electric Utility									
51-6625457-1	Total:	43.20								
51-6736544-2	07/12/2012	1,855.32	0.00	07/17/2012	Street Lights		-	No		0000
101-430-3160-43810	Street Lighting									
51-6736544-2	Total:	1,855.32								
51-6928283-3	07/12/2012	28.93	0.00	07/17/2012	Traffic Lights		-	No		0000
101-430-3160-43810	Street Lighting									
51-6928283-3	Total:	28.93								
51-6956201-4	07/12/2012	427.21	0.00	07/17/2012	VFW Ballfields		-	No		0000
101-450-5200-43810	Electric Utility									
51-6956201-4	Total:	427.21								
51-7538112-1	07/12/2012	438.70	0.00	07/17/2012	Public Works		-	No		0000
101-430-3100-43810	Electric Utility									
51-7538112-1	Total:	438.70								

Invoice #	Inv Date	Amount	Quantity	Pmt Date	Description	Reference	Task	Type	PO #	Close POLine #
51-8126093-5	07/12/2012	14.65	0.00	07/17/2012	Water Tower 2		-		No	0000
601-494-9400-43810	Electric Utility									
	51-8126093-5 Total:	14.65								
51-8711719-3	07/12/2012	11.18	0.00	07/17/2012	Speed Sign Hwy 5		-		No	0000
101-430-3160-43810	Street Lighting									
	51-8711719-3 Total:	11.18								
	XCEL Total:	7,508.55								
ZIERTMAN Joan Ziertman										
June 12	07/09/2012	2,450.00	0.00	07/17/2012	June Clerical Services		-		No	0000
101-410-1520-43150	Contract Services									
	June 12 Total:	2,450.00								
	ZIERTMAN Total:	2,450.00								
ZULEGER Zuleger Dean										
6/22/12	06/22/2012	266.75	0.00	07/17/2012	Reimb Mileage - League conference		-		No	0000
101-410-1320-44370	Conferences & Training									
	6/22/12 Total:	266.75								
	ZULEGER Total:	266.75								
	Report Total:	148,968.25								

# Accounts Payable Computer Check Proof List

User: joan z  
Printed: 07/11/2012 - 10:51 AM

Invoice No	Description	Amount	Payment Date	Acct Number	Reference
Vendor: NAUGHTON 07/11/2012	Andrew Naughton Refund of WAC Charge - Christ Lutheran Check Total:	7,800.00 7,800.00	07/11/2012	Check Sequence: 1 601-000-0000-37150	ACH Enabled: No
Total for Check Run:		7,800.00			
Total Number of Checks:		1			



## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**CONSENT**

ITEM #: 2a

**MOTION**

**AGENDA ITEM:** 2<sup>nd</sup> Quarter Financial Report

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

**THROUGH:** Dean Zuleger, City Administrator

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

**SUMMARY AND ACTION REQUESTED:** As part of its Consent Agenda, the City Council is respectfully asked to accept the 2<sup>nd</sup> Quarter Financial Report. 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 and report the financial (unaudited) statement to the City Council. City guidelines suggest the Council be updated on a quarterly basis.

**STAFF REPORT:** Attached please find a 2<sup>nd</sup> Quarter summary report highlighting the 2012 2<sup>nd</sup> quarter actual results and compares those results to the 2012 Budget.

**RECOMMENDATION:** Based upon the above background information, it is recommended that the City Council accept the 2<sup>nd</sup> Quarter Financial Report as part of tonight's Consent Agenda.

**ATTACHMENTS:**

1. Memorandum outlining 2<sup>nd</sup> Quarter highlights
2. 2<sup>nd</sup> Quarter Financial Report

## Memorandum

## Consent Agenda

Item 2a

To: City of Lake Elmo City Council

From: Cathy Bendel

Date: July 17, 2012

Re: General Fund Revenue/Expenditures through June 30, 2012 (Unaudited)

---

The attached reports detail the year to date revenue and expense activity for the City of Lake Elmo General Fund by month through June 2012. Included is a one page roll up snapshot summary as well as a detailed report by department. The larger variances are highlighted below:

### Revenues:

- General Contractor licenses to date have exceeded the full year budget by 33.75%. It is anticipated that this trend will continue due to the increase in building activity.
- Plumbing permits have exceeded the full year budget by 23.86%. This is also a result of the increase in building activity.
- Assessment searches to date are at 200% of budget due to a coordinated effort to make sure to charge for all search requests as well as the housing market being active.
- Miscellaneous revenue reflects assets sold to date, income related to the Go Commando event as well as a refund received related to the annual Work Comp audit based on actual wages and experience rating for 2011.
- Internal charges reflect the service fee charged for processing performed related to the library card reimbursements. Through April, 503 library card reimbursements have been processed at a reimbursement of \$2 each.

### Expenses:

All departments are at or well below their 50% of budget as all Departments continue to strive to identify and implement any cost saving measures. A few key items to note:

- Some recurring expense items show zero for January which stands out. This is a result of moving the expense back to December when the expense was incurred for year end.
- Unemployment Benefits and Workers Compensation are expensed as those benefits are paid out to claimants.



- Insurance premiums for 2012 all hit in the month of June. Some departmental corrections were made at renewal to accurately charge the expense to the correct department. In total the premiums were under budget for 2012.
- Although no contract services were budgeted for Administration, expenses were incurred to cover the front desk prior to being fully staffed.
- The Finance Department also used contracted services to cover the Finance department lack of full-time staff and is over budget in that category as a result. The contractor services were primarily used to prepare for the annual Financial Audit which is now complete. There will be some on-going clerical support until the Deputy Clerk is in place.
- The Planning Department also used a part-time contractor to cover the Planning Assistant functions until a full-time staff person was hired. The new Planning Assistant starts May 29<sup>th</sup>.
- Although the MN Dot landscaping project is 100% reimbursable, the expense appears in the Public Works department and will be offset by the Grant money when received.

DEPT 410 - GEN'L GOV'T

1110 - Mayor & Council

BUDGET	Jan	Feb	Mar	Apr	May	June	YTD	% of Budget	Over/ (Under)
PT Salaries	0.00	0.00	0.00	0.00	0.00	8,217.50	8,217.50	50.00%	(8,217.50)
FICA Contributions	0.00	0.00	0.00	0.00	0.00	509.49	509.49	50.00%	(509.51)
Medicare Contributions	0.00	0.00	0.00	0.00	0.00	119.14	119.14	50.06%	(118.86)
Workers Compensation	36.00	0.00	0.00	0.00	0.00	0.00	36.00	0.00%	36.00
Mileage	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(1,000.00)
Miscellaneous	2,000.00	0.00	0.00	0.00	565.27	0.00	565.27	28.26%	(1,434.73)
Dues & Subscriptions	11,200.00	0.00	0.00	0.00	0.00	0.00	3,391.00	30.28%	(7,809.00)
Conferences & Training	3,500.00	0.00	0.00	0.00	355.00	800.00	1,155.00	33.00%	(2,345.00)
<b>Total Mayor &amp; Council</b>	<b>35,392.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>920.27</b>	<b>9,646.13</b>	<b>13,993.40</b>	<b>39.54%</b>	<b>(21,398.60)</b>

1320 - Administration

FT Salaries	220,671.00	17,718.94	12,755.74	12,653.83	24,869.80	16,906.02	94,350.95	42.76%	(126,320.05)
PERA Contributions	8,617.00	684.85	924.79	917.41	1,607.90	1,225.68	6,514.75	75.60%	(2,102.25)
ICMA Contributions	7,382.00	0.00	0.00	0.00	0.00	993.80	993.80	13.46%	(6,388.20)
FICA Contributions	13,682.00	572.97	756.95	750.63	1,460.92	232.42	4,838.55	35.36%	(8,843.45)
Medicare Contributions	3,200.00	134.01	249.01	175.56	341.68	232.42	1,309.72	40.93%	(1,890.28)
Health/Dental Insurance	33,548.00	4,435.56	(1,445.04)	2,055.81	2,055.81	2,055.81	13,232.71	39.44%	(20,315.29)
Unemployment Benefits	0.00	0.00	0.00	0.00	3,582.00	0.00	3,582.00	0.00%	3,582.00
Workers Compensation	2,310.00	1,396.00	0.00	0.00	0.00	0.00	1,396.00	60.43%	(914.00)
Office Supplies	6,000.00	595.59	492.70	592.58	1,176.12	1,034.12	4,172.73	69.55%	(1,827.27)
Printed Forms	1,000.00	0.00	363.91	0.00	0.00	118.10	482.01	48.20%	(517.99)
Legal Services	65,000.00	0.00	9,739.50	0.00	1,429.50	18,513.50	29,682.50	45.67%	(35,317.50)
Newsletter/Website	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Assessing Services	46,000.00	0.00	2,000.00	2,000.00	3,487.00	6,582.64	16,069.64	34.93%	(29,930.36)
Contract Services	0.00	0.00	2,243.63	2,361.81	2,356.00	2,718.04	12,403.62	0.00%	12,403.62
Postage	6,500.00	0.00	500.00	500.00	700.00	0.00	1,700.00	26.15%	(4,800.00)
Mileage	3,000.00	0.00	176.27	134.41	44.55	209.23	594.43	19.81%	(2,405.57)
Legal Publishing	0.00	0.00	0.00	0.00	0.00	165.90	165.90	0.00%	165.90
Insurance	39,500.00	380.00	(78.53)	0.00	0.00	33,966.75	34,768.22	88.02%	(4,731.78)
Cable Operation Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Miscellaneous	6,000.00	40.00	542.99	184.56	97.23	429.05	1,752.00	29.20%	(4,248.00)
Dues & Subscriptions	3,500.00	0.00	58.50	117.78	141.00	0.00	317.28	9.07%	(3,182.72)
Books	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Conferences & Training	3,500.00	0.00	66.21	489.72	220.00	4,699.66	5,475.59	156.45%	1,975.59
Staff Development	1,000.00	0.00	0.00	0.00	470.00	0.00	470.00	47.00%	(530.00)
<b>Total Administration</b>	<b>470,410.00</b>	<b>17,685.60</b>	<b>34,894.34</b>	<b>22,623.14</b>	<b>44,039.51</b>	<b>90,083.14</b>	<b>234,272.40</b>	<b>49.80%</b>	<b>(236,137.60)</b>

May includes 3 pp plus new Clerk wages

1410 - Elections

PT Salaries	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(10,000.00)
Office Supplies	250.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(250.00)
Printed Forms	350.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(350.00)
Miscellaneous	1,350.00	0.00	1,014.93	281.82	0.00	0.00	1,296.75	96.06%	(53.25)
<b>Total Elections</b>	<b>11,950.00</b>	<b>0.00</b>	<b>1,014.93</b>	<b>281.82</b>	<b>0.00</b>	<b>0.00</b>	<b>1,296.75</b>	<b>10.85%</b>	<b>(10,653.25)</b>

<b>1450 - Communications</b>										
FT Salaries	11,117.00	229.37	654.71	614.62	832.86	6	643.57	3,672.15	33.03%	(7,444.85)
PERA Contributions	806.00	16.64	47.48	44.56	60.39	50,000	46.65	266.26	33.03%	(539.74)
FICA Contributions	689.00	14.21	40.60	38.10	51.64	43.21	39.90	227.66	33.04%	(461.34)
Medicare Contributions	161.00	3.33	9.49	8.90	12.08	10.11	9.33	53.24	33.07%	(107.76)
Health/Dental Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Workers Compensation	503.00	56.00	0.00	0.00	0.00	0.00	0.00	56.00	11.13%	(447.00)
Newsletter	5,400.00	0.00	0.00	0.00	61.00	2,456.02	0.00	2,517.02	46.61%	(2,882.98)
Info Technology/Web	31,500.00	1,652.08	6,298.69	2,157.71	1,652.08	4,652.08	1,986.68	18,399.32	58.41%	(13,100.68)
Public Notices	3,500.00	0.00	20.50	0.00	534.85	234.94	0.00	790.29	22.58%	(2,709.71)
Cable Operations	4,000.00	137.50	272.25	348.00	233.75	303.00	220.00	1,514.50	0.00%	(2,485.50)
Repair/Maint Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
<b>Total Communications</b>	<b>57,676.00</b>	<b>2,109.13</b>	<b>7,343.72</b>	<b>3,211.89</b>	<b>3,438.65</b>	<b>8,446.92</b>	<b>2,946.13</b>	<b>27,496.44</b>	<b>47.67%</b>	<b>(30,179.56)</b>
<b>1520 - Finance</b>										
FT Salaries	34,674.00	0.00	0.00	0.00	5,384.00	5,384.00	5,384.00	16,152.00	46.58%	(18,522.00)
PERA Contributions	2,514.00	0.00	0.00	0.00	195.17	390.33	390.33	975.83	38.82%	(1,538.17)
FICA Contributions	2,150.00	0.00	0.00	0.00	312.52	312.52	312.52	937.56	43.61%	(1,212.44)
Medicare Contributions	503.00	0.00	0.00	0.00	73.08	73.08	73.08	219.24	43.59%	(283.76)
Health/Dental Insurance	3,826.00	0.00	0.00	0.00	6.50	1,512.50	753.00	2,272.00	0.00%	(1,554.00)
Unemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Workers Compensation	250.00	176.00	0.00	0.00	0.00	0.00	0.00	176.00	70.40%	(74.00)
Office Supplies	500.00	0.00	0.00	0.00	0.00	0.00	132.29	132.29	26.46%	(367.71)
Printed Forms	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(500.00)
Audit Services	30,000.00	0.00	4,000.00	35.00	0.00	0.00	0.00	4,035.00	13.45%	(25,965.00)
Contract Services	30,000.00	0.00	16,126.50	12,610.50	18,290.00	7,552.50	3,287.00	57,866.50	192.89%	27,866.50
Software Programs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Mileage	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(100.00)
Miscellaneous	2,500.00	10.00	1,563.00	0.00	0.00	0.00	0.00	1,573.00	62.92%	(927.00)
Dues & Subscriptions	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(100.00)
Conferences & Training	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(300.00)
<b>Total Finance</b>	<b>107,917.00</b>	<b>186.00</b>	<b>21,689.50</b>	<b>12,645.50</b>	<b>24,261.27</b>	<b>15,224.93</b>	<b>10,332.22</b>	<b>84,339.42</b>	<b>78.15%</b>	<b>(23,577.58)</b>
<b>1910 - Planning &amp; Zoning</b>										
FT Salaries	104,109.00	4,308.90	5,773.95	5,965.20	5,878.95	8,179.05	8,046.00	38,152.05	36.65%	(65,956.95)
PERA Contributions	7,548.00	249.33	332.44	332.44	332.44	498.66	583.34	2,328.65	30.85%	(5,219.35)
FICA Contributions	6,455.00	256.23	343.42	355.29	349.93	485.26	474.42	2,264.55	35.08%	(4,190.45)
Medicare Contributions	1,510.00	59.92	80.32	83.08	81.83	113.49	110.95	529.59	35.07%	(980.41)
Health/Dental Insurance	22,566.00	2,675.70	793.61	(440.89)	793.61	793.61	793.61	5,409.25	23.97%	(17,156.75)
Workers Compensation	749.00	530.00	0.00	0.00	0.00	0.00	0.00	530.00	70.76%	(219.00)
Office Supplies	750.00	0.00	0.00	0.00	43.37	0.00	0.00	43.37	5.78%	(706.63)
Printed Forms	10,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(10,000.00)
Engineering Services	12,000.00	0.00	1,613.50	1,867.50	1,483.64	0.00	3,255.36	8,220.00	68.50%	(3,780.00)
Contract Services	3,000.00	0.00	1,698.66	2,278.26	0.00	3,709.65	3,462.33	11,148.90	371.63%	8,148.90
Mileage	400.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(400.00)
Miscellaneous	400.00	0.00	0.00	350.00	0.00	2.96	2.96	355.92	88.98%	(44.08)
Dues & Subscriptions	750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(750.00)
Books	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(300.00)
Conferences & Training	1,500.00	0.00	255.00	0.00	0.00	0.00	0.00	255.00	0.00%	(1,245.00)
<b>Total Planning &amp; Zoning</b>	<b>172,037.00</b>	<b>8,080.08</b>	<b>10,890.90</b>	<b>10,790.88</b>	<b>8,963.77</b>	<b>13,782.68</b>	<b>16,728.97</b>	<b>69,237.28</b>	<b>40.25%</b>	<b>(102,799.72)</b>
<b>1930 - Engineering Services</b>										
Engineering Services	70,000.00	0.00	6,845.06	7,203.11	7,982.26	0.00	9,074.52	31,104.95	44.44%	(38,895.05)
<b>Total Planning &amp; Zoning</b>	<b>70,000.00</b>	<b>0.00</b>	<b>6,845.06</b>	<b>7,203.11</b>	<b>7,982.26</b>	<b>0.00</b>	<b>9,074.52</b>	<b>31,104.95</b>	<b>44.44%</b>	<b>(168,147.33)</b>

May includes Website redesign of \$3k

Apr/May pd in May

Audit and AP/PR support

May invoice not turned in until June

# 1940 - City Hall

Cleaning Supplies	600.00	0.00	0.00	10.13	71.06	0.00	0.00	81.19	13.53%	(518.81)
Building Repair Supplies	800.00	0.00	0.00	237.44	0.00	0.00	0.00	237.44	29.68%	(562.56)
Telephone	8,600.00	564.75	627.14	824.06	657.90	655.56	85.26	3,414.67	39.71%	(5,185.33)
Electric Utility	11,500.00	0.00	1,339.55	1,166.06	771.09	745.84	626.98	4,649.52	40.43%	(6,850.48)
Refuse	1,300.00	108.32	108.32	108.32	108.32	108.32	108.32	649.92	49.99%	(650.08)
Repairs/Maint Contractual Bldg	11,000.00	321.38	740.94	574.87	938.08	697.75	1,004.91	4,277.93	38.89%	(6,722.07)
Repairs/Maint Contractual Equip	5,000.00	213.46	293.26	172.67	251.14	0.00	521.54	1,452.07	29.04%	(3,547.93)
Miscellaneous	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(1,000.00)
<b>Total Planning &amp; Zoning</b>	<b>39,800.00</b>	<b>1,207.91</b>	<b>3,109.21</b>	<b>3,093.55</b>	<b>2,797.59</b>	<b>2,207.47</b>	<b>2,347.01</b>	<b>14,762.74</b>	<b>37.09%</b>	<b>(25,037.26)</b>
<b>Total General Government</b>	<b>965,182.00</b>	<b>32,695.72</b>	<b>75,839.99</b>	<b>72,121.09</b>	<b>70,066.68</b>	<b>84,621.78</b>	<b>141,158.12</b>	<b>476,503.38</b>	<b>49.37%</b>	<b>(617,930.90)</b>

# DEPT 420 - PUBLIC SAFETY

<b>2100 - Police</b>										
Law Enforcement Contract	493,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(493,000.00)
<b>Total Planning &amp; Zoning</b>	<b>493,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00%</b>	<b>(493,000.00)</b>
<b>2150 - Prosecution</b>										
Attorney Criminal	51,000.00	0.00	0.00	8,565.00	0.00	4,310.00	8,677.00	21,552.00	0.00%	(29,448.00)
<b>Total Planning &amp; Zoning</b>	<b>51,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,565.00</b>	<b>0.00</b>	<b>4,310.00</b>	<b>8,677.00</b>	<b>21,552.00</b>	<b>42.26%</b>	<b>(29,448.00)</b>
<b>2220 - Fire</b>										
FT Salaries	64,684.00	4,011.66	5,453.07	5,440.63	5,427.69	8,171.08	5,450.35	33,954.48	52.49%	(30,729.52)
PT Salaries	112,500.00	783.00	7,799.98	8,318.82	7,692.17	7,274.42	9,038.19	40,906.58	36.36%	(71,593.42)
PERA Contributions	10,016.00	672.80	915.37	906.66	913.50	1,372.40	915.14	5,695.87	56.87%	(4,320.13)
FICA Contributions	7,344.00	14.30	437.58	472.36	429.31	381.49	514.19	2,249.23	30.63%	(5,094.77)
Medicare Contributions	2,592.00	65.23	186.47	193.83	184.57	215.43	204.40	1,049.93	40.51%	(1,542.07)
Health/Dental Insurance	14,322.00	2,074.36	1,142.97	1,142.97	1,142.97	1,142.97	1,142.97	7,789.21	0.00%	(6,532.79)
Unemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Workers Compensation	15,492.00	10,130.00	0.00	0.00	0.00	0.00	0.00	10,130.00	65.39%	(5,362.00)
Office Supplies	1,000.00	0.00	0.00	0.00	0.00	0.00	94.27	94.27	9.43%	(905.73)
Printed Forms	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
EMS Supplies	1,200.00	0.00	0.00	155.50	0.00	0.00	0.00	155.50	12.96%	(1,044.50)
Fire Prevention	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(3,000.00)
Fuel, Oil & Fluids	10,800.00	0.00	0.00	788.14	1,052.43	764.32	1,499.75	4,851.23	0.00%	(5,948.77)
Small Tools & Equip	9,500.00	74.43	18.44	1,712.17	841.94	276.90	2,785.16	5,709.04	60.10%	(3,790.96)
Physicals	9,250.00	0.00	0.00	324.95	563.70	0.00	554.70	1,443.35	15.60%	(7,806.65)
Telephone	5,000.00	0.00	410.67	247.44	79.71	242.62	239.73	1,220.17	24.40%	(3,779.83)
Radio	18,500.00	0.00	0.00	0.00	3,914.76	147.25	147.25	4,209.26	22.75%	(14,290.74)
Mileage	600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(600.00)
Vehicle Insurance	14,000.00	0.00	0.00	0.00	0.00	0.00	6,256.90	6,256.90	44.69%	(7,743.10)
Electric Utility	12,500.00	0.00	1,130.77	1,377.74	901.91	322.15	441.09	4,173.66	33.39%	(8,326.34)
Refuse	1,000.00	47.68	47.68	47.68	47.68	47.68	47.68	286.08	28.61%	(713.92)
Repair/Maint Bldg	11,000.00	49.98	632.61	578.39	244.53	446.46	639.24	2,591.21	23.56%	(8,408.79)
Repair/Maint Equip	25,000.00	0.00	1,929.67	1,887.73	2,239.35	2,059.50	748.12	8,864.37	35.46%	(16,135.63)
Uniforms	8,200.00	0.00	1,680.50	731.70	323.99	112.23	0.00	2,848.42	34.74%	(5,351.58)
Miscellaneous	1,500.00	7.90	96.08	147.33	47.70	7.90	367.46	674.37	44.96%	(825.63)
Dues & Subscriptions	3,300.00	316.00	1,314.00	404.11	0.00	0.00	85.00	2,119.11	64.22%	(1,180.89)
Books	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(1,000.00)
Conferences & Training	25,000.00	0.00	1,744.00	2,434.00	497.52	28.71	1,446.00	6,150.23	24.60%	(18,849.77)
<b>Total Fire</b>	<b>388,300.00</b>	<b>18,247.34</b>	<b>25,686.45</b>	<b>27,312.15</b>	<b>26,545.43</b>	<b>23,013.51</b>	<b>32,617.59</b>	<b>153,422.47</b>	<b>39.51%</b>	<b>(234,877.53)</b>

2250 - Fire Relief	40,000.00	0.00	0.00	0.00	0.00	0.00	2,632.00	2,632.00	6.58%	(37,368.00)
Fire State Aid	40,000.00	0.00	0.00	0.00	0.00	0.00	2,632.00	2,632.00	6.58%	(37,368.00)
Total Fire Relief										
2400 - Building Inspection	60,818.00	3,463.62	4,506.48	4,541.38	4,534.41	6,878.39	4,639.09	28,563.37	46.97%	(32,254.63)
FT Salaries	4,409.00	251.11	326.71	329.25	328.74	498.66	336.33	2,070.80	46.97%	(2,338.20)
PERA Contributions	3,771.00	208.51	271.10	273.24	272.84	414.02	279.33	1,719.04	45.59%	(2,051.96)
FICA Contributions	882.00	48.77	63.40	63.91	63.82	96.82	65.33	402.05	45.58%	(479.95)
Medicare Contributions	8,585.00	1,273.78	687.10	687.10	687.10	687.10	687.10	4,709.28	0.00%	(3,875.72)
Health/Dental Insurance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Unemployment Benefits	2,186.00	2,213.00	0.00	0.00	0.00	0.00	0.00	2,213.00	101.24%	27.00
Workers Compensation	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(300.00)
Office Supplies	200.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(200.00)
Printed Forms	10,000.00	0.00	630.00	1,092.50	607.50	0.00	1,393.50	3,723.50	37.24%	(6,276.50)
Engineering	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(1,000.00)
Inspector Contract Services	400.00	0.00	17.62	17.83	17.78	17.93	17.77	88.93	22.23%	(311.07)
Telephone	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(100.00)
Mileage	800.00	0.00	0.00	0.00	0.00	0.00	255.00	255.00	31.88%	(545.00)
Insurance	750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(750.00)
Repairs/Maint Equip	500.00	0.00	0.00	0.00	0.00	0.00	76.74	76.74	15.35%	(423.26)
Miscellaneous	200.00	0.00	0.00	90.00	0.00	0.00	0.00	90.00	45.00%	(110.00)
Dues & Subscriptions	140.00	0.00	58.28	0.00	0.00	0.00	0.00	58.28	41.63%	(81.72)
Books	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(500.00)
Conferences & Training	95,541.00	7,458.79	6,560.69	7,095.21	6,512.19	8,592.92	7,750.19	43,969.99	46.02%	(51,571.01)
Total Building Inspections										
2500 - Emergency Communications	6,000.00	634.22	0.00	0.00	0.00	5,560.00	0.00	6,194.22	103.24%	194.22
Contract Services	6,000.00	634.22	0.00	0.00	0.00	5,560.00	0.00	6,194.22	103.24%	194.22
Total Emergency Communications										
2700 - Animal Control	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(100.00)
Printed Forms	7,500.00	0.00	0.00	0.00	0.00	811.11	0.00	811.11	10.81%	(6,688.89)
Contract Services	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(100.00)
Miscellaneous	7,700.00	0.00	0.00	0.00	0.00	811.11	0.00	811.11	10.53%	(6,888.89)
Total Animal Control										
Total Public Safety	1,081,541.00	26,340.35	32,247.14	42,972.36	33,057.62	42,287.54	51,676.78	228,581.79	21.13%	(852,959.21)

REVENUE	BUDGET	Jan	Feb	Mar	Apr	May	June	YTD	% of Budget	Over/ (Under)
Current Ad Valorem Taxes	2,442,903.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(2,442,903.00)
Mobile Home Tax	8,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(8,000.00)
Liquor License	8,000.00	0.00	0.00	0.00	0.00	25.00	0.00	25.00	0.31%	(7,975.00)
Wastewater License	2,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(2,000.00)
General Contractor License	2,000.00	1,340.00	225.00	220.00	390.00	75.00	425.00	2,675.00	133.75%	675.00
Heating Contractor License	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(50.00)
Blacktopping Contractor License	50.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(50.00)
Building Permits	115,000.00	6,716.51	5,041.52	7,626.07	14,409.11	22,564.27	27,073.95	83,431.43	72.55%	(31,568.57)
Heating Permits	6,000.00	750.00	230.00	455.00	600.00	1,200.00	2,890.00	6,125.00	102.08%	125.00
Plumbing Permits	3,500.00	500.00	155.00	305.00	1,135.00	1,275.00	965.00	4,335.00	123.86%	835.00
Sewer Permits	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(300.00)
Animal License	2,000.00	660.00	300.00	180.00	180.00	60.00	80.00	1,460.00	73.00%	(540.00)
Utility Permits	5,000.00	0.00	291.80	330.00	185.20	0.00	670.00	1,477.00	29.54%	(3,523.00)
Burning Permits	1,000.00	170.00	90.00	90.00	305.00	135.00	45.00	835.00	83.50%	(165.00)
MSA-Maintenance	75,000.00	43,789.00	0.00	0.00	0.00	0.00	0.00	43,789.00	58.39%	(31,211.00)
State Fire Aid	40,000.00	0.00	0.00	1,500.00	0.00	0.00	0.00	1,500.00	3.75%	(38,500.00)
PERA Aid	2,749.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(2,749.00)
Gravel Tax	1,000.00	0.00	688.63	0.00	0.00	0.00	0.00	688.63	68.86%	(311.37)
Recycling Grant	15,500.00	0.00	0.00	0.00	0.00	0.00	15,588.00	15,588.00	100.57%	88.00
Cable Franchise Revenue	36,500.00	0.00	0.00	0.00	39,949.50	0.00	0.00	39,949.50	109.45%	3,449.50
Zoning and Subdivision Fees	5,500.00	1,152.40	0.00	0.00	0.00	0.00	0.00	1,152.40	20.95%	(4,347.60)
Plan Check Fees	38,000.00	2,457.00	2,571.96	2,565.06	6,126.06	9,921.70	12,681.08	36,322.86	95.59%	(1,677.14)
Copies, books, maps	150.00	3.00	3.00	13.90	0.00	44.95	24.25	89.10	59.40%	(60.90)
Assessment Searches	200.00	15.00	45.00	120.00	135.00	45.00	40.00	400.00	200.00%	200.00
Clean up Days	3,000.00	0.00	0.00	0.00	0.00	0.00	3,256.00	3,256.00	108.53%	256.00
Cable Optic Reimbursement	2,000.00	47.50	0.00	0.00	687.50	0.00	0.00	735.00	36.75%	(1,265.00)
Fines	53,000.00	0.00	4,154.15	7,570.16	7,684.31	4,851.06	5,576.67	29,836.35	56.30%	(23,163.65)
Misc Revenue	6,384.00	1,648.44	0.00	4,662.63	7,146.68	3,121.00	1,925.00	18,503.75	289.85%	12,119.75
Internal Charges	0.00	298.00	348.00	98.00	76.00	86.00	100.00	1,006.00	NA	1,006.00
Interest Earnings	20,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(20,000.00)
Donations	8,000.00	0.00	7,500.00	0.00	0.00	0.00	0.00	7,500.00	93.75%	(500.00)
Total Revenues	2,900,986.00	59,546.85	21,644.06	25,721.92	79,023.26	43,403.98	71,339.95	300,680.02	10.36%	(2,600,305.98)
EXPENSE BY DEPT										
410-General Government	965,182.00	32,695.72	75,839.99	72,121.09	70,066.68	84,621.78	141,158.12	476,503.38	49.37%	488,678.62
420-Public Safety	1,081,541.00	26,340.35	32,247.14	42,972.36	33,057.62	42,287.54	51,676.78	228,581.79	21.13%	852,959.21
430-Public Works	482,749.00	23,080.10	44,427.22	21,205.76	29,856.45	46,604.56	61,813.60	226,987.69	47.02%	255,761.31
450-Culture Recreation	183,103.00	10,524.58	9,723.89	8,550.56	9,597.51	17,030.80	18,350.02	73,777.36	40.29%	109,325.64
460-Compensation Adj	13,411.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	13,411.00
493-Other Financing Uses	175,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	175,000.00
Total Expenses	2,900,986.00	92,640.75	162,238.24	144,849.77	142,578.26	190,544.68	272,998.52	1,005,850.22	34.67%	1,895,135.78
Net	0.00	(33,093.90)	(140,594.18)	(119,127.85)	(63,555.00)	(147,140.70)	(201,658.57)	(705,170.20)	NA	(705,170.20)

Includes \$18k reimbursable MNDot expense

Grant monies received  
 Majority of licenses early in year  
 Good participation for clean up days  
 Apr ACH notif not rec'd; booked back to Apr in May  
 Library card svc fees; not budgeted  
 Currently interest only bkd at YE

**3100 - Public Works**

FT Salaries	127,257.00	7,352.98	10,005.83	9,669.19	9,617.31	14,796.05	10,096.98	61,538.34	48.36%	(65,718.66)
PT Salaries	12,573.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(12,573.00)
PERA Contributions	10,138.00	533.13	725.42	701.05	697.27	1,072.75	732.05	4,461.67	44.01%	(5,676.33)
FICA Contributions	8,670.00	425.88	581.97	561.07	557.86	858.57	587.66	3,573.01	41.21%	(5,096.99)
Medicare Contributions	2,027.00	99.59	136.12	131.23	130.48	200.80	137.41	835.63	41.22%	(1,191.37)
Health/Dental Insurance	32,694.00	4,742.44	2,590.10	2,590.10	2,590.10	2,590.10	2,590.10	17,692.94	0.00%	(15,001.06)
Unemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	0.00
Workers Compensation	12,565.00	8,726.00	0.00	0.00	0.00	0.00	0.00	8,726.00	69.45%	(3,839.00)
Office Supplies	500.00	0.00	213.93	53.12	0.00	0.00	0.00	267.05	53.41%	(232.95)
Shop Materials	1,800.00	0.00	54.59	101.33	148.70	0.00	145.90	450.52	0.00%	(1,349.48)
Equipment Parts	1,800.00	0.00	32.60	43.65	0.00	0.00	0.00	76.25	4.24%	(1,723.75)
Building Repair Supplies	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(1,000.00)
Small Tools and Minor Equip	3,000.00	0.00	148.55	32.04	65.10	62.46	0.00	308.15	0.00%	(2,691.85)
Engineering Services	2,000.00	0.00	45.00	202.50	517.50	0.00	1,392.00	2,157.00	107.85%	157.00
Contract Services	6,000.00	0.00	115.95	30.55	105.85	242.15	269.70	764.20	12.74%	(5,235.80)
Telephone	8,000.00	496.22	862.30	684.42	531.50	677.05	233.71	3,485.20	43.57%	(4,514.80)
Radio	300.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(300.00)
Mileage	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(100.00)
Insurance	14,500.00	0.00	0.00	0.00	0.00	0.00	20,276.35	20,276.35	139.84%	5,776.35
Electric Utility	21,000.00	0.00	0.00	0.00	2,481.96	761.72	518.27	8,519.27	40.57%	(12,480.73)
Refuse	2,000.00	207.82	207.82	207.82	207.82	207.82	207.82	1,246.92	62.35%	(753.08)
Repair/Maint Bldg	3,000.00	0.00	469.01	160.69	0.00	350.00	321.38	1,461.77	48.73%	(1,538.23)
Repair/Maint Equip	500.00	0.00	0.00	0.00	0.00	0.00	18,014.14	18,014.14	3602.83%	17,514.14
Uniforms	4,500.00	0.00	0.00	0.00	58.65	0.00	0.00	58.65	1.30%	(4,441.35)
Miscellaneous	1,675.00	22.86	156.72	87.92	65.01	171.37	314.09	817.97	48.83%	(857.03)
Dues & Subscriptions	1,000.00	303.25	51.16	(139.79)	0.00	0.00	0.00	214.62	21.46%	(785.38)
Conferences & Training	150.00	0.00	60.00	0.00	0.00	0.00	0.00	60.00	40.00%	(90.00)
Clean up Days	1,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(1,000.00)
	7,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(7,500.00)
<b>Total Public Works</b>	<b>287,249.00</b>	<b>22,910.17</b>	<b>19,181.76</b>	<b>17,149.52</b>	<b>17,935.80</b>	<b>21,990.84</b>	<b>55,837.56</b>	<b>155,005.65</b>	<b>53.96%</b>	<b>(132,243.35)</b>

**3120 - Streets**

Fuel, Oil & Fluids	28,000.00	0.00	1,822.43	91.22	5,206.41	1,732.50	0.00	8,852.56	31.62%	(19,147.44)
Equipment Parts	7,500.00	17.53	196.02	0.00	220.50	411.21	0.00	845.26	11.27%	(6,654.74)
Street Maintenance Materials	12,000.00	152.40	13.86	0.00	577.02	1,232.39	1,096.61	3,072.28	25.60%	(8,927.72)
Sign Repair Materials	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(3,000.00)
Contract Services	13,500.00	0.00	0.00	0.00	315.00	0.00	822.36	1,137.36	8.42%	(12,362.64)
Repairs/Maint Equipment	8,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(8,000.00)
<b>Total Streets</b>	<b>72,000.00</b>	<b>169.93</b>	<b>2,032.31</b>	<b>91.22</b>	<b>6,318.93</b>	<b>3,376.10</b>	<b>1,918.97</b>	<b>13,907.46</b>	<b>19.32%</b>	<b>(58,092.54)</b>

**3125 - Ice & Snow Removal**

Landscaping Material	1,000.00	0.00	0.00	0.00	7.45	38.48	0.00	45.93	4.59%	(954.07)
Sand/Salt	70,000.00	0.00	20,257.28	0.00	0.00	16,483.29	0.00	36,740.57	52.49%	(33,259.43)
Contract Services	7,500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%	(7,500.00)
Repairs/Maint Equipment	2,500.00	0.00	870.43	991.04	431.00	0.00	121.09	2,413.56	96.54%	(86.44)
<b>Total Streets</b>	<b>81,000.00</b>	<b>0.00</b>	<b>21,127.71</b>	<b>991.04</b>	<b>438.45</b>	<b>16,521.77</b>	<b>121.09</b>	<b>39,200.06</b>	<b>48.40%</b>	<b>(41,799.94)</b>

**3160 - Street Lighting**

Street Lighting	24,500.00	0.00	2,085.44	2,200.38	2,175.77	2,044.43	2,017.26	10,523.28	42.95%	(13,976.72)
<b>Total Street Lighting</b>	<b>24,500.00</b>	<b>0.00</b>	<b>2,085.44</b>	<b>2,200.38</b>	<b>2,175.77</b>	<b>2,044.43</b>	<b>2,017.26</b>	<b>10,523.28</b>	<b>42.95%</b>	<b>(13,976.72)</b>



<b>3200 - Recycling</b>									
Recycling Supplies	3,500.00	0.00	0.00	261.10	0.00	2,146.42	0.00	2,407.52	68.79%
Newsletter	3,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Miscellaneous	6,500.00	0.00	0.00	0.00	2,500.00	0.00	368.72	2,868.72	44.13%
<b>Total Recycling</b>	<b>13,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>261.10</b>	<b>2,500.00</b>	<b>2,146.42</b>	<b>368.72</b>	<b>5,276.24</b>	<b>40.59%</b>

<b>3250 - Tree Program</b>									
Contract Services	5,000.00	0.00	0.00	512.50	487.50	525.00	1,550.00	3,075.00	61.50%
<b>Total Tree Program</b>	<b>5,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>512.50</b>	<b>487.50</b>	<b>525.00</b>	<b>1,550.00</b>	<b>3,075.00</b>	<b>61.50%</b>
<b>Total Public Works</b>	<b>482,749.00</b>	<b>23,080.10</b>	<b>44,427.22</b>	<b>21,205.76</b>	<b>29,856.45</b>	<b>46,604.56</b>	<b>61,813.60</b>	<b>226,987.69</b>	<b>47.02%</b>

**DEPT 450 - CULTURE, RECREATION**

<b>5200 - Parks &amp; Recreation</b>									
FT Salaries	78,164.00	3,677.67	5,651.68	5,517.78	5,915.41	7,868.29	5,691.31	34,322.14	43.91%
PT Salaries	30,551.00	961.04	750.08	0.00	679.76	3,305.08	4,398.67	10,094.63	33.04%
PERA Contributions	7,882.00	336.28	464.12	400.20	478.13	767.53	545.61	2,991.87	37.96%
FICA Contributions	6,740.00	275.77	381.77	327.00	393.78	670.00	610.45	2,658.77	39.45%
Medicare Contributions	1,576.00	64.50	89.26	76.45	92.06	156.70	142.78	621.75	39.45%
Health/Dental Insurance	12,668.00	1,803.38	970.97	970.97	970.97	970.97	970.97	6,658.23	0.00%
Unemployment Benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Workers Compensation	7,522.00	3,138.00	0.00	0.00	0.00	0.00	0.00	3,138.00	41.72%
Shop Materials	600.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Chemicals	800.00	0.00	0.00	0.00	43.61	222.42	0.00	266.03	0.00%
Equipment Parts	2,500.00	60.12	0.00	0.00	155.16	539.14	346.54	1,100.96	44.04%
Building Repair Supplies	500.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Landscaping Materials	3,000.00	0.00	0.00	0.00	0.00	144.35	0.00	144.35	4.81%
Small Tools and Minor Equip	1,000.00	0.00	0.00	0.00	43.98	24.76	63.93	132.67	0.00%
Telephone	550.00	0.00	115.90	103.38	88.69	89.08	88.60	485.65	88.30%
Mileage	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
Insurance	5,000.00	0.00	0.00	0.00	0.00	0.00	3,364.00	3,364.00	67.28%
Electric Utility	9,500.00	0.00	960.11	869.66	440.74	654.90	578.12	3,503.53	36.88%
Refuse	2,500.00	207.82	207.82	207.82	207.82	207.82	207.82	1,246.92	49.88%
Repair/Maint Bldg	700.00	0.00	9.60	16.01	0.00	0.00	102.09	127.70	18.24%
Repair/Maint NOT Bldg	4,000.00	0.00	0.00	0.00	26.11	524.43	1,216.15	1,766.69	44.17%
Repair/Maint Equip	2,000.00	0.00	0.00	0.00	0.00	0.00	22.98	22.98	1.15%
Rental Buildings	4,500.00	0.00	122.58	61.29	61.29	885.33	0.00	1,130.49	25.12%
Miscellaneous	750.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
<b>Total Parks &amp; Recreation</b>	<b>183,103.00</b>	<b>10,524.58</b>	<b>9,723.89</b>	<b>8,550.56</b>	<b>9,597.51</b>	<b>17,030.80</b>	<b>18,350.02</b>	<b>73,777.36</b>	<b>40.29%</b>

<b>DEPT 460 - COMP ADJ</b>									
	13,411.00	0.00	0	0	0	0	0	0.00	0.00%
<b>DEPT 493 - OTH FINANCING</b>									
	175,000.00	0.00	0	0	0	0	0	0.00	0.00%
<b>GRAND TOTAL ALL DEPTS</b>	<b>2,900,986.00</b>	<b>92,640.75</b>	<b>162,238.24</b>	<b>144,849.77</b>	<b>142,578.26</b>	<b>190,544.68</b>	<b>272,998.52</b>	<b>#####</b>	<b>34.67%</b>

<b>DEPT 493 - OTH FINANCING</b>									
	175,000.00	0.00	0	0	0	0	0	0.00	0.00%
<b>GRAND TOTAL ALL DEPTS</b>	<b>2,900,986.00</b>	<b>92,640.75</b>	<b>162,238.24</b>	<b>144,849.77</b>	<b>142,578.26</b>	<b>190,544.68</b>	<b>272,998.52</b>	<b>#####</b>	<b>34.67%</b>





## MAYOR AND COUNCIL COMMUNICATION

DATE: 07/17/2012

**CONSENT**

ITEM #: 2b

**MOTION** Consent Agenda

**AGENDA ITEM:** Year to Date Permit Report

**SUBMITTED BY:** Carole Luczak, Program Support Assistant

**THROUGH:** Cathy Bendel, Finance Director

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

---

**SUMMARY AND ACTION REQUESTED:** As part of its Consent Agenda, the City Council is asked to accept the monthly permit report. No specific motion is needed, as this is recommended to be part of the overall approval of the *Consent Agenda*.

**STAFF REPORT:** Below are some key statistics for Jan 1-June 30:

	<u>2012</u>	<u>2011</u>
Total building permits:	136	158
(Ice and water damage repair)		(35)
 New homes	 17	 11
Total valuation	\$6,943,112	\$5,024,800
Avg home value	\$408,418	\$456,800

For the first half of 2012 there has been a noticeable increase in building activity over 2011.

**City of Lake Elmo  
Building Department**

**Building Permit Detail Summary**

January 1, 2012 Through June 30, 2012

**Occupancy**

**Class of Work:**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8429	Sign	6/22/2012	Church	0
<b>Totals for Class of Work:</b>		<b>Number of Permits = 1</b>	<b>Total Valuation =</b>	<b>0</b>

**Class of Work: Add**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8327	sportcourt	4/23/2012	None	30,000
<b>Totals for Class of Work: Add</b>		<b>Number of Permits = 1</b>	<b>Total Valuation =</b>	<b>30,000</b>

**Class of Work: Remodel**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8300	Basement finish (include s plmg &htg)	3/29/2012	Single Family Dwelling	25,000
8395	Remodel (including plmg &Ht g)	6/6/2012	Single Family Dwelling	29,500
<b>Totals for Class of Work: Remodel</b>		<b>Number of Permits = 2</b>	<b>Total Valuation =</b>	<b>54,500</b>

**Class of Work: Repair**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8432	re roof	6/28/2012	Single Family Dwelling	15,300
8436	re roof	6/28/2012	Residential	11,000

**Class of Work: Repair**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8298	Roof Replacement (ice & water)	3/27/2012	Single Family Dwelling	14,300
8304	Roof Replacement (ice & water)	4/10/2012	Single Family Dwelling	16,522
Totals for Class of Work: Repair				Number of Permits = 4
				Total Valuation = 57,122

**Totals for Occupancy:**

Number of Permits = 8      Total Valuation = 141,622

**Occupancy B****Class of Work: Add**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8337	deck/ porch	5/2/2012	Single Family Dwelling	3,500
8261	Gasline	1/17/2012	Commercial	1,400
8400	Sign	6/8/2012	Office Building	5,000
Totals for Class of Work: Add				Number of Permits = 3
				Total Valuation = 9,900

**Class of Work: Remodel**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8357	interior buildout incld P & H	5/19/2012	Commercial	20,000
8411	Siding & Window Replace ment	6/18/2012	Commercial	20,000
Totals for Class of Work: Remodel				Number of Permits = 2
				Total Valuation = 40,000

**Class of Work: New**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8321	Deck	4/19/2012	Single Family Dwelling	5,000

<u>Class of Work: New</u>				
Permit #	Description of Work	Date Issued	Use of Building	Valuation
Totals for Class of Work: New		Number of Permits = 1	Total Valuation =	5,000
<u>Class of Work: Repair</u>				
Permit #	Description of Work	Date Issued	Use of Building	Valuation
8301	repair	4/3/2012	Commercial	2,650
8263	reroof	1/23/2012	Commercial	38,420
8255	Roof Replacement	1/6/2012	Office Building	33,800
Totals for Class of Work: Repair		Number of Permits = 3	Total Valuation =	74,870

Totals for Occupancy: B	Number of Permits = 9	Total Valuation =	129,770
-------------------------	-----------------------	-------------------	---------

Occupancy U-1			
---------------	--	--	--

<u>Class of Work: Add</u>				
Permit #	Description of Work	Date Issued	Use of Building	Valuation
8295	accessory structure	3/23/2012	Accessory Building	2,600
8303	accessory structure/porch overhang/kit remodel	4/9/2012	Accessory Building	33,163
Totals for Class of Work: Add		Number of Permits = 2	Total Valuation =	35,763

<u>Class of Work: New</u>				
Permit #	Description of Work	Date Issued	Use of Building	Valuation
8249	accessory structure	1/3/2012	Accessory Building	59,000
Totals for Class of Work: New		Number of Permits = 1	Total Valuation =	59,000

Totals for Occupancy: U-1	Number of Permits = 3	Total Valuation =	94,763
---------------------------	-----------------------	-------------------	--------

# Occupancy R-3

## Class of Work: Add

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8366	addition	5/22/2012	Single Family Dwelling	18,000
8289	addition & remodel (Incl'd plmg & hvac)	3/13/2012	Single Family Dwelling	45,000
8297	addition & remodel (Incl'd plmg & hvac)	3/27/2012	Single Family Dwelling	68,000
8318	addition & remodel (Incl'd plmg & hvac)	4/17/2012	Single Family Dwelling	30,000
8392	addition & remodel (Incl'd plmg & hvac)	6/6/2012	Single Family Dwelling	110,000
8418	addition & remodel (Incl'd plmg & hvac)	6/20/2012	Single Family Dwelling	92,437
8425	air cond	6/21/2012	Residential	4,000
8287	Deck	3/12/2012	deck	10,000
8322	Deck	4/20/2012	Single Family Dwelling	4,000
8315	Door Replacement	4/16/2012	Single Family Dwelling	2,869
8386	driveway	6/5/2012	Single Family Dwelling	2,000
8274	fence	2/16/2012	Single Family Dwelling	3,000
8290	fence	3/16/2012	Single Family Dwelling	3,000
8325	fence	4/20/2012	Single Family Dwelling	960
8326	fence	4/23/2012	Single Family Dwelling	2,400
8336	fence	5/1/2012	Single Family Dwelling	6,000
8365	fence	5/19/2012	Single Family Dwelling	6,000
8250	Fireplace	1/3/2012	Single Family Dwelling	3,200
8258	Fireplace	1/11/2012	Single Family Dwelling	2,000
8311	Fireplace	4/13/2012	Single Family Dwelling	3,200
8346	Fireplace	5/9/2012	Single Family Dwelling	2,000
8389	Fireplace	6/6/2012	Single Family Dwelling	3,200

**Class of Work: Add**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8313	lawn Sprinkler	4/16/2012	Single Family Dwelling	2,800
8348	mobile home setup	5/10/2012	Mobile Home	3,000
8309	Porch	4/12/2012	Single Family Dwelling	15,000
8394	Porch	6/6/2012	Single Family Dwelling	65,000
8323	Shed	4/20/2012	Single Family Dwelling	1,500
8374	Shed	5/25/2012	Single Family Dwelling	3,762
8414	Shed	6/19/2012	Single Family Dwelling	1,600
8335	swimming pool	5/1/2012	Single Family Dwelling	30,000
8373	swimming pool	5/24/2012	Single Family Dwelling	65,000
<b>Totals for Class of Work: Add</b>			<b>Number of Permits = 31</b>	<b>Total Valuation = 608,928</b>

**Class of Work: Remodel**

Permit #	Description of Work	Date Issued	Use of Building	Valuation
8399	Basement finish (includes plmg&htg)	6/8/2012	Single Family Dwelling	8,000
8406	Deck	6/12/2012	Single Family Dwelling	5,600
8266	Door Replacement	1/27/2012	Single Family Dwelling	1,741
8312	driveway	4/13/2012	Single Family Dwelling	4,000
8376	driveway	5/30/2012	Single Family Dwelling	12,000
8270	interior buildout incld P & H	2/6/2012	Single Family Dwelling	20,000
8275	Remodel	2/17/2012	Single Family Dwelling	5,000
8334	Remodel	4/27/2012	Single Family Dwelling	8,000
8355	Remodel	5/15/2012	Single Family Dwelling	46,000
8267	Remodel (including plmg&Ht g)	2/3/2012	Single Family Dwelling	25,000
8292	Remodel (including plmg&Ht g)	3/19/2012	Single Family Dwelling	25,000



**Class of Work: Remodel**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8350	Remodel (including plmg&Htg)	5/14/2012	Single Family Dwelling	40,500
8358	Remodel (including plmg&Htg)	5/19/2012	Single Family Dwelling	62,000
8405	Remodel (including plmg&Htg)	6/11/2012	Single Family Attached	1,800
8272	repair	2/7/2012	Single Family Dwelling	1,525
8362	reside structure	5/19/2012	Single Family Dwelling	6,000
8388	reside structure	6/5/2012	Single Family Dwelling	30,500
8413	Roof Replacement (ice & water)	6/19/2012	Single Family Dwelling	13,200
8342	Siding	5/4/2012	Single Family Dwelling	10,000
8277	window replacement	2/22/2012	Single Family Dwelling	4,993
8279	window replacement	3/2/2012	Single Family Dwelling	2,600
8368	window replacement	5/22/2012	Single Family Dwelling	3,700
8381	window replacement	5/31/2012	Single Family Dwelling	1,914
8397	window replacement	6/7/2012	Single Family Dwelling	20,925
8276	window replacement/door	2/22/2012	Single Family Dwelling	5,152
8352	window replacement/door	5/14/2012	Single Family Dwelling	21,659
8401	window replacement/door	6/8/2012	Single Family Dwelling	30,810
<i>Totals for Class of Work: Remodel</i>			<i>Number of Permits = 27</i>	<i>Total Valuation = 417,619</i>

**Class of Work: New**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8268	New House	2/3/2012	Single Family Dwelling	460,412
8269	New House	2/3/2012	Single Family Dwelling	650,000
8296	New House	3/27/2012	Single Family Dwelling	575,000
8310	New House	4/13/2012	Single Family Dwelling	437,000

**Class of Work: New**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8320	New House	4/18/2012	Single Family Dwelling	450,000
8331	New House	4/26/2012	Single Family Dwelling	424,000
8340	New House	5/3/2012	Single Family Dwelling	285,000
8347	New House	5/9/2012	Single Family Dwelling	268,700
8349	New House	5/14/2012	Single Family Dwelling	448,000
8356	New House	5/19/2012	Single Family Dwelling	290,000
8378	New House	5/31/2012	Single Family Dwelling	280,000
8393	New House	6/6/2012	Single Family Attached	320,000
8423	New House	6/20/2012	Single Family Dwelling	370,000
8422	New House	6/20/2012	Single Family Dwelling	570,000
8419	New House	6/20/2012	Single Family Dwelling	320,000
8420	New House	6/20/2012	Single Family Dwelling	395,000
8421	New House	6/20/2012	Single Family Dwelling	400,000
<i>Totals for Class of Work: New</i>			<i>Number of Permits = 17</i>	<i>Total Valuation = 6,943,112</i>

**Class of Work: Repair**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8372	Deck	5/23/2012	Single Family Dwelling	10,000
8271	Door Replacement	2/6/2012	Single Family Dwelling	3,000
8319	driveway	4/18/2012	Single Family Dwelling	6,950
8339	driveway	5/2/2012	Single Family Dwelling	9,438
8256	repair	1/11/2012	Single Family Dwelling	18,500
8427	reroof	6/22/2012	Residential	10,112
8426	reroof	6/22/2012	Residential	6,230



**Class of Work: Repair**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8404	reside structure	6/11/2012	Single Family Dwelling	14,500
8251	Roof Replacement	1/4/2012	Single Family Dwelling	2,000
8364	Roof Replacement	5/19/2012	Single Family Dwelling	21,511
8282	Roof Replacement (ice & water)	3/7/2012	Single Family Dwelling	13,000
8281	Roof Replacement (ice & water)	3/7/2012	Single Family Dwelling	4,900
8291	Roof Replacement (ice & water)	3/19/2012	Single Family Dwelling	9,000
8293	Roof Replacement (ice & water)	3/19/2012	Mobile Home	1,201
8294	Roof Replacement (ice & water)	3/22/2012	Single Family Dwelling	14,524
8299	Roof Replacement (ice & water)	3/28/2012	Single Family Dwelling	8,000
8305	Roof Replacement (ice & water)	4/10/2012	Single Family Dwelling	6,900
8317	Roof Replacement (ice & water)	4/16/2012	Single Family Dwelling	16,500
8316	Roof Replacement (ice & water)	4/16/2012	Single Family Dwelling	8,500
8329	Roof Replacement (ice & water)	4/23/2012	Single Family Dwelling	10,000
8330	Roof Replacement (ice & water)	4/25/2012	Single Family Dwelling	12,900
8341	Roof Replacement (ice & water)	5/4/2012	Single Family Dwelling	5,800
8343	Roof Replacement (ice & water)	5/7/2012	Single Family Dwelling	7,500
8351	Roof Replacement (ice & water)	5/14/2012	Single Family Dwelling	10,000
8353	Roof Replacement (ice & water)	5/15/2012	Single Family Dwelling	7,500
8354	Roof Replacement (ice & water)	5/15/2012	Single Family Dwelling	11,700
8363	Roof Replacement (ice & water)	5/19/2012	Single Family Dwelling	17,000
8369	Roof Replacement (ice & water)	5/22/2012	Single Family Dwelling	8,700
8377	Roof Replacement (ice & water)	5/31/2012	Single Family Dwelling	12,125
8380	Roof Replacement (ice & water)	5/31/2012	Single Family Dwelling	9,900
8387	Roof Replacement (ice & water)	6/5/2012	Single Family Dwelling	12,296

**Class of Work: Repair**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8391	Roof Replacement (ice & water)	6/6/2012	Single Family Dwelling	30,507
8379	Siding	5/31/2012	Single Family Dwelling	14,800
<i>Totals for Class of Work: Repair</i>				<i>Total Valuation = 355,494</i>

**Class of Work: Alter**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8430	Basement finish	6/27/2012	Single Family Dwelling	17,500
8428	Fireplace	6/22/2012	Residential	1,000
<i>Totals for Class of Work: Alter</i>				<i>Total Valuation = 18,500</i>

**Class of Work: Demolition**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8260	demolition	1/11/2012	Single Family Dwelling	6,000
<i>Totals for Class of Work: Demolition</i>				<i>Total Valuation = 6,000</i>

Totals for Occupancy:	R-3	Number of Permits = 111	Total Valuation = 8,349,653
-----------------------	-----	-------------------------	-----------------------------

**Occupancy R-1****Class of Work: Remodel**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8412	window replacement/door	6/19/2012	Single Family Dwelling	23,636
<i>Totals for Class of Work: Remodel</i>				<i>Total Valuation = 23,636</i>

Totals for Occupancy:	R-1	Number of Permits = 1	Total Valuation = 23,636
-----------------------	-----	-----------------------	--------------------------

**Occupancy S-1****Class of Work: Add**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8264	Communication Antenna	1/25/2012	Commercial	48,000
8403	Communication Antenna	6/11/2012	Commercial	12,500
<i>Totals for Class of Work: Add</i>				<i>Total Valuation = 60,500</i>

**Totals for Occupancy: S-1****Total Valuation = 60,500****Occupancy A-3****Class of Work: Add**

<i>Permit #</i>	<i>Description of Work</i>	<i>Date Issued</i>	<i>Use of Building</i>	<i>Valuation</i>
8385	addition & remodel	5/31/2012	Church	1,370,000
1088	addition & remodel	6/4/2012	Church	1,370,000
<i>Totals for Class of Work: Add</i>				<i>Total Valuation = 2,740,000</i>

**Totals for Occupancy: A-3****Total Valuation = 2,740,000*****Grand Total of All Permits Issued:******Number of Permits 136******Total Valuation = 11,539,944***





## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**CONSENT**

ITEM #: 3

**MOTION**

**AGENDA ITEM:** Professional Engineering Support Services Consulting Pool – Approve Updated Pool to add AE2S in the areas of Water and Wastewater Systems

**SUBMITTED BY:** Jack Griffin, City Engineer

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

**REVIEWED BY:** Ryan Stempski, Assistant City Engineer

**SUMMARY AND ACTION REQUESTED:** The City Council is respectfully requested to consider approving the updated Professional Engineering Support Services Consulting Pool, thereby adding Advanced Engineering and Environmental Services, Inc. (AE2S) in the areas of Water and Wastewater Systems.

**BACKGROUND INFORMATION AND STAFF REPORT:** The City Council approved the Professional Engineering Support Services Consulting Pool on March 20, 2012. The purpose of the pool is to establish a list of prequalified firms for staff to turn to for specialized engineering, architectural, landscape architectural, surveying and other support services when the need arises. The prequalification step serves to streamline the process for staff to access the available support services and to simplify the Request for Proposal (RFP) process when a specific project need is requested.

At this time, due to some recent staff turnover at some of the Consulting Firms, the City Engineer is recommending that AE2S be added to the Consulting Pool so that their specialized expertise in Water and Wastewater Systems may be made available for assisting staff with various engineering studies and design. AE2S submitted a Proposal to the City of Lake Elmo in February, 2012 along with the original RFP process.

**RECOMMENDATION:** Based upon the above staff report, it is recommended that the City Council consider approving the updated Professional Engineering Support Services Consulting Pool, thereby adding Advanced Engineering and Environmental Services, Inc. (AE2S) in the areas of Water and Wastewater Systems. The recommended motion for this action is as follows:

*“Move to approve the updated Professional Engineering Support Services Consulting Pool, thereby adding Advanced Engineering and Environmental Services, Inc. (AE2S) in the areas of Water and Wastewater Systems.”*

**ATTACHMENTS:**

1. Updated Professional Engineering Support Services Consulting Pool

## TABLE 1

CITY OF LAKE ELMO - PROFESSIONAL ENGINEERING SUPPORT SERVICES CONSULTING POOL						
General Municipal Services	Traffic Engineering & Transportation Planning	Water System	Wastewater	Surface Water	Municipal Buildings & Facilities	Parks, Landscaping, Urban Design
Bolton & Menk Inc. FOTH Infrastructure STANTEC Stevens TKDA	SRF Consulting Spack Consulting, Inc.	Barr Engineering Inc SEH AE2S KLM Engineering Inc.	Barr Engineering Inc AE2S	Barr Engineering Inc Hydromethods Solution Blue	No Award	No Award
<p><b><u>General Services - Specialties</u></b></p> <p><b><u>Surveying / Easements</u></b></p> <p>Cornerstone Land Survey E.G.Rud and Sons, Inc. Folz, Freeman and Erickson</p> <p><b><u>Water Tower Maintenance / Antennas</u></b></p> <p>KLM Engineering Inc.</p> <p><b><u>GIS / Mapping</u></b></p> <p>Flat Rock Geographics</p>						





## MAYOR & COUNCIL COMMUNICATION

DATE: July 17, 2012

CONSENT

ITEM #: 4

**MOTION**

**AGENDA ITEM:** Ordinance No. 2012-58 Amending 97.21 Watercraft and Water Surface Regulations and 97.23 (A) prohibited Structures and Uses

**SUBMITTED BY:** Dean Zuleger, City Administrator

**THROUGH:** Mayor Johnston, Ad Hoc Reviewers from the Tri Lakes Association

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

---

**SUMMARY AND ACTION REQUESTED:** To approve by consent, the MNDNR reviewed amendment to City Ordinances regulating watercraft regulations (§97.21) and prohibited structures and uses (§97.23 (L)).

**BACKGROUND INFORMATION:** In the course business during 2011, the City of Lake Elmo and affected land owners residing on the shores of Lake Olson, Lake Demontreville and Lake Jane crafted an amendment to current city code that would regulate the use of three lakes in the area known as the Tri-Lake area of the City of Lake Elmo. After considerable debate, the parties reached a consensus on three main areas:

1. A slow, no wake speed condition be set if the lake level of 929.7 feet above sea level is exceeded for five consecutive days for Lake Olson and Lake Demontreville;
2. Motorboat operation that causes wake may be allowed on Lake Jane between 9:00 AM and sunset;
3. Motorboat races, tournaments et al are allowed only as specifically authorized by State Statutes and Rules, the Washington County Sheriff, and City Council. Notice shall be provided to the City Council.

The City Council approved this ordinance change in July and the MNDNR approved the amendment effective through October of 2011.

**STAFF REPORT:** During the winter of 2011, interim staff worked with the MNDNR to craft an ordinance that would meet with all party's approval. Specifically, MNDNR did not want to specify a specific elevation level for no wake imposition on Lake Olson and Lake Demontreville and they wished to make the City Code consistent with MN Statute 86 – governing motorized water craft operation. After several months of MNDNR review and text changes, staff brought a draft ordinance to the City Council for their review on June 5, 2012. At this time several lake shore residents expressed their dislike for the draft as they felt that the statutory norming that

took place defeated the intent and purpose of the ordinance. It was agreed that the City Administrator and members of the Tri-Lakes association would meet with MNDNR officials to discuss specific concerns about lake elevation levels and a provision of state statutes that creates a slow, no wake speed for personal watercraft within 150 feet of shoreline.

A delegation from Lake Elmo consisting of Mayor Dean Johnston, Administrator Dean Zuleger, Tri-Lakes President Justin Bloyer and Lake Olson Association President Roger Johnson met with MNDNR's Kim Elverum, Boat & Water Safety Coordinator, to broker a compromise and clarify whether MN Statute 86 had preemption over local ordinances. At this meeting, it was agreed that if MNDNR technical staff agreed to the specific lake level definition of 929.7, the ordinance passed in July 2011 could stand permanently. The City Administrator spoke with MDNR technical staff (Schodeen) who had no objections to a pre-determined ordinary high water mark of 929.7 (MSL).

In the meeting with Elverum, it was noted that the MN Statute 86B.313 ("the 150' rule") is specifically directed at personal water craft – jet skis, water bikes, et al – and not traditional motorboats. This statute does preempt local ordinances for safety purposes.

Appropriate changes were made to the ordinance and were reviewed by Mr. Roger Johnson, Mr. Justin Bloyer and Mayor Dean Johnson for approval prior to final drafting.

**RECOMMENDATION:** Based upon the background information presented, the staff recommends that the City of Lake Elmo City Council:

**Motion:** To approve Ordinance 2012-58, as approved through review by the MNDNR, to amend §97.21 of the City Code regulating watercraft and water surface regulations and §97.23 (L) prohibited structures and uses.

**ATTACHMENTS:** Ordinance 2012 - 58

**SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item ..... City Administrator
- Report/Presentation.....City Administrator
- 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

CITY OF LAKE ELMO  
COUNTY OF WASHINGTON  
STATE OF MINNESOTA  
ORDINANCE 2012-58

AN ORDINANCE AMENDING 97.21 WATERCRAFT AND WATER SURFACE  
REGULATIONS AND 97.23 (A) PROHIBITED STRUCTURES AND USES

§ 97.21 WATERCRAFT AND WATER SURFACE USE REGULATIONS.

The following regulations shall apply to the use of watercraft on lakes entirely within the city limits, to the use of a lake entirely within the city limits, and to the use of ice surfaces on lakes entirely within the city limits.

(A) *Dumping.* No person shall dump or throw garbage, paper, bottles, cans, refuse, or debris into any lake or on the shore of any lake or in any public area around any lake in the city.

(B) *Hours of operation.*

(1) *Normal conditions.* No person shall operate any motorboat at a speed greater than a slow, no-wake speed as defined by MN Statute 86B.005 between sunset and noon the following day with the exception of Lake Jane, where the slow no-wake speed is in effect between sunset and 9:00 a.m. on the following day.

(2) *High water conditions.* No person shall operate any motorboat at greater than a slow, no-wake speed as defined by MN Statute 86B.005 whenever the lake level of Lakes Olson and Demontreville is above 929.7 feet above sea level (MSL) for five (5) consecutive days. This restriction will remain in effect until the water level drops below 929.7 feet, and remains there for *five (5) consecutive days*.

(C) *Operating regulations.* No person shall operate any watercraft in violation of the provisions of this code, or in violation of the provisions of Minnesota Statutes, Chapter 86B or Minnesota Boat and Water Safety Rules (6110.0100-6110.2300) which statutes and rules are hereby adopted and incorporated herein. In the event of a conflict between the various city and state regulations, the more restrictive regulation shall apply.

(D) *Buoys.* No person shall place a buoy on a lake unless the buoy is specifically authorized by the City Council and the Washington County Sheriff.

(E) *Operation.* All motorboats, operating in excess of a slow, no-wake speed shall operate in a counter clockwise direction. Personal watercraft engaging in constant turning activity shall confine that activity to the center of the lake.

(F) *Non-public lake access.* No person, except riparian owners, shall launch a watercraft or gain access to or egress from a lake other than at a designated public access point

except in the case of any emergency or except with the written permission of the riparian lot owner. A person who has written permission to launch a watercraft from a riparian lot shall park their vehicle(s) and trailer(s) on the lot of the riparian owner. Riparian lot owners who grant permission to use their property as a launch site shall otherwise comply with all of the land use regulations of the city.

(G) *Public launching areas.* Except as noted in (F) no person shall launch a watercraft or gain access to or egress from a lake except from a public right-of-way or other public park area in those locations specifically designated and posted for the purpose.

(H) *Non-motorized carry-on access.* A person may access any public waters through public land with a hand-carried non-motorized watercraft in accordance with MN Statutes 86B.201, Subd.3.

(I) *Safe operating distance.*

(1) No person shall operate or permit the operation of a personal watercraft per Minnesota Statutes, Chapter 86B.313, in excess of slow, no-wake speed, within 150 feet of a shoreline.

(2) Launching or landing a personal watercraft or towing a person on skis or other devices must be done by using the most direct route to or from open water.

(J) *Non-motorized watercraft.* A non-motorized watercraft has the right-of-way over motor-powered watercraft except when it is the overtaking watercraft. Motor-powered watercraft should always keep clear and pass astern on non-motorized watercraft (MN Rule 6110.1200, Sub. 1, D)(1997 Code, § 1380.03)

(K) *Permanent "slow - no wake" areas.* The channels and narrows between Lake Olson and Lake Demontreville are hereby designated as permanent "slow - no wake" areas and appropriate signs or buoys meeting the specifications found in MN Rules 6110.1500 shall be posted.

## § 97.23 PROHIBITED STRUCTURES AND USES.

(L) *Lake Activities.* Motorboat races, tournaments, ski jumps, slalom courses, or other competition or exhibition events are allowed only as specifically authorized by State Statutes and Rules, the Washington County Sheriff, and the City Council. Notice shall be provided to the City Council.

Penalty – See 10.99

**Section 2: Effective Date:** This ordinance becomes effective on the date of its publication, or upon the publication of a summary of the ordinance as provided by Minn. Stat. § 412.191, Subdivision 4.

**ADOPTION DATE:** Adopted by Lake Elmo City Council on the seventeenth day of July 2012.

CITY OF LAKE ELMO

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

Attest:

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

This Ordinance 2012-58 was published on the \_\_\_\_ day of \_\_\_\_\_ 2012.

#### **CERTIFICATION**

I hereby certify that the foregoing Resolution is a true and correct copy of a resolution presented to and adopted by the Council of the City of Lake Elmo at a duly authorized meeting thereof held on the seventeenth day of July 2012, as shown by the minutes of said meeting in my possession.

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

(Seal)





## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**CONSENT**

ITEM #: 5

**MOTION: \$\$ Fiscal Impact**

**AGENDA ITEM:** Lions Park Tennis Court Resurfacing

**SUBMITTED BY:** Michael Bouthilet, Public Works Superintendent

**THROUGH:** Dean Zuleger, City Administrator

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

### **SUMMARY AND ACTION REQUESTED:**

Every 5 to 7 years tennis courts require resurfacing and painting. The courts at Lions Park are due and the condition of the court dictates it should be done.

**FISCAL IMPACT:** \$ 15,870.00

### **BACKGROUND INFORMATION:**

The courts are showing significant cracking, peeling and blistering paint. The courts at the minimum require:

- Routing of the structural cracks, clean, treat with defoliant and filled with crack filler.
- Pressure wash and scrape court surface free of delaminating material.
- Apply 1 tack filler coat.
- Apply 2 filler courses to mask delamination scars.
- Apply 1 colored texture coat.
- Apply 1 colored finish coat and stripe to USTA rules.

### **STAFF REPORT:**

The court was evaluated for repair options which included the typical resurfacing (described above), or an additional treatment known as "Armor Crack Repair", which addresses the reflective cracking that typically occurs. The "Armor Crack Repair" costs an additional \$9,000.00. Due to the age of the asphalt on the court, it was deemed it would need an asphalt overlay in 5-7 years, so it would not be appropriate for extra treatment to the cracks at this time.

The basketball court is included in this project for painting and striping.

Three quotes were solicited from companies we have used and/or vetted. Only two quotes were provided as follows:

- Tennis West \$15,870.00
- Tennis Court Doctor \$16,666.00

This is a CIP identified and park land dedication fund expenditure.

**RECOMMENDATION:**

To contract with Tennis West to crack fill, level, paint and stripe tennis courts, and paint/stripe basketball court at Lions Park for \$15,870.00

**ATTACHMENTS:**

1. Tennis West quote.



## Quotation

To: **Lake Elmo P. W.**  
3445 Ideal Av. No.  
Lake Elmo, Mn. 55042  
Attn: Mike Bouthilet  
o.) 651-233-5414  
e.) mikebouthilet@lakeelmo.org

From: **Finley Bros. Inc.**  
d.b.a. **Tennis West**  
P O Box 677  
Hopkins, Mn. 55343  
o.) 952-933-8272  
fx.) 952-933-6164

Re: Resurfacing a battery of two (2) tennis courts at Lions Park.

Base Bid ( spec.):

Router structural cracks, clean, treat with defoliant, and fill ( full depth ) with proprietary crack filler. Scrape and sand surface edges smooth, screed a second and/or third filler to a level surface. Note: do to the nature of structural cracks, there permanent repair can not be guaranteed. i.e. they will reflect. ( Same four step process as used w. Armor System. )

\* See attached below Add Alt. bid for Armor Crack System

Pressure wash & scrape court surface, free of delaminating material.

Patch for bird baths. ( max. three applications ) Additional patching

shouldn't be required, if the surface has a 1"/10' slope or greater.

Supply and install a Nova USA Color Surface System for existing acrylic over asphalt construction.

Skin patch crack and bird bath repairs.

Apply a (1) tack/filler coat.

Apply two (2) filler courses. Needed to mask delamination scars.

Apply one (1) colored texture courses.

Apply a (1) colored finish coat. Color: all green.

Stripe for doubles tennis: 2" white playing lines per USTA rules.

Base Bid : battery of two (2) courts ..... \$14,970.00

Add Alt. 1A. Armor Crack System for approx. 750 ln. ft. of cracks.

Supply & install Armor Crack Repair membrane masking system

(over crack work in base bid, above. ( [www.armorcrackrepair.com](http://www.armorcrackrepair.com) )

Unit price at \$12.00/ln.ft. est. 750 ln. ft.

Note: does not include asphalt/concrete butt joint gaps. ( post footings .)

Total Add Alt. 1A. (Add to base bid for Armor System ) ..... \$ 9,000.00

Alt. No. 2 Add basketball court approx. 30' x 42'

Resurfacing basketball area. All Green w. 2" white ln.'s ..... \$ 970.00

Respectfully submitted, Raymond S. Finley  
( 6-04-12 ) c.) 612-363-3004

Estimate accepted: \_\_\_\_\_

Date: \_\_\_\_\_





## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**CONSENT**

ITEM #: 6

**MOTION: \$\$ Fiscal Impact**

**AGENDA ITEM:** Lions Park Safety Surface

**SUBMITTED BY:** Michael Bouthilet, Public Works Superintendent

**THROUGH:** Dean Zuleger, City Administrator

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

### SUMMARY AND ACTION REQUESTED:

During a park visit by the Parks Commission, it was noted that the rubber safety surfacing circling the merry-go-round was deteriorating and had a hole that could be a trip hazard. A request was made for evaluation and repair.

**FISCAL IMPACT:** \$ 3,997.51

### BACKGROUND INFORMATION:

The rubber surfacing was installed over a concrete pad in 1994 after an insurance liability review recommended we either remove the play equipment or add safety surfacing. The Parks Commission at the time not only recommended the addition of rubber surfacing, but to also install a new merry-go-round.

### STAFF REPORT:

Safety surfacing contractors were contacted to discuss the viability of patching and fill the holes in the rubber surface. It was determined the rubber and binder had deteriorated beyond repair. Two quotes were provided as follows:

- |                                   |            |
|-----------------------------------|------------|
| • Minnesota/Wisconsin Playgrounds | \$3,997.51 |
| • Flagship Recreation             | \$7,500.00 |

This item is not identified in the CIP, but it the Public Works Superintendent recommends it should be funded by the park land dedication account, due to the longevity of product.

**RECOMMENDATION:**

To contract with MN/WI Playgrounds to install new rubber safety surfacing at Lions Park for \$3,997.51

**ATTACHMENTS:**

1. MN/WI Playground quote.



Minnesota / Wisconsin Playground  
5101 Highway 55, Suite 6000  
Golden Valley, Minnesota 55422  
Ph. 800-622-5425 | 763-546-7787  
Fax 763-546-5050 | info@mnwiplay.com

QUOTE  
#5871

04/23/2012

### repair rubber surface

City of Lake Elmo  
Attn: Mike Bouthilet  
3800 Laverne Avenue N.  
Lake Elmo, MN 55042  
Phone: 651-233-5414  
Fax: 651-777-6530

Ship To Zip: 55042

Quantity	Part #	Description	Unit Price	Amount
1	PIP	Remove and Dispose of existing rubber surface. Install 2" poured rubber, 50% black and 50% blue.	\$3,843.00	\$3,843.00

SubTotal: \$3,843.00  
Tax: \$134.51  
**Total Amount: \$3,977.51**

This quotation is subject to polices in the current Gametime Park and Playground catalog and the following terms and conditions. Our quotation is based on shipment of all items at one time to a single destination, unless noted, and changes are subject to price adjustment. Purchases in excess of \$1,000.00 to be supported by your written purchase order made out to Gametime, c/o Minnesota/Wisconsin Playground.

Exclusions: unless specifically included, this quotation excludes all site work and landscaping; removal of existing equipment; acceptance of equipment and off-loading; storage of goods prior to installation; equipment assembly and installation; safety surfacing; borders and drainage provisions.

#### Order Information:

Bill To: \_\_\_\_\_  
Company: \_\_\_\_\_  
Attn: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Tel: \_\_\_\_\_  
Fax: \_\_\_\_\_

Ship To: \_\_\_\_\_  
Project Name: \_\_\_\_\_  
Attn: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Tel: \_\_\_\_\_  
Fax: \_\_\_\_\_

#### Acceptance of quotation:

Accepted By (printed): \_\_\_\_\_  
Signature: \_\_\_\_\_  
Title: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

P.O. No: \_\_\_\_\_  
Date: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Purchase Amount: **\$3,977.51**





## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**CONSENT**

ITEM #: 7

**MOTION**

**AGENDA ITEM:** Authorization for sale of \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A

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

**THROUGH:** Dean Zuleger, City Administrator

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

**SUMMARY AND ACTION REQUESTED:** The City Council is respectfully asked to consider Resolution 2012-35 awarding the sale, prescribing the form and details and providing for the payment of the \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A.

*not*  
**BACKGROUND INFORMATION:** The City Council authorized the issuance and sale of the \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A on June 19, 2012. The attached paperwork needs to be completed to complete that transaction.

**RECOMMENDATION:** It is recommended that the City Council approve processing the necessary paperwork related to \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A.

**ATTACHMENTS:**

1. Resolution 2012-35
2. Finance Plan Summary 2012A





CERTIFICATION OF MINUTES RELATING TO  
\$865,000 GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2012B

Issuer: City of Lake Elmo, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held on July 17, 2012, at  
7:00 p.m., at City Hall, Lake Elmo, Minnesota.

Members present:

Members absent:

Documents Attached:

Minutes of said meeting (including):

RESOLUTION NO. 2012-35

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE,  
PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE  
PAYMENT OF \$865,000 GENERAL OBLIGATION IMPROVEMENT  
BONDS, SERIES 2012B

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer this \_\_\_\_ day of July, 2012.

\_\_\_\_\_  
City Administrator

It was reported that \_\_\_\_\_ ( ) sealed proposals for the purchase of \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A were received prior to 10:30 a.m. on July 17, 2012, pursuant to the Official Statement distributed to potential purchasers of the Bonds by Northland Securities, Inc., financial advisor to the City. The proposals have been publicly opened, read and tabulated and were found to be as follows:

(See Attached)

Councilmember \_\_\_\_\_ introduced the following resolution and moved its adoption, which motion was seconded by Councilmember \_\_\_\_\_:

RESOLUTION NO. \_\_\_\_\_

RESOLUTION RELATING TO \$4,090,000 GENERAL OBLIGATION WATER REVENUE CROSSOVER REFUNDING BONDS, SERIES 2012A; AUTHORIZING THE ISSUANCE, AWARDING SALE, PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE PAYMENT THEREOF

BE IT RESOLVED by the City Council (the "City Council") of City of Lake Elmo (the "City"), as follows:

Section 1. Authorization and Recitals.

1.01. Authorization of Bonds. The City owns and operates a municipal water system (the "Utility"). Pursuant to a resolution adopted by this Board on June 19, 2012, the City has determined it to be in its best interests to issue its General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A, in the principal amount of \$4,090,000 (the "Bonds"), pursuant to Minnesota Statutes, Chapter 475, to provide funds to be used to refinance, in a crossover refunding pursuant to Minnesota Statutes, Section 475.67, sub. 13, the 2016 through 2030 maturities of the City's General Obligation Water Revenue Bonds, Series 2005A, dated, as originally issued, as of August 1, 2005, which maturities are presently outstanding in the principal amount of \$3,775,000 (the "Refunded Bonds"). December 1, 2015 (the "Crossover Date") is the earliest date upon which the Refunded Bonds may be redeemed without payment of premium. The refunding is being carried out for the purpose described in Minnesota Statutes, Section 475.67, subdivision 3, section (b)(2)(i) and in compliance with Minnesota Statutes, Chapter 475.

1.02. Sale and Award. Pursuant to the Notice of Sale and the Official Statement prepared on behalf of the City by Northland Securities, Inc., sealed proposals for the purchase of the Bonds were received at or before the time specified for receipt thereof. The proposals have been opened, publicly read and considered and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of \_\_\_\_\_, in \_\_\_\_\_, \_\_\_\_\_ (the "Purchaser"), to purchase the Bonds at a price of \$\_\_\_\_\_ plus accrued interest on all Bonds to the day of delivery and payment, on the further terms and conditions hereinafter set forth.

The sale of the Bonds is hereby awarded to the Purchaser, and the Mayor and City Administrator are hereby authorized and directed to execute a contract on behalf of the City for the sale of the Bonds in accordance with the Notice of Sale. The good faith deposit of the Purchaser shall be retained and deposited by the City until the Bonds have been delivered and shall be deducted from the purchase price paid at settlement.

1.03. Savings. It is hereby determined that:

(a) by the issuance of the Bonds, the City will realize a substantial interest rate reduction, a gross savings of approximately \$ \_\_\_\_\_ and a present value savings (using the yield on the Bonds, computed in accordance with Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), as the discount factor) of approximately \$ \_\_\_\_\_; and

(b) as of the Crossover Date, the sum of (i) the present value of the debt service on the Bonds, computed to their stated maturity dates, after deducting any premium, using the yield of the Bonds as the discount rate, plus (ii) any expenses of the refunding payable from a source other than the proceeds of the Bonds or investment earnings thereon, is lower by \_\_\_\_\_% than the present value of the debt service on the Refunded Bonds, exclusive of any premium, computed to their stated maturity dates, using the yield of the Bonds as the discount rate.

## Section 2. Terms; Registration; Execution and Delivery.

2.01. Issuance of Bonds. All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is now necessary for the Board to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

2.02. Maturities; Interest Rates; Denominations; Payment. The Bonds shall be dated, as originally issued, as of August 1, 2012, shall be issued in the denomination of \$5,000 each or any integral multiple thereof, of single maturities, shall mature on December 1 in the years and amounts stated below, and shall bear interest from their date of issue until paid or called for redemption, at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2016	\$200,000		2024	\$295,000	
2017	200,000		2025	315,000	
2018	220,000		2026	305,000	
2019	215,000		2027	325,000	
2020	210,000		2028	345,000	
2021	205,000		2029	340,000	
2022	280,000		2030	335,000	
2023	300,000				

[REVISE MATURITY SCHEDULE FOR ANY TERM BONDS]

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof shall be payable by check or draft issued by the Registrar described herein, provided that, so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.07 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.08 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of

authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable on each June 1 and December 1, commencing June 1, 2013, to the owners of record thereof as of the close of business on the fifteenth day of the immediately preceding month, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption. Bonds maturing in the years 2022 and thereafter shall each be subject to redemption and prepayment at the option of the City, in whole or in part and if in part, in such order as the City shall determine and within a maturity by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures), in multiples of \$5,000, on December 1, 2021, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption.

The City Administrator shall cause notice of the call for redemption thereof to be published if and as required by law and, at least thirty days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.06 hereof, provided that notice shall be given to any securities depository in accordance with its operational arrangements. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the registered owner without charge, representing the remaining principal amount outstanding.

[COMPLETE THE FOLLOWING PROVISIONS IF THERE ARE TERM BONDS-  
ADD ADDITIONAL PROVISIONS IF THERE ARE MORE THAN TWO TERM BONDS]

[Bonds maturing on December 1, 20\_\_\_\_ and 20\_\_\_\_ (the Term Bonds) shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

Term Bonds Maturing December 1, 20\_\_\_\_

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

The remaining \$\_\_\_\_\_ stated principal amount of such Bonds shall be paid at maturity on December 1, 20\_\_\_\_.

Term Bonds Maturing December 1, 20—

Year

Principal Amount

The remaining \$ \_\_\_\_\_ stated principal amount of such Bonds shall be paid at maturity on December 1, 20 \_\_\_\_.

Notice of redemption shall be given as provided in the preceding paragraph.]

2.05. Appointment of Initial Registrar. The City hereby appoints Northland Trust Services, Inc., in Minneapolis, Minnesota, as the initial bond registrar, transfer agent and paying agent (the "Registrar"). The Mayor and City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar upon thirty days' notice and upon the appointment of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the bond register to the successor Registrar.

2.06. Registration. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a bond register in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged.

(b) Transfer of Bonds. Upon surrender to the Registrar for transfer of any Bond duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer of any Bond or portion thereof selected or called for redemption.

(c) Exchange of Bonds. Whenever any Bond is surrendered by the registered owner for exchange, the Registrar shall authenticate and deliver one or more new Bonds of a like aggregate principal amount, interest rate and maturity, as requested by the registered owner or the owner's attorney duly authorized in writing.

(d) Cancellation. All Bonds surrendered upon any transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.



(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for its refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the bond register as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon the owner's order shall be valid and effectual to satisfy and discharge the liability of the City upon such Bond to the extent of the sum or sums so paid.

(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except for an exchange upon the partial redemption of a Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be lost, stolen or destroyed, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any such Bond lost, stolen or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case of a Bond lost, stolen or destroyed, upon filing with the Registrar evidence satisfactory to it that such Bond was lost, stolen or destroyed, and of the ownership thereof, and upon furnishing to the Registrar an appropriate bond or indemnity in form, substance and amount as may be required by law and as is satisfactory to the Registrar, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, lost, stolen or destroyed Bond has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

## 2.07. Securities Depository.

(a) For purposes of this section the following terms shall have the following meanings:

"Beneficial Owner" shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person's subrogee.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"DTC" shall mean The Depository Trust Company of New York, New York.

"Participant" shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

"Representation Letter" shall mean the Representation Letter pursuant to which the sender agrees to comply with DTC's Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC's Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.

(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its



responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC by the Mayor or City Administrator is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

2.08. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the City Administrator and shall be executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of any Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond has been duly executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on each Bond shall be conclusive evidence that it has been authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the City Administrator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.09. Form of Bonds. The Bonds shall be prepared in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF WASHINGTON  
CITY OF LAKE ELMO

GENERAL OBLIGATION WATER REVENUE CROSSOVER REFUNDING BOND,  
SERIES 2012A

No. R-\_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
_____ %	December 1, 20__	August 1, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THOUSAND DOLLARS

CITY OF LAKE ELMO, MINNESOTA (the "City"), acknowledges itself to be indebted and hereby promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above, with interest thereon from the date hereof or the most recent date to which interest hereon has been paid or duly provided for, at the annual rate specified above, payable on December 1 and June 1 in each year, commencing June 1, 2013, to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the immediately preceding month, all subject to the provisions herein regarding prepayment of the Bonds. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof, the principal hereof are payable in lawful money of the United States of America by check or draft by Northland Trust Services, Inc. in Minneapolis, Minnesota, as Bond Registrar, Transfer Agent and Paying Agent (the "Registrar"), or its designated successor under the Resolution described herein. For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

This Bond is one of an issue in the aggregate principal amount of \$4,090,000 (the "Bonds") issued pursuant to a resolution adopted by the City Council on July 17, 2012 (the "Resolution") to refund outstanding general obligation bonds previously issued by the City. The Bonds are issued by authority of and in strict accordance with the provisions of the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapter 475. This Bond is payable primarily from the General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A Bond Fund (the "Bond Fund") of the City, but the City is required by law to pay maturing principal hereof and interest hereon from any available funds of the City if money on deposit in the Bond Fund is insufficient therefor. The Bonds are issuable only in fully registered form, in denominations of \$5,000 or any multiple thereof, of single maturities.

Bonds maturing in 2022 and later years shall be subject to redemption and prepayment at the option of the City, in whole or in part, in such order of maturity dates as the City may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000, on December 1, 2021, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City shall cause notice of the call for redemption thereof to be published if and as required by law, and at least thirty (30) days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Bonds, at the holders' addresses as they appear on the bond register maintained by the Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

[COMPLETE THE FOLLOWING PROVISIONS IF THERE ARE TERM BONDS -  
ADD ADDITIONAL PROVISIONS IF THERE ARE MORE THAN TWO TERM BONDS]

[Bonds maturing in the years 20\_\_\_\_ and 20\_\_\_\_ shall be subject to mandatory redemption, at a redemption price equal to their principal amount plus interest accrued thereon to the redemption date, without premium, on December 1 in each of the years shown below, in an amount equal to the following principal amounts:

<u>Term Bonds December in 20--</u>		<u>Term Bonds December in 20--</u>	
<u>Sinking Fund</u>	<u>Aggregate</u>	<u>Sinking Fund</u>	<u>Aggregate</u>
<u>Payment Date</u>	<u>Principal Amount</u>	<u>Payment Date</u>	<u>Principal Amount</u>
	\$		\$

Notice of redemption shall be given as provided in the preceding paragraph.]

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon any such transfer or exchange, the City will cause a new Bond or Bonds to be issued in the name of the transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date, subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to such transfer or exchange.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

The Bonds have been designated by the City as "qualified tax-exempt obligations" pursuant to Section 265 of the Internal Revenue Code of 1986, as amended.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the issuance of this Bond in order to make this Bond a valid and binding general obligation of the City according to its terms, have been done, do exist, have happened and have been performed in regular and due form as so required; that in and by the Resolution, the City has pledged to the payment of the principal of and interest on the Bonds net revenues of the municipal water system (the "System"); that in and by the Resolution, the City has covenanted and agreed with the owner of the Bonds that it will impose and collect charges for the service, use and availability of the System at the time and in the amounts required to produce net revenues adequate to pay all principal of and interest on the Bonds and on all other bonds payable from net revenues of the System as such principal and interest respectively become due; that if needed to pay the principal and interest on this Bond, ad valorem taxes will be levied upon all taxable property in the City without limitation as to rate or amount; and that the issuance of this Bond does not cause the indebtedness of the City to exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City of Lake Elmo, Minnesota, by its City Council, has caused this Bond to be executed on its behalf by the facsimile signatures of the Mayor and City Administrator.

CITY OF LAKE ELMO, MINNESOTA

(Facsimile Signature-City Administrator)

(Facsimile Signature-Mayor)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Date of Authentication: \_\_\_\_\_

NORTHLAND TRUST SERVICES, INC.,  
as Registrar

By \_\_\_\_\_  
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to the applicable laws or regulations:

TEN COM - as tenants in common	UTMA ..... as Custodian for ..... (Cust) (Minor)
TEN ENT - as tenants by the entireties	under Uniform Transfers to Minors Act ..... (State)
JT TEN -- as joint tenants with right of survivorship and not as tenants in common	

Additional abbreviations may also be used.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

\_\_\_\_\_  
Signature(s) must be guaranteed by an  
"eligible guarantor institution" meeting the



requirements of the Bond Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Bond Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

PLEASE INSERT SOCIAL SECURITY  
OR OTHER IDENTIFYING NUMBER  
OF ASSIGNEE:

---

[end of bond form]

Section 3. Use of Proceeds. Upon payment for the Bonds by the Purchaser, the City Administrator shall apply the proceeds of the Bonds as follows: (a) the amount of \$\_\_\_\_\_ shall be deposited in the Escrow Account established with Northland Trust Services, Inc. (the "Escrow Agent") under an Escrow Agreement (the "Escrow Agent") dated as of the date of original issuance of the Bonds, between the Escrow Agent and the City, the funds so deposited, together with funds of the City in such amount as may be required, to be invested in securities authorized for such purpose by Minnesota Statutes, Section 475.67, subdivision 13, maturing on such dates and bearing interest at such rates as are required to provide funds sufficient, with cash retained in the escrow account, (i) to pay all interest to become due on the Bonds to and including the Crossover Date; and (ii) to pay and redeem the outstanding principal of the Refunded Bonds on the Crossover Date; (c) the amount of \$\_\_\_\_\_ shall be used to pay issuance expenses of the Bonds; and (d) the amount of \$\_\_\_\_\_ shall be deposited in the Bond Fund created pursuant to Section 4 hereof. The Mayor and City Administrator are hereby authorized to enter into the Escrow Agreement, a form of which has been presented to this Council, with the Escrow Agent establishing the terms and conditions for the escrow account in accordance with Minnesota Statutes, Section 475.67.

Section 4. General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A Bond Fund. The Bonds shall be payable from a separate General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A Bond Fund (the "Bond Fund") of the City, which Bond Fund the City agrees to maintain until the Bonds have been paid in full. If the money in the Bond Fund should at any time be insufficient to pay principal and interest due on the Bonds, such amounts shall be paid from other moneys on hand in other funds of the City, which other funds shall be reimbursed therefor when sufficient money becomes available in the Bond Fund. The moneys on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. Into the Bond Fund shall be paid: (a) the amounts appropriated thereto pursuant to the Escrow Agreement; (b) all receipts of principal and interest on the investments held in the escrow account established pursuant to Section 3 to and including the Crossover Date (other than the sum of \$3,775,000 received from maturing investments on the Crossover Date to be used to retire the Refunded Bonds); (c) all net revenues of the Utility levied

and collected in accordance with Section 5 hereof; and (d) any other funds appropriated by the Council for the payment of the Bonds.

There are hereby established two accounts in the Bond Fund, designated as the "Debt Service Account" and the "Surplus Account." All money appropriated or to be deposited in the Bond Fund shall be deposited as received into the Debt Service Account. On each December 1, the City Administrator shall determine the amount on hand in the Debt Service Account. If such amount is in excess of one-twelfth of the debt service payable from the Bond Fund in the immediately preceding 12 months, the City Administrator shall promptly transfer the amount in excess to the Surplus Account. The City appropriates to the Surplus Account any amounts to be transferred thereto from the Debt Service Account as herein provided and all income derived from the investment of amounts on hand in the Surplus Account. If at any time the amount on hand in the Debt Service Account is insufficient to meet the requirements of the Bond Fund, the City Administrator shall transfer to the Debt Service Account amounts on hand in the Surplus Account to the extent necessary to cure such deficiency.

Section 5. Rate Covenant. Pursuant to Minnesota Statutes, Section 444.075, the City hereby agrees with the registered owners from time to time of the Bonds, that until the Bonds and the interest thereon are paid in full, or are discharged as provided in Section 7, the City will impose and collect reasonable charges for the service, use and availability of the Utility, according to schedules which will produce net revenues sufficient, together with special assessments levied on property specially benefited by the improvement projects refinanced by the Bonds, ad valorem taxes heretofore or hereafter duly levied on all taxable property in the City which have been pledged and appropriated for this purpose, and any other funds appropriated by the City, to pay all principal and interest when due on the Bonds and any other bonds or other obligations of the City to which said net revenues have been or may be pledged; and said net revenues, to the extent necessary, are hereby irrevocably pledged and appropriated to the payment of the principal of and interest on the Bonds and shall be credited to the Bond Fund as required. Nothing herein shall preclude the City from hereafter making further pledges and appropriations of the net revenues of the Utility for payment of additional bonds or other obligations of the City hereafter authorized if the Council determines before the authorization of such additional obligations that the estimated net revenues of the Utility will be sufficient, with any other sources pledged to the payment of the Bonds, for payment of the Bonds, any other outstanding obligations and such additional obligations. Such further pledges and appropriations of said net revenues may be made superior or subordinate to, or on a parity with, the pledge and appropriation of net revenues herein made.

Section 6. Pledge of Taxing Powers. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively become due, the full faith, credit and unlimited taxing powers of the City shall be and are hereby irrevocably pledged. The City estimates that the funds appropriated to the payment of the Bonds pursuant to Section 5 hereof shall be sufficient to pay the principal of and interest on the Bonds when due and therefore no tax levy is required at this time. However, the City covenants that if the principal of and interest on any Bond is not paid in full when due, the City will levy an ad valorem tax upon all taxable property within its corporate limits in an amount sufficient to pay such principal and interest.

In the event that the amounts deposited in the Bond Fund are insufficient to pay debt service on the Bonds, the proceeds of tax levies pursuant to Section 6.01 shall be applied to make payments on the Bonds or to reimburse the City for amounts paid with respect to the Bonds, in that order, and such funds shall not be deposited in the Bond Fund.

Section 7. Defeasance. When all of the Bonds have been discharged as provided in this Section 7, all pledges, covenants and other rights granted by this resolution to the owners of the Bonds shall cease. The City may discharge its obligations with respect to any Bonds which are due on any date by irrevocably depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, the City may nevertheless be discharge its liability with respect thereto by depositing with the Registrar a sum sufficient for the payment thereof in full with interest accrued to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms, by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full, provided that notice of the redemption thereof has been duly given as provided in Section 2.04. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with a bank or trust company qualified by law as an escrow agent for this purpose, cash or securities which are general obligations of the United States or securities of United States agencies which are authorized by law to be so deposited, bearing interest payable at such times and at such rates and maturing on such dates as shall be required, without reinvestment, to pay all principal and interest to become due thereon to maturity or, if notice of redemption as herein required has been irrevocably provided for, to such earlier redemption date.

#### Section 8. Certification of Proceedings and Payment of Expenses.

8.01. Registration of Bonds. The City Administrator is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Washington County, together with such additional information as the County Auditor shall require, and to obtain from the County Auditor a certificate that the Bonds have been duly entered upon the County Auditor's bond register.

8.02. Authentication of Transcript. The officers of the City and the County Auditor are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, the attorneys rendering an opinion as to the validity thereof, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the City as to the correctness of all statements contained therein.

8.03. Official Statement. The Preliminary Official Statement relating to the Bonds, dated June \_\_, 2012, prepared and distributed by Northland Securities, Inc., is hereby approved. Northland Securities, Inc. is hereby authorized on behalf of the City to prepare and deliver within seven business days from the date hereof a final Official Statement listing the offering price, the



interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934. The officers of the City are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

Section 9. Tax Covenants; Arbitrage Matters and Continuing Disclosure.

9.01. General Tax Covenant. The City covenants and agrees with the registered owners from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any actions that would cause interest on the Bonds to become includable in gross income of the recipient under the Code and applicable Treasury Regulations (the "Regulations"), and covenants to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations. The City represents that the Utility is available to members of the general public on a substantially equal basis. The City will not enter into any lease, management agreement, use agreement, capacity agreement or other contract relating to the use of the Utility by any non-governmental person which would cause the Bonds to be "private activity bonds" or "private loan bonds" under the provisions of Section 141 of the Code.

9.02 Arbitrage Certification. The Mayor and City Administrator being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with the provisions of Section 148 of the Code, and applicable Regulations, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and Regulations.

9.03. Arbitrage Rebate Exemption. (a) It is hereby found that:

(i) the aggregate face amount of the Bonds allocated to the Refunded Bonds does not exceed \$5,000,000;

(ii) the Refunded Bonds were issued as part of an issue which was treated as meeting the requirements of paragraph (2) and (3) of Code Section 148(f) by reason of Code Section 148(f)(4)(D);

(iii) the average maturity date of the Bonds is not later than the average maturity date of the Refunded Bonds;

(iv) no Bond has a maturity date which is later than the date which is 30 years after the date the original bond refunded by such Bond was issued.

Therefore, pursuant to Section 148(f)(4)(D)(v) of the Code, the City shall not be required to comply with the arbitrage rebate requirements of paragraphs (2) and (3) of Section 148(f) of the Code.

(b) Notwithstanding the provisions of paragraph (a) of this Section 9.03, if the arbitrage rebate provisions of Section 148(f) of the Code apply to the Bonds, the City hereby covenants and agrees to make the determinations, retain records and rebate to the United States the amounts at the times and in the manner required by said Section 148(f) and applicable Regulations.

9.04. Qualified Tax-Exempt Obligations. The City Board hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and hereby finds that the reasonably anticipated amount of tax-exempt obligations (within the meaning of Section 265(b)(3) of the Code) which will be issued by the City and all subordinate entities during calendar year 2012 does not exceed \$10,000,000.

9.05. Continuing Disclosure. (a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before 365 days after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2011, the following financial information and operating data in respect of the City (the Disclosure Information):

- (A) the audited financial statements of the City for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
- (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: Economic and Financial Information, Summary of Debt and Debt Statistics and General Information – “Major Employers.”

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public on the Internet Web site of the Municipal Securities Rulemaking Board (MSRB). The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be described in paragraph (2) hereof, then, from and after such determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events:
  - (A) Principal and interest payment delinquencies;
  - (B) Non-payment related defaults, if material;
  - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (E) Substitution of credit or liquidity providers, or their failure to perform;

- (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (G) Modifications to rights of security holders, if material;
- (H) Bond calls, if material, and tender offers;
- (I) Defeasances;
- (J) Release, substitution, or sale of property securing repayment of the securities, if material;
- (K) Rating changes;
- (L) Bankruptcy, insolvency, receivership or similar event of the City;
- (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, for those events that must be reported if material, an event is "material" if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also "material" if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (3) In a timely manner, notice of the occurrence of any of the following events or conditions:



- (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
- (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
- (C) the termination of the obligations of the City under this section pursuant to subsection (d);
- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB, in an electronic format as prescribed by the MSRB from time to time, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.
- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary

offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

(3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

9.06. Authorization of Payment of Certain Costs of Issuance of the Bonds. The City Administrator is hereby authorized and directed on the date of issuance and delivery of the Bonds to pay or cause to be paid from the proceeds of the sale of the Bonds the fees and expenses incurred in connection with the issuance of the Bonds upon receipt by the City of a satisfactory statement therefor.

9.07. Redemption of Refunded Bonds. The City Administrator is hereby directed to advise Northland Trust Services, Inc., as paying agent for the Refunded Bonds, to call the Refunded Bonds for redemption and prepayment on the Crossover Date and to give notice of redemption in accordance with the resolution authorizing the issuance of the Refunded Bonds.

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the resolution was declared duly passed and adopted.

WASHINGTON COUNTY AUDITOR'S CERTIFICATE AS TO REGISTRATION

The undersigned, being the duly qualified and acting County Auditor of Washington County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on July 17, 2012, by the City Council of City of Lake Elmo, Minnesota, setting forth the form and details of an issue of \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A, dated, as originally issued, as of August 1, 2012.

I further certify that the issue has been entered on my bond register, as required by Minnesota Statutes, Section 475.63.

WITNESS my hand and official seal on \_\_\_\_\_, 2012.

(SEAL)

\_\_\_\_\_  
County Auditor

# **FINANCE PLAN SUMMARY**

**FOR**

**CITY OF LAKE ELMO, MINNESOTA**

**\$4,090,000**

**GENERAL OBLIGATION WATER REVENUE**

**CROSSOVER REFUNDING BONDS, SERIES 2012A**

---

NORTHLAND  SECURITIES

45 South 7<sup>th</sup> Street  
Suite 2000  
Minneapolis, MN 55402  
612-851-5900 800-851-2920

**June 19, 2012**



---

**City of Lake Elmo, Minnesota**  
**\$4,090,000**  
**General Obligation Water Revenue Crossover Refunding Bonds,**  
**Series 2012A**

---

## **FINANCE PLAN OVERVIEW**

This finance plan provides for the public issuance of general obligation bonds through a competitive bid process to advance refund certain maturities of the City's General Obligation Water Revenue Bonds, Series 2005A (the "Series 2005A Bonds") to lower the City's debt service costs. Based on current market information, the estimated net savings is \$344,343 with a net present value of 272,613.

The primary objectives of this finance plan include:

- Maximize debt service cost savings - municipal interest rates are at historically low levels once again. Locking in low fixed rates in advance of the call date on the Series 2005A Bonds will reduce the City's future interest costs and help manage user rates and charges within the water enterprise fund.

## **AUTHORITY & PURPOSE**

The Bonds will be issued pursuant to Minnesota Statutes 475 and 444. The proceeds will be used to crossover refund on December 1, 2015 the December 1, 2016 through December 1, 2030 maturities of the City's Series 2005A Bonds and pay the costs of issuing the Bonds. The estimated source and uses of funds are as follows:

## **Refunding Summary**

---

Dated 08/01/2012 | Delivered 08/16/2012

---

### **Sources Of Funds**

Par Amount of Bonds	\$4,090,000.00
Accrued Interest from 08/01/2012 to 08/16/2012	3,502.60

---

<b>Total Sources</b>	<b>\$4,093,502.60</b>
----------------------	-----------------------

---

### **Uses Of Funds**

Deposit to Crossover Escrow Fund	4,002,883.08
Costs of Issuance	49,700.00
Total Underwriter's Discount (1.000%)	40,900.00
Rounding Amount	19.52

---

<b>Total Uses</b>	<b>\$4,093,502.60</b>
-------------------	-----------------------

---

---

## METHOD OF REFUNDING

We recommend utilizing a "crossover advance" refunding technique to achieve the refunding objective. A crossover advance refunding is required when one wishes to lock in current interest rates at least 90 days in advance of the call date on the old bonds. An advance refunding requires the proceeds of the new refunding bonds to be invested in government securities and held in escrow until the call date. The funds in the escrow are used to pay interest on the new refunding bonds until the call date and then prepay the principal of the old bonds. Savings occurs after the call date of the bonds being refunded. A complete and detailed refunding analysis illustrating the preliminary structure of the refunding has been provided and reviewed with City staff.

## SAVINGS ANALYSIS

The 2016 – 2030 maturities of the Series 2005A Bonds totaling \$3,775,000 are currently outstanding at an average coupon of 4.27%. Given current market conditions, we estimate these maturities could be refunded with a new bond issue at an average interest rate of 2.26%. This interest rate spread, together with interest earnings on the new bond proceeds until the call date, would result in a total debt service cost savings of approximately \$344,343 with a present value of \$272,613. The savings is net of all costs and would be realized through the original term of the 2005A Bonds.

The debt service comparison showing the scheduled debt service versus the new estimated combined debt service is illustrated below. The estimated combined debt service for the new Series 2012A Bonds is shown as Exhibit A.

## Debt Service Comparison

Date	Total P+I	PCF	Existing D/S	Net New D/S	Old Net D/S	Savings
12/01/2012	-	-	87,512.50	87,492.98	87,512.50	19.52
12/01/2013	112,083.33	(112,083.33)	300,025.00	300,025.00	300,025.00	-
12/01/2014	84,062.50	(84,062.50)	320,650.00	320,650.00	320,650.00	-
12/01/2015	84,062.50	(3,859,062.50)	4,090,250.00	315,250.00	315,250.00	-
12/01/2016	284,062.50	-	-	284,062.50	309,700.00	25,637.50
12/01/2017	282,462.50	-	-	282,462.50	303,925.00	21,462.50
12/01/2018	300,462.50	-	-	300,462.50	323,150.00	22,687.50
12/01/2019	292,822.50	-	-	292,822.50	316,150.00	23,327.50
12/01/2020	284,812.50	-	-	284,812.50	309,150.00	24,337.50
12/01/2021	276,452.50	-	-	276,452.50	301,931.26	25,478.76
12/01/2022	347,865.00	-	-	347,865.00	369,712.50	21,847.50
12/01/2023	362,545.00	-	-	362,545.00	384,087.50	21,542.50
12/01/2024	351,395.00	-	-	351,395.00	372,400.00	21,005.00
12/01/2025	365,052.50	-	-	365,052.50	385,712.50	20,660.00
12/01/2026	347,807.50	-	-	347,807.50	372,812.50	25,005.00
12/01/2027	360,487.50	-	-	360,487.50	384,912.50	24,425.00
12/01/2028	372,362.50	-	-	372,362.50	395,937.50	23,575.00
12/01/2029	358,392.50	-	-	358,392.50	380,625.00	22,232.50
12/01/2030	344,212.50	-	-	344,212.50	365,312.50	21,100.00
<b>Total</b>	<b>\$5,211,403.33</b>	<b>(4,055,208.33)</b>	<b>\$4,798,437.50</b>	<b>\$5,954,612.98</b>	<b>\$6,298,956.26</b>	<b>\$344,343.28</b>

### PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings.....	272,594.35
Net PV Cashflow Savings @ 2.236%(Bond Yield)....	272,594.35
Contingency or Rounding Amount.....	19.52
Net Present Value Benefit	\$272,613.87
Net PV Benefit / \$4,097,526.67 PV Refunded Debt Service	6.653%

---

## RELATED CONSIDERATIONS

- *Bank Qualified* - because total tax-exempt debt issued by the City in calendar year 2012 is expected to be less than \$10.0M, the bonds will be designated as "bank qualified" obligations pursuant to Federal Tax Law. The impact of this designation may result in slightly lower interest rates. We have adjusted the estimated interest rates accordingly.
- *Arbitrage Compliance* –
  - Project / Refunding Fund – All tax exempt issues are subject to federal rebate requirements which require all arbitrage earned to be rebated to the U.S. Treasury. Because the proceeds of the refunding bonds will be deposited into a yield restricted escrow fund, arbitrage will not be generated.
  - Debt Service Fund – The City must maintain a bona fide debt service fund for the bonds or be subject to yield restriction in the debt service fund. A bona fide debt service fund involves an equal matching of revenues to debt service expense with a balance forward permitted equal to the greater of the investment earnings in the fund during that year or 1/12 of the debt service of that year.

The City should become familiar with the various Arbitrage Compliance requirements for this bond issue. The Bond Resolution explains the requirements in greater detail. We are also available to assist the City in meeting these requirements.

- *Continuing Disclosure* - Because this issue is greater than \$1,000,000, and the City's outstanding debt exceeds \$10.0M, it is subject to the Securities and Exchange Commission's continuing disclosure requirements. Northland Securities is prepared to assist the City in this capacity.

---

## SUMMARY OF RECOMMENDED TERMS

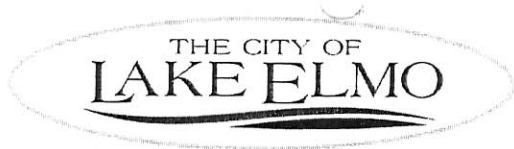
- |                          |   |
|--------------------------|---|
| 1. Type of Bond Sale     | Public Sale – Competitive Bids  |
| 2. Public Sale Date      | Tuesday, July 17, 2012 @10:30 A.M.  |
| 3. Council Consideration | Tuesday, July 17, 2012 @ 7:00 P.M.  |
| 4. Repayment Term        | The Bonds will mature annually each December 1, 2016 - 2030. Interest on the Bonds will be payable on June 1, 2013 and semiannually thereafter on each December 1 and June 1. |
| 5. Security              | General Obligation of the City. In addition, the City will pledge net revenues of the water utility toward the payment on the Bonds   |
| 6. Prepayment Option     | The Bonds maturing on or after December 1, 2022 will be subject to prepayment on December 1, 2021 at a price of par plus accrued interest.                                    |
| 7. Tax Status            | Dorsey & Whiney, LLP, Minneapolis, Minnesota  |
| 8. Credit Enhancement    | We believe a credit rating will be cost beneficial. The City's general obligation debt is currently rated Aa2 by Moody's Investors Service.                                   |

## EXHIBIT A

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/16/2012	-	-	-	-	-
06/01/2013	-	-	70,052.08	70,052.08	-
12/01/2013	-	-	42,031.25	42,031.25	112,083.33
06/01/2014	-	-	42,031.25	42,031.25	-
12/01/2014	-	-	42,031.25	42,031.25	84,062.50
06/01/2015	-	-	42,031.25	42,031.25	-
12/01/2015	-	-	42,031.25	42,031.25	84,062.50
06/01/2016	-	-	42,031.25	42,031.25	-
12/01/2016	200,000.00	0.800%	42,031.25	242,031.25	284,062.50
06/01/2017	-	-	41,231.25	41,231.25	-
12/01/2017	200,000.00	1.000%	41,231.25	241,231.25	282,462.50
06/01/2018	-	-	40,231.25	40,231.25	-
12/01/2018	220,000.00	1.200%	40,231.25	260,231.25	300,462.50
06/01/2019	-	-	38,911.25	38,911.25	-
12/01/2019	215,000.00	1.400%	38,911.25	253,911.25	292,822.50
06/01/2020	-	-	37,406.25	37,406.25	-
12/01/2020	210,000.00	1.600%	37,406.25	247,406.25	284,812.50
06/01/2021	-	-	35,726.25	35,726.25	-
12/01/2021	205,000.00	1.750%	35,726.25	240,726.25	276,452.50
06/01/2022	-	-	33,932.50	33,932.50	-
12/01/2022	280,000.00	1.900%	33,932.50	313,932.50	347,865.00
06/01/2023	-	-	31,272.50	31,272.50	-
12/01/2023	300,000.00	2.050%	31,272.50	331,272.50	362,545.00
06/01/2024	-	-	28,197.50	28,197.50	-
12/01/2024	295,000.00	2.150%	28,197.50	323,197.50	351,395.00
06/01/2025	-	-	25,026.25	25,026.25	-
12/01/2025	315,000.00	2.300%	25,026.25	340,026.25	365,052.50
06/01/2026	-	-	21,403.75	21,403.75	-
12/01/2026	305,000.00	2.400%	21,403.75	326,403.75	347,807.50
06/01/2027	-	-	17,743.75	17,743.75	-
12/01/2027	325,000.00	2.500%	17,743.75	342,743.75	360,487.50
06/01/2028	-	-	13,681.25	13,681.25	-
12/01/2028	345,000.00	2.600%	13,681.25	358,681.25	372,362.50
06/01/2029	-	-	9,196.25	9,196.25	-
12/01/2029	340,000.00	2.700%	9,196.25	349,196.25	358,392.50
06/01/2030	-	-	4,606.25	4,606.25	-
12/01/2030	335,000.00	2.750%	4,606.25	339,606.25	344,212.50
<b>Total</b>	<b>\$4,090,000.00</b>	<b>-</b>	<b>\$1,121,403.33</b>	<b>\$5,211,403.33</b>	<b>-</b>

Average Coupon	2.2630420%
Net Interest Cost (NIC)	2.3455801%
True Interest Cost (TIC)	2.3307992%
All Inclusive Cost (AIC)	2.4498551%



## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**CONSENT**

ITEM #: 8

**MOTION**

**AGENDA ITEM:** Authorization to enter into an escrow agreement with Northland Trust Services, Inc. related to the sale of \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A

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

**THROUGH:** Dean Zuleger, City Administrator

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

**SUMMARY AND ACTION REQUESTED:** The City Council is respectfully asked to consider the attached escrow agreement with Northland Trust Services, Inc. related to the \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A.

**BACKGROUND INFORMATION:** The City Council authorized the issuance and sale of the \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A on June 19, 2012. Since this is a crossover bond, funds need to be available on the morning of the bond closing. An escrow account needs to be established to hold those funds (\$81,800).

**RECOMMENDATION:** It is recommended that the City Council approve the escrow agreement related to \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A.

**ATTACHMENT:**

1. Escrow Agreement





## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, made and entered into by and between the City of Lake Elmo, Minnesota (the Issuer) and Northland Trust Services, Inc., in Minneapolis, Minnesota (the Agent);

WITNESSETH, that the parties hereto recite and, in consideration of the mutual covenants and payments referred to and contained herein, covenant and agree as follows:

1. The Issuer has duly issued and presently has outstanding the following issue:

<u>Title</u>	<u>Date of Issue</u>	<u>Original Principal Amount</u>	<u>Principal Amount Escrowed</u>	<u>Maturities Escrowed and Redeemed</u>	<u>Payment Date</u>
General Obligation Water Revenue Bonds, Series 2005A (the Refunded Bonds)	8/1/2005	\$4,600,000	\$3,775,000	2016-2030	12/1/2015

and has issued its \$4,090,000 General Obligation Water Revenue Crossover Refunding Bonds, Series 2012A, dated as of August 1, 2012 (the Refunding Bonds). With respect to the Refunded Bonds, the December 1, 2015 payment date is referred to herein as the Crossover Date.

2. The Issuer has also, in accordance with a resolution adopted July 17, 2012 (the Resolution), simultaneously with the execution of this Agreement, transmitted Refunding Bond proceeds in the amount of \$ \_\_\_\_\_ to the Agent to be used as follows:

(a) \$ \_\_\_\_\_ to purchase an equivalent principal amount of federal securities as identified in Exhibit A attached hereto; and

(b) \$ \_\_\_\_\_ to be deposited as a beginning cash balance in the Escrow Account hereinafter established;

(c) \$ \_\_\_\_\_ to be deposited in the Bond Fund for the Refunding Bonds; and

(d) \$ \_\_\_\_\_ to be applied to costs of issuance of the Refunding Bonds.

In the opinion of **[Grant Thornton LLP]**, certified public accountants, the federal securities designated in paragraph (a), together with the initial cash balance designated in paragraph (b), mature at such times and bear interest at such rates that the collections of principal and interest thereon will be sufficient to pay the interest to become due on the Refunding Bonds to and including the Crossover Date and to pay and redeem the outstanding principal of the Refunded Bonds on the Crossover Date in accordance with the attached Exhibit B.

3. The Agent agrees to apply the funds received from the Issuer in the manner and for the purposes set forth in Section 2 hereof and this Section. The Agent acknowledges receipt of the cash and federal securities described in Section 2 and agrees that it will hold such cash and federal securities in a special escrow account (the Escrow Account) in the name of the Issuer, and will collect and receive on behalf of the Issuer all payments of principal and interest on such securities and as paying agent for the Refunding Bonds, (a) will remit from the Escrow Account moneys sufficient for the payment of interest to become due on Refunding Bonds to and including the Crossover Date, and (b) will remit from the Escrow Account the sum of \$3,775,000 to be applied to the payment of principal of the Refunded Bonds called for redemption on the Crossover Date. Any remaining funds in the Escrow Account after such transfer shall be remitted to the Issuer. The Agent will, not fewer than 30 days prior to the Crossover Date, cause the Notice of Redemption attached hereto as Exhibit C relating to the Refunded Bonds to be mailed to the holders of all Refunded Bonds to be redeemed on the Crossover Date.

4. In order to ensure continuing compliance with the Internal Revenue Code of 1986, as amended (the Code), and present Treasury Regulations promulgated thereunder (the Regulations), the Agent agrees that it will not reinvest any cash received in payment of the principal of and interest on the federal securities held in the Escrow Account. Said prohibition on reinvestment shall continue unless and until an opinion is received from nationally recognized bond counsel that reinvestments in general obligations of the United States or obligations the principal of and interest on which are guaranteed as to payment by the United States, as specified in said opinion, may be made in a manner consistent with the Code and then existing Regulations. The federal securities described in Exhibit A hereto may, at the written direction of the Issuer, be replaced, in whole or in part, with general obligations of the United States or obligations the principal of and interest on which are guaranteed as to payment by the United States and which mature as to principal and interest in such amounts and at such times as will assure the availability of sufficient moneys to pay the interest on the Refunding Bonds prior to and the outstanding principal amount of the Refunded Bonds on the Crossover Date, provided, however, that concurrently with such written direction, the Issuer shall provide the Agent with (a) a certification of an independent certified public accountant as to the sufficiency of the federal securities to be subject to this Agreement following such replacement and as to the yields thereof, setting forth in reasonable detail the calculations underlying such certification, (b) an unqualified opinion of nationally recognized bond counsel to the effect that such replacement (1) will not cause the Refunded Bonds or the Refunding Bonds to be subjected to treatment as "arbitrage bonds" under Section 148 of the Code and (2) is otherwise in compliance with this Agreement. Any replacement authorized by this paragraph 4 shall be accomplished by sale, transfer, request for redemption or other disposition of all or a portion of the federal securities described in Exhibit A hereto with the proceeds thereof being applied to the purchase of substitute federal securities, all as specified in the written direction of the Issuer.

5. The Agent acknowledges that arrangements satisfactory to it for payment of its compensation for all services to be performed by it as Agent under this Agreement have been made. The Agent expressly waives any lien upon or claim against the moneys and investments in the Escrow Account.

6. If at any time it shall appear to the Agent that the money in the Escrow Account will not be sufficient to make any payment due to the registered owners of any of the Refunded

Bonds or Refunding Bonds, the Agent shall immediately notify the Issuer. Upon receipt of such notice the Issuer shall forthwith transmit to the Agent for deposit in the Escrow Account from moneys on hand and legally available therefor, such additional moneys as may be required to make any such payment, and the Issuer recognizes its obligation to levy ad valorem taxes on all taxable property in the Issuer to the extent required to produce the moneys necessary for this purpose.

7. Within 60 days following the close of each fiscal year and close of the Escrow Account, the Agent shall submit to the Issuer a report covering all money it shall have received and all payments it shall have made or caused to be made hereunder during the preceding fiscal year or portion thereof.

8. It is recognized that title to the federal securities and money held in the Escrow Account from time to time shall remain vested in the Issuer but subject always to the prior charge and lien thereon of this Agreement and the use thereof required to be made by the provisions of this Agreement. The Agent shall hold all such money and obligations in a special trust fund and account separate and wholly segregated from all other funds and securities of the Agent or deposited therein. It is understood and agreed that the responsibility of the Agent under this Agreement is limited to the safekeeping and segregation of the moneys and securities deposited with it in the Escrow Account, and the collection of and accounting for the principal and interest payable with respect thereto.

9. This Agreement is made by the Issuer for the benefit of the holders of the Refunded Bonds under and pursuant to Minnesota Statutes, Section 475.67, and is not revocable by the Issuer, and the investments and other funds deposited in the Escrow Account and all income therefrom have been irrevocably appropriated for the payment of outstanding principal of the Refunded Bonds on the Crossover Date, and to pay interest on the portion of the Refunding Bonds prior to and including the Crossover Date, in accordance with this Agreement. This Agreement may not be amended except to (i) sever any clause herein deemed to be illegal, (ii) provide for the reinvestment of funds or the substitution of securities as permitted by Section 4 hereof or (iii) cure any ambiguity or correct or supplement any provision herein which may be inconsistent with any other provision, provided that the Agent shall determine that any such amendment shall not adversely affect the owners of the Refunded Bonds or Refunding Bonds. In the event an amendment to this Agreement is proposed to be made pursuant to this Section 9, prior notice shall be given by first class mail, postage prepaid, to the following organization at the following address (or such other address as may be provided by the addressee) and shall be deemed effective upon receipt: Moody's Municipal Rating Desk/Refunded Bonds, 99 Church Street, New York, New York 10007.

10. This Agreement shall be binding upon and shall inure to the benefit of the Issuer and the Agent and their respective successors and assigns. In addition, this Agreement shall constitute a third party beneficiary contract for the benefit of the holders of the Refunding Bonds and Refunded Bonds, as their interests may appear. Said third party beneficiaries shall be entitled to enforce performance and observance by the Issuer and the Agent of the respective agreements and covenants herein contained as fully and completely as if said third party beneficiaries were parties hereto.

11. Upon merger or consolidation of the Agent, if the resulting corporation is a bank or trust company authorized by law to conduct such business, such corporation shall be authorized to act as successor Agent. Upon the resignation of the Agent, which shall be communicated in writing to the Issuer, or in the event the Agent becomes incapable of acting hereunder, the Issuer reserves the power to appoint a successor Agent. No resignation shall become effective until the appointment of a successor Agent by the Issuer.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed by their duly authorized officers as of August 1, 2012.

CITY OF LAKE ELMO, MINNESOTA

By: \_\_\_\_\_  
Mayor

And: \_\_\_\_\_  
City Administrator

[Signature Page to Escrow Agreement]

NORTHLAND TRUST SERVICES, INC.,  
as Agent

By: \_\_\_\_\_  
Its: \_\_\_\_\_

[Signature Page to Escrow Agreement]

EXHIBIT A

ESCROW ACCOUNT CASH RECEIPTS FROM SLGS ALLOCATED TO THE REFUNDED  
BONDS PURCHASED WITH REFUNDING BOND PROCEEDS AND PROOF OF YIELD

**[insert relevant exhibit from Verification Report ]**

EXHIBIT B

ESCROW ACCOUNT CASH FLOW

**[insert relevant exhibit from Verification Report]**



EXHIBIT C

\$4,600,000 General Obligation Water Revenue Bonds, Series 2005A  
Dated August 1, 2005  
City of Lake Elmo, Minnesota

NOTICE IS HEREBY GIVEN THAT there have been called for redemption and prepayment on December 1, 2015, all outstanding Bonds of the above-referenced issue maturing on December 1 in the following years, principal amounts and having the interest rates and CUSIP numbers listed below:

<u>Maturity</u>	<u>Amount</u>	<u>Rate</u>	<u>CUSIP No.</u>
2017	\$ 300,000	3.850%	509624 HA 3
2019	350,000	4.000	509624 HC 9
2021	350,000	4.125	509624 HE 5
2024	800,000	4.250	509624 HH 8
2027	925,000	4.300	509624 HL 9
2030	1,050,000	4.375	509624 HP 0

The Bonds will be redeemed at a price of 100% of their principal amount plus accrued interest to the date of redemption. Holders of the Bonds should present them for payment to Northland Trust Services, Inc. at the following address::

Northland Trust Services, Inc.  
45 South Seventh Street, Suite 2000  
Minneapolis, MN 55402

In compliance with the Interest and Dividend Compliance Act of 1983 and Broker Reporting Requirements, the redeeming institutions are required to withhold 31% of the principal amount of your holdings redeemed unless they are provided with your social security number or federal employer identification number, properly certified. This requirement is fulfilled through the submitting of a W-9 Form, which may be obtained at a bank or other financial institution.

Additional information may be obtained from the undersigned or from Northland Securities, Inc., 45 South 7<sup>th</sup> Street, Suite 2000, Minneapolis, Minnesota (612-851-5900), financial consultant to the City.

Dated: \_\_\_\_\_, 20\_\_.

BY ORDER OF THE CITY COUNCIL OF  
THE CITY OF LAKE ELMO,  
MINNESOTA

/s/ \_\_\_\_\_  
City Administrator



# NORTHLAND SECURITIES

## TABULATION OF BIDS CITY OF LAKE ELMO, MINNESOTA

\$4,035,000\*

### GENERAL OBLIGATION WATER REVENUE CROSSOVER REFUNDING BONDS, SERIES 2012A

AWARD: STIFEL, NICOLAUS & CO., INC.

DATE OF SALE: TUESDAY, JULY 17, 2012

MOODY'S UNDERLYING RATING: Aa2

#### ADJUSTED BID

BIDDER	PURCHASE PRICE		NET INTEREST COST		TRUE INTEREST COST (TIC)	
STIFEL, NICOLAUS & CO., INC. Denver, CO	\$4,063,959.79		\$1,043,671.60		2.1095600%	
<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Yield</u>	<u>Price</u>	<u>Amount</u>	<u>Rate</u>
\$195,000	2.00%	12/01/16	0.65%	105.704%	\$290,000	2.000%
190,000	2.00	12/01/17	0.85	105.937	310,000	2.000
215,000	2.00	12/01/18	1.10	105.455	305,000	2.125
210,000	2.00	12/01/19	1.35	104.498	325,000	2.250
210,000	2.00	12/01/20	1.55	103.487	340,000	2.250
205,000	2.00	12/01/21	1.70	102.567	335,000	2.500
280,000	2.00	12/01/22	1.80	101.703 <sup>†</sup>	325,000	2.500
300,000	2.00	12/01/23	1.90	100.846 <sup>†</sup>		

#### ORIGINAL BIDS

BIDDER	PURCHASE PRICE		NET INTEREST COST		TRUE INTEREST COST (TIC)	
STIFEL, NICOLAUS & CO., INC. Denver, CO	\$4,119,826.00		\$1,056,826.22		2.1091699%	
PIPER JAFFRAY Minneapolis, MN	\$4,126,404.15		\$1,063,433.37		2.1193490%	
JANNEY MONTGOMERY SCOTT LLC Philadelphia, PA	\$4,096,269.65		\$1,064,633.68		2.1333023%	

\* The par amount decreased from \$4,090,000 to \$4,035,000.

<sup>†</sup> Bonds priced to par call.



BIDDER	PURCHASE PRICE	NET INTEREST COST	TRUE INTEREST COST (TIC)
ROBERT W. BAIRD & CO., INC. Milwaukee, WI	\$4,121,425.50	\$1,079,791.17	2.1533036%
FTN FINANCIAL CAPITAL MARKETS Memphis, TN	\$4,143,662.85	\$1,090,853.82	2.1667288%
MORGAN KEEGAN & CO., INC. Memphis, TN	\$4,130,965.95	\$1,108,640.44	2.2015280%





## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**CONSENT**

ITEM #: 9

**MOTION**

**AGENDA ITEM:** Authorization for sale of \$865,000 General Obligation Improvement Bonds, Series 2012B

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

**THROUGH:** Dean Zuleger, City Administrator

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

**SUMMARY AND ACTION REQUESTED:** The City Council is respectfully asked to consider Resolution 2012-36 awarding the sale, prescribing the form and details and providing for the payment of the \$865,000 General Obligation Improvement Bonds, Series 2012B.

**BACKGROUND INFORMATION:** The City Council authorized the issuance and sale of the \$865,000 General Obligation Improvement Bonds, Series 2012B on June 19, 2012. The attached paperwork needs to be completed to complete that transaction.

**RECOMMENDATION:** It is recommended that the City Council approve processing the necessary paperwork related to \$865,000 General Obligation Improvement Bonds, Series 2012B.

**ATTACHMENTS:**

1. Resolution 2012-36
2. Finance Plan Summary 2012B





CERTIFICATION OF MINUTES RELATING TO  
\$4,090,000 GENERAL OBLIGATION WATER REVENUE CROSSOVER  
REFUNDING BONDS, SERIES 2012A

Issuer: City of Lake Elmo, Minnesota

Governing Body: City Council

Kind, date, time and place of meeting: A regular meeting held July 17, 2012, at  
7:00 o'clock p.m. at the City Hall, Lake Elmo, Minnesota.

Members present:

Members absent:

Documents Attached:

Minutes of said meeting (including):

RESOLUTION NO. 2012-36

RESOLUTION RELATING TO \$4,090,000 GENERAL OBLIGATION WATER  
REVENUE CROSSOVER REFUNDING BONDS, SERIES 2012A; AUTHORIZING  
THE ISSUANCE, AWARDING SALE, PRESCRIBING THE FORM AND DETAILS  
AND PROVIDING FOR THE PAYMENT THEREOF

I, the undersigned, being the duly qualified and acting recording officer of the public corporation issuing the bonds referred to in the title of this certificate, certify that the documents attached hereto, as described above, have been carefully compared with the original records of said corporation in my legal custody, from which they have been transcribed; that said documents are a correct and complete transcript of the minutes of a meeting of the governing body of said corporation, and correct and complete copies of all resolutions and other actions taken and of all documents approved by the governing body at said meeting, so far as they relate to said bonds; and that said meeting was duly held by the governing body at the time and place and was attended throughout by the members indicated above, pursuant to call and notice of such meeting given as required by law.

WITNESS my hand officially as such recording officer on July \_\_, 2012.

\_\_\_\_\_  
City Administrator

It was reported that \_\_\_\_\_ ( ) sealed proposals for the purchase of \$865,000 General Obligation Improvement Bonds, Series 2012B were received prior to 10:30 a.m. on July 17, 2012, pursuant to the Official Statement distributed to potential purchasers of the Bonds by Northland Securities, Inc., financial advisor to the City. The proposals have been publicly opened, read and tabulated and were found to be as follows:

(See Attached)

Councilmember \_\_\_\_\_ introduced the following resolution and moved its adoption, which motion was seconded by Councilmember \_\_\_\_\_:

RESOLUTION NO. \_\_\_\_\_

RESOLUTION AUTHORIZING ISSUANCE, AWARDING SALE,  
PRESCRIBING THE FORM AND DETAILS AND PROVIDING FOR THE  
PAYMENT OF \$865,000 GENERAL OBLIGATION IMPROVEMENT  
BONDS, SERIES 2012B

BE IT RESOLVED by the City Council, City of Lake Elmo, Minnesota (the City), as follows:

SECTION 1. AUTHORIZATION AND SALE.

1.01. Authorization. This Council, by resolution duly adopted on June 19, 2012, authorized the issuance and sale on the date hereof of its General Obligation Improvement Bonds, Series 2012B (the Bonds), pursuant to Minnesota Statutes, Chapters 429 and 475. Proceeds of the Bonds will be used to finance improvement projects in the City (the Project).

1.2. Sale and Award. Pursuant to the Notice of Sale and the Official Statement prepared on behalf of the City by Northland Securities, Inc., sealed proposals for the purchase of the Bonds were received at or before the time specified for receipt thereof. The proposals have been opened, publicly read and considered and the purchase price, interest rates and net interest cost under the terms of each proposal have been determined. The most favorable proposal received is that of \_\_\_\_\_, in \_\_\_\_\_, \_\_\_\_\_ (the "Purchaser"), to purchase the Bonds at a price of \$ \_\_\_\_\_ plus accrued interest on all Bonds to the day of delivery and payment, on the further terms and conditions hereinafter set forth.

The sale of the Bonds is hereby awarded to the Purchaser, and the Mayor and City Administrator are hereby authorized and directed to execute a contract on behalf of the City for the sale of the Bonds in accordance with the Notice of Sale. The good faith deposit of the Purchaser shall be retained and deposited by the City until the Bonds have been delivered and shall be deducted from the purchase price paid at settlement.

SECTION 2. BOND TERMS; REGISTRATION; EXECUTION AND DELIVERY.

2.01. Issuance of Bonds. All acts, conditions and things which are required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed precedent to and in the valid issuance of the Bonds having been done, now existing, having happened and having been performed, it is now necessary for the City Council to establish the form and terms of the Bonds, to provide security therefor and to issue the Bonds forthwith.

2.02. Maturities; Interest Rates; Denominations and Payment. The Bonds shall be originally dated as of August 1, 2012, shall be in the denomination of \$5,000 each, or any integral multiple thereof, of single maturities, shall mature on February 1 in the years and

amounts stated below, and shall bear interest from their date of issue until paid or duly called for redemption, at the annual rates set forth opposite such years and amounts, as follows:

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>
2014	\$75,000		2019	\$85,000	
2015	80,000		2020	90,000	
2016	85,000		2021	90,000	
2017	85,000		2022	95,000	
2018	85,000		2023	95,000	

[REVISE MATURITY SCHEDULE FOR ANY TERM BONDS]

The Bonds shall be issuable only in fully registered form. The interest thereon and, upon surrender of each Bond, the principal amount thereof, shall be payable by check or draft issued by the Registrar described herein, provided that, so long as the Bonds are registered in the name of a securities depository, or a nominee thereof, in accordance with Section 2.08 hereof, principal and interest shall be payable in accordance with the operational arrangements of the securities depository.

2.03. Dates and Interest Payment Dates. Upon initial delivery of the Bonds pursuant to Section 2.07 and upon any subsequent transfer or exchange pursuant to Section 2.06, the date of authentication shall be noted on each Bond so delivered, exchanged or transferred. Interest on the Bonds shall be payable on February 1 and August 1 in each year, commencing August 1, 2013, each such date being referred to herein as an Interest Payment Date, to the persons in whose names the Bonds are registered on the Bond Register, as hereinafter defined, at the Registrar's close of business on the fifteenth day of the month immediately preceding the Interest Payment Date, whether or not such day is a business day. Interest shall be computed on the basis of a 360-day year composed of twelve 30-day months.

2.04. Redemption. Bonds maturing in 2021 and later years shall be subject to redemption and prepayment at the option of the City, in whole or in part, in such order of maturity dates as the City may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000, on February 1, 2020, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City Administrator shall cause notice of the call for redemption thereof to be published if and as required by law, and at least thirty and not more than 60 days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Bonds to be redeemed at their addresses as they appear on the bond register described in Section 2.06 hereof, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial

redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

[COMPLETE THE FOLLOWING PROVISIONS IF THERE ARE TERM BONDS—  
ADD ADDITIONAL PROVISIONS IF THERE ARE MORE THAN TWO TERM BONDS]

[Bonds maturing on February 1, 20\_\_\_\_ and 20\_\_\_\_ (the Term Bonds) shall be subject to mandatory redemption prior to maturity pursuant to the sinking fund requirements of this Section 2.04 at a redemption price equal to the stated principal amount thereof plus interest accrued thereon to the redemption date, without premium. The Registrar shall select for redemption, by lot or other manner deemed fair, on February 1 in each of the following years the following stated principal amounts of such Bonds:

Term Bonds Maturing February 1, 20—

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

The remaining \$\_\_\_\_\_ stated principal amount of such Bonds shall be paid at maturity on February 1, 20\_\_\_\_\_.

Term Bonds Maturing December 1, 20—

<u>Year</u>	<u>Principal Amount</u>
-------------	-------------------------

The remaining \$\_\_\_\_\_ stated principal amount of such Bonds shall be paid at maturity on February 1, 20\_\_\_\_\_.

Notice of redemption shall be given as provided in the preceding paragraph.]

2.05. Appointment of Initial Registrar. The City hereby appoints Northland Trust Services, Inc., Minneapolis, Minnesota, as the initial bond registrar, transfer agent and paying agent (the Registrar). The Mayor and City Administrator are authorized to execute and deliver, on behalf of the City, a contract with the Registrar. Upon merger or consolidation of the Registrar with another corporation, if the resulting corporation is a bank or trust company organized under the laws of the United States or one of the states of the United States and authorized by law to conduct such business, such corporation shall be authorized to act as successor Registrar. The City agrees to pay the reasonable and customary charges of the Registrar for the services performed. The City reserves the right to remove the Registrar, effective upon not less than thirty days' written notice and upon the appointment and acceptance of a successor Registrar, in which event the predecessor Registrar shall deliver all cash and Bonds in its possession to the successor Registrar and shall deliver the Bond Register to the successor Registrar.

2.06. Registration. The effect of registration and the rights and duties of the City and the Registrar with respect thereto shall be as follows:

(a) Register. The Registrar shall keep at its principal corporate trust office a register (the Bond Register) in which the Registrar shall provide for the registration of ownership of Bonds and the registration of transfers and exchanges of Bonds entitled to be registered, transferred or exchanged. The term Holder or Bondholder as used herein shall mean the person (whether a natural person, corporation, association, partnership, trust, governmental unit, or other legal entity) in whose name a Bond is registered in the Bond Register.

(b) Transfer of Bonds. Upon surrender for transfer of any Bond duly endorsed by the Holder thereof or accompanied by a written instrument of transfer, in form satisfactory to the Registrar, duly executed by the Holder thereof or by an attorney duly authorized by the Holder in writing, the Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of a like aggregate principal amount and maturity, as requested by the transferor. The Registrar may, however, close the books for registration of any transfer after the fifteenth day of the month preceding each interest payment date and until such interest payment date.

(c) Exchange of Bonds. At the option of the Holder of any Bond in a denomination greater than \$5,000, such Bond may be exchanged for other Bonds of authorized denominations, of the same maturity and a like aggregate principal amount, upon surrender of the Bond to be exchanged at the office of the Registrar. Whenever any Bond is so surrendered for exchange the City shall execute and the Registrar shall authenticate and deliver the Bonds which the Bondholder making the exchange is entitled to receive.

(d) Cancellation. All Bonds surrendered for payment, transfer or exchange shall be promptly canceled by the Registrar and thereafter disposed of as directed by the City.

(e) Improper or Unauthorized Transfer. When any Bond is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until it is satisfied that the endorsement on such Bond or separate instrument of transfer is valid and genuine and that the requested transfer is legally authorized. The Registrar shall incur no liability for the refusal, in good faith, to make transfers which it, in its judgment, deems improper or unauthorized.

(f) Persons Deemed Owners. The City and the Registrar may treat the person in whose name any Bond is at any time registered in the Bond Register as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of or on account of the principal of and interest on the Bond and for all other purposes, and all payments made to or upon the order of such Holder shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.



(g) Taxes, Fees and Charges. For every transfer or exchange of Bonds (except for an exchange upon a partial redemption of a Bond), the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee or other governmental charge required to be paid with respect to such transfer or exchange.

(h) Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Registrar shall deliver a new Bond of like amount, number, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Bond or in lieu of and in substitution for any Bond destroyed, stolen or lost, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith, and, in the case of a Bond destroyed, stolen or lost, upon filing with the Registrar of evidence satisfactory to it that the Bond was destroyed, stolen or lost, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance and amount satisfactory to it, in which both the City and the Registrar shall be named as obligees. All Bonds so surrendered to the Registrar shall be canceled by it and evidence of such cancellation shall be given to the City. If the mutilated, destroyed, stolen or lost Bond has already matured or been called for redemption in accordance with its terms it shall not be necessary to issue a new Bond prior to payment.

(i) Authenticating Agent. The Registrar is hereby designated authenticating agent for the Bonds, within the meaning of Minnesota Statutes, Section 475.55, Subdivision 1, as amended.

(j) Valid Obligations. All Bonds issued upon any transfer or exchange of Bonds shall be the valid obligations of the City, evidencing the same debt, and entitled to the same benefits under this Resolution as the Bonds surrendered upon such transfer or exchange.

2.07. Execution, Authentication and Delivery. The Bonds shall be prepared under the direction of the City Administrator and shall be executed on behalf of the City by the signatures of the Mayor and the City Administrator, provided that the signatures may be printed, engraved or lithographed facsimiles of the originals. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature or facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such officer had remained in office until the date of delivery of such Bond. Notwithstanding such execution, no Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until a certificate of authentication on the Bond, substantially in the form provided in Section 2.09, has been executed by the manual signature of an authorized representative of the Registrar. Certificates of authentication on different Bonds need not be signed by the same representative. The executed certificate of authentication on any Bond shall be conclusive evidence that it has been duly authenticated and delivered under this Resolution. When the Bonds have been prepared, executed and authenticated, the City Administrator shall deliver them to the Purchaser upon payment of the purchase price in accordance with the contract of sale heretofore executed, and the Purchaser shall not be obligated to see to the application of the purchase price.

2.08. Securities Depository. (a) For purposes of this section the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person in whose name such Bond is recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participant” shall mean any broker-dealer, bank or other financial institution for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Representation Letter pursuant to which the City agrees to comply with DTC’s Operational Arrangements.

(b) The Bonds shall be initially issued as separately authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register in the name of Cede & Co., as nominee of DTC. The Registrar and the City may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, if any, giving any notice permitted or required to be given to registered owners of Bonds under this resolution, registering the transfer of Bonds, and for all other purposes whatsoever, and neither the Registrar nor the City shall be affected by any notice to the contrary. Neither the Registrar nor the City shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the bond register as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. So long as any Bond is registered in the name of Cede & Co., as nominee of DTC, the Registrar shall pay all principal of and interest on such Bond, and shall give all notices with respect to such Bond, only to Cede & Co. in accordance with DTC’s Operational Arrangements, and all such payments shall be valid and effective to fully satisfy and discharge the City’s obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the City to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with paragraph (e) hereof.



(c) In the event the City determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bonds in the form of bond certificates, the City may notify DTC and the Registrar, whereupon DTC shall notify the Participants of the availability through DTC of Bonds in the form of certificates. In such event, the Bonds will be transferable in accordance with paragraph (e) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the City and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with paragraph (e) hereof.

(d) The execution and delivery of the Representation Letter to DTC, if not previously filed with DTC, by the Mayor or City Administrator is hereby authorized and directed.

(e) In the event that any transfer or exchange of Bonds is permitted under paragraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of this resolution. In the event Bonds in the form of certificates are issued to owners other than Cede & Co., its successor as nominee for DTC as owner of all the Bonds, or another securities depository as owner of all the Bonds, the provisions of this resolution shall also apply to all matters relating thereto, including, without limitation, the printing of such Bonds in the form of bond certificates and the method of payment of principal of and interest on such Bonds in the form of bond certificates.

2.09. Form of Bonds. The Bonds shall be prepared in substantially the following form:

UNITED STATES OF AMERICA  
STATE OF MINNESOTA  
COUNTY OF WASHINGTON

CITY OF LAKE ELMO

GENERAL OBLIGATION IMPROVEMENT BOND, SERIES 2012B

No. R-\_\_\_\_\_ \$ \_\_\_\_\_

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP No.</u>
----------------------	----------------------	-------------------------------	------------------

_____ %	February 1, 20__	August 1, 2012	
---------	------------------	----------------	--

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ THOUSAND DOLLARS

CITY OF LAKE ELMO, State of Minnesota (the City) acknowledges itself to be indebted and for value received hereby promises to pay to the registered owner specified above, or registered assigns, the principal amount specified above on the maturity date specified above and promises to pay interest thereon from the date of original issue specified above or from the

most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, at the annual interest rate specified above, payable on February 1 and August 1 in each year, commencing August 1, 2013 (each such date, an Interest Payment Date), all subject to the provisions referred to herein with respect to the redemption of the principal of this Bond before maturity. The interest so payable on any Interest Payment Date shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day (whether or not a business day) of the calendar month immediately preceding the Interest Payment Date. Interest hereon shall be computed on the basis of a 360-day year composed of twelve 30-day months. The interest hereon and, upon presentation and surrender hereof at the principal office of the Registrar described below, the principal hereof are payable in lawful money of the United States of America by check or draft drawn on Northland Trust Services, Inc., Minneapolis, Minnesota, as bond registrar, transfer agent and paying agent, or its successor designated under the Resolution described herein (the Registrar). For the prompt and full payment of such principal and interest as the same respectively become due, the full faith and credit and taxing powers of the City have been and are hereby irrevocably pledged.

This Bond is one of an issue (the Bonds) in the aggregate principal amount of \$865,000 issued pursuant to a resolution adopted by the City Council on July 17, 2012 (the Resolution), to finance various improvement projects in the City and is issued pursuant to and in full conformity with the Constitution and laws of the State of Minnesota thereunto enabling, including Minnesota Statutes, Chapters 429 and 475. The Bonds are issuable only in fully registered form, in the denomination of \$5,000 or any integral multiple thereof, of single maturities.

Bonds maturing in 2021 and later years shall be subject to redemption and prepayment at the option of the City, in whole or in part, in such order of maturity dates as the City may select and, within a maturity, by lot as selected by the Registrar (or, if applicable, by the bond depository in accordance with its customary procedures) in multiples of \$5,000, on February 1, 2020, and on any date thereafter, at a price equal to the principal amount thereof and accrued interest to the date of redemption. The City shall cause notice of the call for redemption thereof to be published if and as required by law, and at least thirty and not more than 60 days prior to the designated redemption date, shall cause notice of call for redemption to be mailed, by first class mail, to the registered holders of any Bonds, at the holders' addresses as they appear on the bond register maintained by the Registrar, but no defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for the redemption of any Bond not affected by such defect or failure. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified and from and after such date (unless the City shall default in the payment of the redemption price) such Bonds or portions of Bonds shall cease to bear interest. Upon partial redemption of any Bond, a new Bond or Bonds will be delivered to the owner without charge, representing the remaining principal amount outstanding.

[COMPLETE THE FOLLOWING PROVISIONS IF THERE ARE TERM BONDS-  
ADD ADDITIONAL PROVISIONS IF THERE ARE MORE THAN TWO TERM BONDS]

[Bonds maturing in the years 20\_\_\_\_ and 20\_\_\_\_ shall be subject to mandatory redemption, at a redemption price equal to their principal amount plus interest accrued thereon to

the redemption date, without premium, on February 1 in each of the years shown below, in an amount equal to the following principal amounts:

<u>Term Bonds February in 20--</u>		<u>Term Bonds February in 20--</u>	
<u>Sinking Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>	<u>Sinking Fund</u> <u>Payment Date</u>	<u>Aggregate</u> <u>Principal Amount</u>
	\$		\$

Notice of redemption shall be given as provided in the preceding paragraph.]

As provided in the Resolution and subject to certain limitations set forth therein, this Bond is transferable upon the books of the City at the principal office of the Registrar, by the registered owner hereof in person or by the owner's attorney duly authorized in writing upon surrender hereof together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's attorney, and may also be surrendered in exchange for Bonds of other authorized denominations. Upon such transfer or exchange the City will cause a new Bond or Bonds to be issued in the name of the designated transferee or registered owner, of the same aggregate principal amount, bearing interest at the same rate and maturing on the same date; subject to reimbursement for any tax, fee or governmental charge required to be paid with respect to any such transfer or exchange.

The Bonds have been designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

The City and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof, whether this Bond is overdue or not, for the purpose of receiving payment as herein provided and for all other purposes, and neither the City nor the Registrar shall be affected by any notice to the contrary.

Notwithstanding any other provisions of this Bond, so long as this Bond is registered in the name of Cede & Co., as nominee of The Depository Trust Company, or in the name of any other nominee of The Depository Trust Company or other securities depository, the Registrar shall pay all principal of and interest on this Bond, and shall give all notices with respect to this Bond, only to Cede & Co. or other nominee in accordance with the operational arrangements of The Depository Trust Company or other securities depository as agreed to by the City.

IT IS HEREBY CERTIFIED, RECITED, COVENANTED AND AGREED that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen and to be performed prior to and in the issuance of this Bond in order to make it a valid and binding general obligation of the City in accordance with its terms, have been done, do exist, have happened and have been performed as so required; that, prior to the issuance hereof, the City Council has by the Resolution covenanted and agreed to levy ad valorem taxes upon all taxable property in the City and special assessments upon property specially benefited by the local improvements financed by the Bonds, which taxes and special assessments will be

collectible for the years and in amounts sufficient to produce sums not less than five percent in excess of the principal of and interest on the Bonds when due, and has appropriated such special assessments and taxes to its General Obligation Improvement Bonds, Series 2012B Bond Fund for the payment of principal and interest; that if necessary for payment of principal and interest, additional ad valorem taxes are required to be levied upon all taxable property in the City, without limitation as to rate or amount and that the issuance of this Bond, together with all other indebtedness of the City outstanding on the date hereof and on the date of its actual issuance and delivery, does not cause the indebtedness of the City to exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Resolution until the Certificate of Authentication hereon shall have been executed by the Registrar by manual signature of one of its authorized representatives.

IN WITNESS WHEREOF, the City has caused this Bond to be executed on its behalf by the facsimile signatures of its Mayor and City Administrator.

CITY OF LAKE ELMO, MINNESOTA

(facsimile signature – Mayor)

(facsimile signature – City Administrator)

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds delivered pursuant to the Resolution mentioned within.

Date of Authentication: \_\_\_\_\_

NORTHLAND TRUST SERVICES, INC.,  
as Registrar

By \_\_\_\_\_  
Authorized Representative

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to the applicable laws or regulations:

- |  |   |
|--|---|
| TEN COM - as tenants in common   | UTMA ..... as Custodian for .....           |
|  | (Cust) (Minor)                              |
| TEN ENT - as tenants by the entireties   | under Uniform Transfers to Minors Act ..... |
|  | (State)                                     |
| JT TEN -- as joint tenants with right of survivorship and not as tenants in common |   |

Additional abbreviations may also be used.

---

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_ the within Bond and all rights thereunder, and does hereby irrevocably constitute and appoint \_\_\_\_\_ attorney to transfer the said Bond on the books kept for registration of the within Bond, with full power of substitution in the premises.

Dated: \_\_\_\_\_

NOTICE: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in STAMP or such other "signature guaranty program" as may be determined by the Registrar in addition to or in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

PLEASE INSERT SOCIAL SECURITY OR  
OTHER IDENTIFYING NUMBER OF  
ASSIGNEE:

---

[end of bond form]

SECTION 3. GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2012B CONSTRUCTION FUND. There is hereby established on the official books and records of the City a separate fund designated the General Obligation Improvement Bonds, Series 2012B Construction Fund (the Construction Fund). To the Construction Fund there shall be credited from the proceeds of the Bonds, exclusive of unused discount, accrued and capitalized interest, if



any, an amount equal to the estimated cost of the Project. There shall also be credited to the Construction Fund all special assessments collected with respect to the Project until all costs of the Project have been fully paid. All proceeds of the Bonds deposited in the Construction Fund will be expended solely for the payment of the costs of the Project. To the extent required by Minnesota Statutes, Section 429.091, subdivision 4, the City shall maintain a separate account within the Construction Fund to record expenditures for each improvement. The City Administrator shall maintain the Construction Fund until all costs and expenses incurred by the City in connection with the construction of the improvements have been paid. All special assessments on hand in the Construction Fund when terminated or thereafter received, and any Bond proceeds not so transferred, shall be credited to the General Obligation Improvement Bonds, Series 2012B Bond Fund.

SECTION 4. GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2012B BOND FUND. There is hereby established on the official books and records of the City a separate fund designated the General Obligation Improvement Bonds, Series 2012B Bond Fund (the Bond Fund). Into the Bond Fund shall be paid (a) the amounts specified in Section 3 above, (b) capitalized interest, accrued interest and unused bond discount, if any, received from the Purchaser upon delivery of the Bonds, (c) any special assessments and taxes collected pursuant to Sections 5 or 6 hereof, except as otherwise provided in Section 3 hereof and (d) any other funds appropriated by the City Council for the payment of the Bonds. The money on hand in the Bond Fund from time to time shall be used only to pay the principal of and interest on the Bonds. If the balance on hand in the Bond Fund is at any time insufficient to pay principal and interest then due on the Bonds, such amounts shall be paid from other money on hand in other funds of the City, which other funds shall be reimbursed therefor when sufficient money becomes available in the Bond Fund. The Bond Fund shall be maintained until the City has paid, or made provision for the payment of, all of the principal of and interest on the Bonds.

There are hereby established two accounts in the Bond Fund, designated as the "Debt Service Account" and the "Surplus Account." There shall initially be deposited into the Debt Service Account upon the issuance of the Bonds the amount set forth in (b) above. Thereafter, during each Bond Year (i.e., each twelve month period commencing on February 1 and ending on the following January 31), as monies are received into the Bond Fund, the City Administrator shall first deposit such monies into the Debt Service Account until an amount has been appropriated thereto sufficient to pay all principal and interest due on the Bonds through the end of the Bond Year. All subsequent monies received in the Bond Fund during the Bond Year shall be appropriated to the Surplus Account. If at any time the amount on hand in the Debt Service Account is insufficient for the payment of principal and interest then due, the City Administrator shall transfer to the Debt Service Account amounts on hand in the Surplus Account to the extent necessary to cure such deficiency. Investment earnings (and losses) on amounts from time to time held in the Debt Service Account and Surplus Account shall be credited or charged to said accounts.

If the aggregate balance in the Bond Fund is at any time insufficient to pay all interest and principal then due on all Bonds payable therefrom, the payment shall be made from any fund of the City which is available for that purpose, subject to reimbursement from the Surplus Account in the Bond Fund when the balance therein is sufficient, and the City Council covenants and agrees that it will each year levy a sufficient amount of ad valorem taxes to take care of any

accumulated or anticipated deficiency, which levy is not subject to any constitutional or statutory limitation.

In order to ensure compliance with the Code and applicable Regulations (all as defined in Section 8.01 hereof), the Finance Director, upon allocation of any funds to the Bond Fund, shall ascertain the balance then on hand in the Bond Fund. If it exceeds the amount of principal and interest on the Bonds to become due and payable through the next following February 1, plus a reasonable carryover equal to 1/12<sup>th</sup> of the debt service due in the following bond year, the excess shall (unless an opinion is received from bond counsel stating that another use shall not interfere with the tax exemption of the bonds) be used to prepay or purchase Bonds, or be invested at a yield which does not exceed the yield on the Bonds calculated in accordance with Section 148 of the Code.

SECTION 5. SPECIAL ASSESSMENTS. The City hereby covenants and agrees that, for the payment of the costs of the Project, the City has done or will do and perform all acts and things necessary for the final and valid levy of special assessments in an amount not less than 20% of the cost of the Project financed by the Bonds. The City estimates it has levied or will levy special assessments in the original aggregate principal amount of \$300,000. It is estimated that the principal and interest on such special assessments will be levied beginning in 2012 and collected in the years 2013-22 in the amounts shown on Appendix I attached hereto. The principal of the special assessments shall be made payable in annual installments, with interest as established by this City Council in accordance with law on installments thereof from time to time remaining unpaid. In the event any special assessment shall at any time be held invalid with respect to any lot or tract of land, due to any error, defect or irregularity in any action or proceeding taken or to be taken by the City or by this City Council or by any of the officers or employees of the City, either in the making of such special assessment or in the performance of any condition precedent thereto, the City hereby covenants and agrees that it will forthwith do all such further things and take all such further proceedings as shall be required by law to make such special assessment a valid and binding lien upon said property.

SECTION 6. PLEDGE OF TAXING POWERS. For the prompt and full payment of the principal of and interest on the Bonds as such payments respectively come due, the full faith, credit and unlimited taxing powers of the City shall be and are hereby irrevocably pledged. In order to produce aggregate amounts which, together with the collections of special assessments as set forth in Section 5, will produce amounts not less than 5% in excess of the amounts needed to meet when due the principal and interest payments on the Bonds, ad valorem taxes are hereby levied on all taxable property in the City. The taxes will be levied and collected in years and amounts shown on the attached levy computation. Said taxes shall be irrepealable as long as any of the Bonds are outstanding and unpaid, provided that the City reserves the right and power to reduce said levies in accordance with the provisions of Minnesota Statutes, Section 475.61.

SECTION 7. DEFEASANCE. When all of the Bonds have been discharged as provided in this Section, all pledges, covenants and other rights granted by this Resolution to the Holders of the Bonds shall cease. The City may discharge its obligations with respect to any Bonds which are due on any date by depositing with the Registrar on or before that date a sum sufficient for the payment thereof in full; or, if any Bond should not be paid when due, it may nevertheless be discharged by depositing with the Registrar a sum sufficient for the payment thereof in full with

interest accrued from the due date to the date of such deposit. The City may also discharge its obligations with respect to any prepayable Bonds called for redemption on any date when they are prepayable according to their terms by depositing with the Registrar on or before that date an amount equal to the principal, interest and redemption premium, if any, which are then due, provided that notice of such redemption has been duly given as provided herein. The City may also at any time discharge its obligations with respect to any Bonds, subject to the provisions of law now or hereafter authorizing and regulating such action, by depositing irrevocably in escrow, with the Registrar or with a bank or trust company qualified by law to act as an escrow agent for this purpose, cash or securities which are authorized by law to be so deposited for such purpose, bearing interest payable at such times and at such rates and maturing or callable at the holder's option on such dates as shall be required to pay all principal and interest to become due thereon to maturity or, if notice of redemption as herein required has been irrevocably provided for, to an earlier designated redemption date, provided, however, that if such deposit is made more than ninety days before the maturity date or specified redemption date of the Bonds to be discharged, the City shall have received a written opinion of Bond Counsel to the effect that such deposit does not adversely affect the exemption of interest on any Bonds from federal income taxation and a written report of an accountant or investment banking firm verifying that the deposit is sufficient to pay when due all of the principal and interest on the Bonds to be discharged on and before their maturity dates or earlier designated redemption date.

#### SECTION 8. TAX COVENANTS; ARBITRAGE MATTERS AND CONTINUING DISCLOSURE.

8.01. General Tax Covenant. The City agrees with the registered owners from time to time of the Bonds that it will not take, or permit to be taken by any of its officers, employees or agents, any action that would cause interest on the Bonds to become includable in gross income of the recipient under the Internal Revenue Code of 1986, as amended (the Code) and applicable Treasury Regulations (the Regulations), and agrees to take any and all actions within its powers to ensure that the interest on the Bonds will not become includable in gross income of the recipient under the Code and the Regulations. All proceeds of the Bonds deposited in the Construction Fund will be expended solely for the payment of the costs of the Project. The Project is and will be owned and maintained by the City and available for use by members of the general public on a substantially equal basis. The City shall not enter into any lease, management contract, use agreement, capacity agreement or other agreement with any non-governmental person relating to the use of the Project, or any portion thereof, or security for the payment of the Bonds which might cause the Bonds to be considered "private activity bonds" or "private loan bonds" pursuant to Section 141 of the Code.

8.02. Arbitrage Certification. The Mayor and City Administrator being the officers of the City charged with the responsibility for issuing the Bonds pursuant to this Resolution, are authorized and directed to execute and deliver to the Purchaser a certificate in accordance with Section 148 of the Code, and applicable Regulations, stating the facts, estimates and circumstances in existence on the date of issue and delivery of the Bonds which make it reasonable to expect that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of the Code and Regulations.



8.03. Arbitrage Rebate. It is hereby found that the City has general taxing powers, that no Bond is a "private activity bond" within the meaning of Section 141 of the Code, that 95% or more of the net proceeds of the Bonds are to be used for local governmental activities of the City, and that the aggregate face amount of all tax-exempt obligations (other than private activity bonds) issued by the City and all subordinate entities thereof during the year 2012 is not reasonably expected to exceed \$5,000,000. Therefore, pursuant to Section 148(f)(4)(D) of the Code, the City shall not be required to comply with the arbitrage rebate requirements of paragraphs (2) and (3) of Section 148(f) of the Code.

8.04. Reimbursement. The City certifies that the proceeds of the Bonds will not be used by the City to reimburse itself for any expenditure with respect to the Project which the City paid or will have paid more than 60 days prior to the issuance of the Bonds unless, with respect to such prior expenditures, the City shall have made a declaration of official intent which complies with the provisions of Section 1.150-2 of the Regulations, provided that this certification shall not apply (i) with respect to certain de minimis expenditures, if any, with respect to the Project meeting the requirements of Section 1.150-2(f)(1) of the Regulations, or (ii) with respect to "preliminary expenditures" for the Project as defined in Section 1.150-2(f)(2) of the Regulations, including engineering or architectural expenses and similar preparatory expenses, which in the aggregate do not exceed 20% of the "issue price" of the Bonds.

8.05. Qualified Tax-Exempt Obligations. The Bonds are hereby designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code relating to the disallowance of interest expense for financial institutions, and the City hereby finds that the reasonably anticipated amount of tax-exempt obligations which will be issued by the City and all subordinate entities during calendar year 2012 does not exceed \$10,000,000.

8.06. Continuing Disclosure.

(a) Purpose and Beneficiaries. To provide for the public availability of certain information relating to the Bonds and the security therefor and to permit the Purchaser and other participating underwriters in the primary offering of the Bonds to comply with amendments to Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 C.F.R. § 240.15c2-12), relating to continuing disclosure (as in effect and interpreted from time to time, the Rule), which will enhance the marketability of the Bonds, the City hereby makes the following covenants and agreements for the benefit of the Owners (as hereinafter defined) from time to time of the Outstanding Bonds. The City is the only obligated person in respect of the Bonds within the meaning of the Rule for purposes of identifying the entities in respect of which continuing disclosure must be made. If the City fails to comply with any provisions of this section, any person aggrieved thereby, including the Owners of any Outstanding Bonds, may take whatever action at law or in equity may appear necessary or appropriate to enforce performance and observance of any agreement or covenant contained in this section, including an action for a writ of mandamus or specific performance. Direct, indirect, consequential and punitive damages shall not be recoverable for any default hereunder to the extent permitted by law. Notwithstanding anything to the contrary contained herein, in no event shall a default under this section constitute a default under the Bonds or under any other provision of this resolution. As used in this section, Owner or Bondowner means, in respect of a Bond, the registered owner or owners thereof appearing in the bond register maintained by the Registrar or any Beneficial

Owner (as hereinafter defined) thereof, if such Beneficial Owner provides to the Registrar evidence of such beneficial ownership in form and substance reasonably satisfactory to the Registrar. As used herein, Beneficial Owner means, in respect of a Bond, any person or entity which (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, such Bond (including persons or entities holding Bonds through nominees, depositories or other intermediaries), or (ii) is treated as the owner of the Bond for federal income tax purposes.

(b) Information To Be Disclosed. The City will provide, in the manner set forth in subsection (c) hereof, either directly or indirectly through an agent designated by the City, the following information at the following times:

- (1) on or before 365 days after the end of each fiscal year of the City, commencing with the fiscal year ending December 31, 2011, the following financial information and operating data in respect of the City (the Disclosure Information):
  - (A) the audited financial statements of the City for such fiscal year, prepared in accordance with generally accepted accounting principles in accordance with the governmental accounting standards promulgated by the Governmental Accounting Standards Board or as otherwise provided under Minnesota law, as in effect from time to time, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the City, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by the fiscal officer of the City; and
  - (B) to the extent not included in the financial statements referred to in paragraph (A) hereof, the information for such fiscal year or for the period most recently available of the type contained in the Official Statement under headings: Economic and Financial Information, Summary of Debt and Debt Statistics and General Information – “Major Employers.”

Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified, the City shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Disclosure Information and, within 10 days after the receipt thereof, the City shall provide the audited financial statements. Any or all of the Disclosure Information may be incorporated by reference, if it is updated as required hereby, from other documents, including official statements, which have been filed with the SEC or have been made available to the public on the Internet Web site of the Municipal Securities Rulemaking Board (MSRB). The City shall clearly identify in the Disclosure Information each document so incorporated by reference. If any part of the Disclosure Information can no longer be generated because the operations of the City have materially changed or been discontinued, such Disclosure Information need no longer be provided if the City includes in the Disclosure Information a statement to such effect; provided, however, if such operations have been replaced by other City operations in respect of which data is not included in the Disclosure Information and the City determines that certain specified data regarding such replacement operations would be described in paragraph (2) hereof, then, from and after such

determination, the Disclosure Information shall include such additional specified data regarding the replacement operations. If the Disclosure Information is changed or this section is amended as permitted by this paragraph (b)(1) or subsection (d), then the City shall include in the next Disclosure Information to be delivered hereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

- (2) In a timely manner not in excess of ten business days after the occurrence of the event, notice of the occurrence of any of the following events:
  - (A) Principal and interest payment delinquencies;
  - (B) Non-payment related defaults, if material;
  - (C) Unscheduled draws on debt service reserves reflecting financial difficulties;
  - (D) Unscheduled draws on credit enhancements reflecting financial difficulties;
  - (E) Substitution of credit or liquidity providers, or their failure to perform;
  - (F) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
  - (G) Modifications to rights of security holders, if material;
  - (H) Bond calls, if material, and tender offers;
  - (I) Defeasances;
  - (J) Release, substitution, or sale of property securing repayment of the securities, if material;
  - (K) Rating changes;
  - (L) Bankruptcy, insolvency, receivership or similar event of the City;
  - (M) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
  - (N) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used herein, for those events that must be reported if material, an event is "material" if it is an event as to which a substantial likelihood exists that a reasonably prudent investor would attach importance thereto in deciding to buy, hold or sell a Bond or, if not disclosed, would significantly alter the total information otherwise available to an investor from the Official Statement, information disclosed hereunder or information generally available to the public. Notwithstanding the foregoing sentence, an event is also "material" if it is an event that would be deemed material for purposes of the purchase, holding or sale of a Bond within the meaning of applicable federal securities laws, as interpreted at the time of discovery of the occurrence of the event.

For the purposes of the event identified in (L) hereinabove, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(3) In a timely manner, notice of the occurrence of any of the following events or conditions:

- (A) the failure of the City to provide the Disclosure Information required under paragraph (b)(1) at the time specified thereunder;
- (B) the amendment or supplementing of this section pursuant to subsection (d), together with a copy of such amendment or supplement and any explanation provided by the City under subsection (d)(2);
- (C) the termination of the obligations of the City under this section pursuant to subsection (d);
- (D) any change in the accounting principles pursuant to which the financial statements constituting a portion of the Disclosure Information are prepared; and
- (E) any change in the fiscal year of the City.

(c) Manner of Disclosure.

- (1) The City agrees to make available to the MSRB, in an electronic format as prescribed by the MSRB from time to time, the information described in subsection (b).
- (2) All documents provided to the MSRB pursuant to this subsection (c) shall be accompanied by identifying information as prescribed by the MSRB from time to time.

(d) Term; Amendments; Interpretation.

- (1) The covenants of the City in this section shall remain in effect so long as any Bonds are Outstanding. Notwithstanding the preceding sentence, however, the obligations of the City under this section shall terminate and be without further effect as of any date on which the City delivers to the Registrar an opinion of Bond Counsel to the effect that, because of legislative action or final judicial or administrative actions or proceedings, the failure of the City to comply with the requirements of this section will not cause participating underwriters in the primary offering of the Bonds to be in violation of the Rule or other applicable requirements of the Securities Exchange



Act of 1934, as amended, or any statutes or laws successory thereto or amendatory thereof.

- (2) This section (and the form and requirements of the Disclosure Information) may be amended or supplemented by the City from time to time, without notice to (except as provided in paragraph (c)(3) hereof) or the consent of the Owners of any Bonds, by a resolution of this Council filed in the office of the recording officer of the City accompanied by an opinion of Bond Counsel, who may rely on certificates of the City and others and the opinion may be subject to customary qualifications, to the effect that: (i) such amendment or supplement (a) is made in connection with a change in circumstances that arises from a change in law or regulation or a change in the identity, nature or status of the City or the type of operations conducted by the City, or (b) is required by, or better complies with, the provisions of paragraph (b)(5) of the Rule; (ii) this section as so amended or supplemented would have complied with the requirements of paragraph (b)(5) of the Rule at the time of the primary offering of the Bonds, giving effect to any change in circumstances applicable under clause (i)(a) and assuming that the Rule as in effect and interpreted at the time of the amendment or supplement was in effect at the time of the primary offering; and (iii) such amendment or supplement does not materially impair the interests of the Bondowners under the Rule.

If the Disclosure Information is so amended, the City agrees to provide, contemporaneously with the effectiveness of such amendment, an explanation of the reasons for the amendment and the effect, if any, of the change in the type of financial information or operating data being provided hereunder.

- (3) This section is entered into to comply with the continuing disclosure provisions of the Rule and should be construed so as to satisfy the requirements of paragraph (b)(5) of the Rule.

## SECTION 9. CERTIFICATION OF PROCEEDINGS.

9.01. Registration of Bonds. The City Administrator is hereby authorized and directed to file a certified copy of this resolution with the County Auditor of Washington County and obtain a certificate that the Bonds and the taxes levied pursuant hereto have been duly entered upon the Auditor's bond register.

9.02. Authentication of Transcript. The officers of the City and the County Auditor are hereby authorized and directed to prepare and furnish to the Purchaser and to Dorsey & Whitney LLP, Bond Counsel, certified copies of all proceedings and records relating to the Bonds and such other affidavits, certificates and information as may be required to show the facts relating to the legality and marketability of the Bonds, as the same appear from the books and records in their custody and control or as otherwise known to them, and all such certified copies, affidavits and certificates, including any heretofore furnished, shall be deemed representations of the City as to the correctness of all statements contained therein.

9.03. Official Statement. The Preliminary Official Statement relating to the Bonds, dated June \_\_, 2012, prepared and distributed by Northland Securities, Inc., is hereby approved. Northland Securities, Inc. is hereby authorized on behalf of the City to prepare and deliver within seven business days from the date hereof a final Official Statement listing the offering price, the interest rates, selling compensation, delivery date, the underwriters and such other information relating to the Bonds required to be included in the Official Statement by Rule 15c2-12 adopted by the SEC under the Securities Exchange Act of 1934. The officers of the City are hereby authorized and directed to execute such certificates as may be appropriate concerning the accuracy, completeness and sufficiency of the Official Statement.

9.04. Authorization of Payment of Certain Costs of Issuance of the Bonds. The City authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to the Bond Registrar on the closing date for further distribution as directed by Northland Securities, Inc.

Upon vote being taken thereon, the following voted in favor thereof:

and the following voted against the same:

whereupon the Resolution was declared duly passed and adopted.

APPENDIX I

**City of Lake Elmo, Minnesota**  
General Obligation Improvement Bonds, Series 2012B  
Payments on Special Assessments

<b>Year of Collection</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023	_____	_____	_____

## PROJECTED TAX LEVIES

<u>Year of Collection</u>	<u>Levy</u>
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
Total	\$



WASHINGTON COUNTY AUDITOR'S CERTIFICATE  
AS TO REGISTRATION AND TAX LEVY

The undersigned, being the duly qualified and acting County Auditor of Washington County, Minnesota, hereby certifies that there has been filed in my office a certified copy of a resolution duly adopted on July 17, 2012, by the City Council of the City of Lake Elmo, Minnesota, setting forth the form and details of an issue of \$865,000 General Obligation Improvement Bonds, Series 2012B, dated as of August 1, 2012 and levying taxes for their payment.

I further certify that the issue has been entered on my bond register and the tax required by law for their payment has been levied and filed as required by Minnesota Statutes, Sections 475.61 to 475.63.

WITNESS my hand officially this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

\_\_\_\_\_  
Washington County Auditor

(SEAL)

# **FINANCE PLAN SUMMARY**

FOR

**CITY OF LAKE ELMO, MINNESOTA**

**\$865,000**

**GENERAL OBLIGATION IMPROVEMENT BONDS,  
SERIES 2012B**

---

NORTHLAND  SECURITIES

45 South 7<sup>th</sup> Street  
Suite 2000  
Minneapolis, MN 55402  
612-851-5900 800-851-2920

**June 19, 2012**

---

**City of Lake Elmo, Minnesota**  
**\$865,000**  
**General Obligation Improvement Bonds, Series 2012B**

---

**FINANCING OVERVIEW**

This Finance Plan Summary describes the recommended terms and process for the issuance of the following bond issue:

- \$865,000 General Obligation Improvement Bonds, Series 2012B

**PURPOSE**

Proceeds from the Bonds will be used to fund public infrastructure improvements related to DeMontreville Highlands Area Street Improvement Project. The total cost of the improvements is estimated by the City to be \$1,000,000. We understand the City intends to contribute available funds of approximately \$185,000 to reduce the financing requirement to \$865,000. A detailed illustration of the expected sources and uses of funds is illustrated below.

**Sources & Uses**

---

Dated 08/01/2012 | Delivered 08/01/2012

**Sources Of Funds**

Par Amount of Bonds	\$865,000.00
Planned Issuer Equity contribution	185,000.00
<b>Total Sources</b>	<b>\$1,050,000.00</b>

**Uses Of Funds**

Total Underwriter's Discount (1.750%)	15,137.50
Costs of Issuance	32,640.00
Deposit to Project Construction Fund	1,000,000.00
Rounding Amount	2,222.50
<b>Total Uses</b>	<b>\$1,050,000.00</b>

**STATUTORY AUTHORITY**

The Bonds will be issued pursuant to the authority of Minnesota Statutes Chapter 475 and Chapter 429.

## DEBT SERVICE STRUCTURE

The debt structure reflects a level annual requirement over a term of ten years for the purpose of matching the term of the related assessments. The illustration below assumes an average interest rate on the bonds of 2.31% and an all inclusive cost of 3.30%.

### Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
08/01/2012	-	-	-	-	-
08/01/2013	-	-	17,632.50	17,632.50	-
02/01/2014	75,000.00	1.050%	8,816.25	83,816.25	101,448.75
08/01/2014	-	-	8,422.50	8,422.50	-
02/01/2015	80,000.00	1.250%	8,422.50	88,422.50	96,845.00
08/01/2015	-	-	7,922.50	7,922.50	-
02/01/2016	85,000.00	1.450%	7,922.50	92,922.50	100,845.00
08/01/2016	-	-	7,306.25	7,306.25	-
02/01/2017	85,000.00	1.700%	7,306.25	92,306.25	99,612.50
08/01/2017	-	-	6,583.75	6,583.75	-
02/01/2018	85,000.00	1.950%	6,583.75	91,583.75	98,167.50
08/01/2018	-	-	5,755.00	5,755.00	-
02/01/2019	85,000.00	2.150%	5,755.00	90,755.00	96,510.00
08/01/2019	-	-	4,841.25	4,841.25	-
02/01/2020	90,000.00	2.350%	4,841.25	94,841.25	99,682.50
08/01/2020	-	-	3,783.75	3,783.75	-
02/01/2021	90,000.00	2.550%	3,783.75	93,783.75	97,567.50
08/01/2021	-	-	2,636.25	2,636.25	-
02/01/2022	95,000.00	2.700%	2,636.25	97,636.25	100,272.50
08/01/2022	-	-	1,353.75	1,353.75	-
02/01/2023	95,000.00	2.850%	1,353.75	96,353.75	97,707.50
<b>Total</b>	<b>\$865,000.00</b>	<b>-</b>	<b>\$123,658.75</b>	<b>\$988,658.75</b>	<b>-</b>

## SECURITY & SOURCE OF REPAYMENT

The Bonds will be a general obligation of the City of Lake Elmo. In addition, the City will pledge special assessments of approximately \$300,000 to the repayment of the debt service. We understand the balance of the debt service will be paid from property tax collections. An illustration of the projected debt service fund cash flow is below.

### Revenue vs D/S

Date	Scheduled P+I	105% Levy	Less:		Levy Year	Collection Year
			Assessment Revenues*	Equals: City Levy		
02/01/2013	-	-	-	-	-	-
02/01/2014	101,448.75	106,521.19	37,739.33	68,781.85	2012	2013
02/01/2015	96,845.00	101,687.25	37,739.79	63,947.46	2013	2014
02/01/2016	100,845.00	105,887.25	37,739.80	68,147.45	2014	2015
02/01/2017	99,612.50	104,593.13	37,739.03	66,854.09	2015	2016
02/01/2018	98,167.50	103,075.88	37,739.47	65,336.40	2016	2017
02/01/2019	96,510.00	101,335.50	37,738.93	63,596.57	2017	2018
02/01/2020	99,682.50	104,666.63	37,739.20	66,927.42	2018	2019
02/01/2021	97,567.50	102,445.88	37,739.93	64,705.94	2019	2020
02/01/2022	100,272.50	105,286.13	37,739.67	67,546.46	2020	2021
02/01/2023	97,707.50	102,592.88	37,739.91	64,852.96	2021	2022
<b>Total</b>	<b>\$988,658.75</b>	<b>\$1,038,091.69</b>	<b>\$377,395.07</b>	<b>\$660,696.62</b>		

\*Assessments assume \$300,000 for a period of 10 years at a rate of 4.30% (2% over the rate on the Bonds.)

---

## RELATED CONSIDERATIONS

- Bank Qualification - We understand the City (in combination with any subordinate taxing jurisdictions or debt issued in the City's name by 501c3 corporations) anticipates issuing \$10.0M or less in tax-exempt debt during this calendar year. Therefore the bonds will be designated as "bank qualified" obligations pursuant to Federal Tax Law.
- Arbitrage and Rebate - Because the City will have issued more than \$5.0M in tax-exempt bonds in calendar year 2012 the City will elect the Two Year Expenditure Exemption in order to exempt the Series 2012B proceeds from rebate. This exemption from rebate does not eliminate the need to comply with other arbitrage regulations governing the investment of bond proceeds and debt service funds. In particular, the City should become familiar with the requirements for maintaining a "bona fide" debt service fund. These requirements will be explained in the bond transcript following closing.
- Continuing Disclosure - Because this issue is greater than \$1,000,000, and the City's outstanding debt exceeds \$10.0M, it is subject to the Securities and Exchange Commission's continuing disclosure requirements. Northland Securities is prepared to assist the City in this capacity.

---

## SUMMARY OF RECOMMENDED TERMS

- |                          |   |
|--------------------------|---|
| 1. Type of Bond Sale     | Public Offering – Sealed Bids   |
| 2. Proposals Received    | Tuesday, July 17, 2012 @ 10:30 A.M.   |
| 3. Council Consideration | Tuesday, July 17, 2012 @ 7:00 P.M.  |
| 4. Statutory Authority   | The Bonds are being issued pursuant to Minnesota Statutes 475 and 429.  |
| 5. Repayment Term        | The Bonds will mature annually each February 1, 2014 - 2023. Interest on the Bonds will be payable on August 1, 2013 and semiannually thereafter on each February 1 and August 1. |
| 6. Security              | General Obligation of the City. In addition, the City will pledge special assessment revenues collected from benefitted properties.   |
| 7. Prepayment Option     | The Bonds maturing February 1, 2021 – 2023 will be subject to prepayment on February 1, 2020 at a price of par plus accrued interest.   |
| 8. Tax Status            | Dorsey and Whitney, LLP Minneapolis, Minnesota,   |
| 9. Credit Enhancement    | We believe a credit rating will be cost beneficial. The City's general obligation debt is currently rated Aa2 by Moody's Investors Service.                                       |







TABULATION OF BIDS

CITY OF LAKE ELMO, MINNESOTA

\$865,000

GENERAL OBLIGATION IMPROVEMENT BONDS, SERIES 2012B

AWARD: UNITED BANKERS' BANK

DATE OF SALE: TUESDAY, JULY 17, 2012

MOODY'S UNDERLYING RATING: Aa2

BIDDER	PURCHASE PRICE	NET INTEREST COST	TRUE INTEREST COST (TIC)
UNITED BANKERS' BANK Bloomington, MN	\$858,945.00	\$86,047.50	1.6054627%
BOSC, INC. Menomonee Falls, WI	\$875,676.75	\$96,373.25	1.7845207%
CRONIN & CO., INC. Minneapolis, MN	\$874,354.65	\$98,645.35	1.8280061%





## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012  
**REGULAR**  
ITEM #: 10  
**RESOLUTION** 2012-34

**AGENDA ITEM:** 2012 Street & Water Quality Improvements – Approve Resolution  
Accepting Bids and Awarding Contract

**SUBMITTED BY:** Jack Griffin, City Engineer

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

**REVIEWED BY:** Ryan Stempksi, Assistant City Engineer  
Cathy Bendel, Finance Director

**SUMMARY AND ACTION REQUESTED:** The City Council is respectfully requested to consider approving a Resolution to accept bids and award a contract for the 2012 Street & Water Quality Improvements.

**BACKGROUND INFORMATION:** The City Council approved the Plans and Specifications for the 2012 Street & Water Quality Improvements on June 5, 2012, and authorized staff to advertise the Project for bids. The Project was advertised on QuestCDN.com, Finance and Commerce, and in the Oakdale-Lake Elmo Review in accordance with the Minnesota Competitive Bidding requirements.

**STAFF REPORT:** Bids were received, publicly opened, and read aloud on July 10, 2012. The City Engineer has prepared and attached the Tabulation of Bids and a Letter of Recommendation for the Award of the Contract. The City received three (3) bids for this project, with Hardrives, Inc. providing the lowest bid in the amount of \$849,736.79. The Engineer's post-design construction cost estimate for the project was \$840,247.45. Although the post-design construction cost is higher than the Feasibility Report estimate, the total project cost, and therefore proposed unit assessment amount, remains on budget due to a savings realized in engineering fees. The City Engineer is recommending that the Council award the contract to the lowest responsible bidder, Hardrives, Inc., as outlined in the attached letter.

**RECOMMENDATION:** Based upon the above staff report, it is recommended that the City Council consider approving Resolution No. 2012-34, accepting the bids and awarding a Contract to Hardrives, Inc., for the 2012 Street & Water Quality Improvements project, in the amount of \$849,736.79. The recommended motion for this action is as follows:

***“Move to approve Resolution No. 2012-34, Accepting the Bids and Awarding a Contract to Hardrives, Inc., for the 2012 Street and Water Quality Improvements Project, in the amount of \$849,736.79.”***

**ATTACHMENTS:**

1. Resolution No. 2012-34
2. Engineer's Letter of Recommendation and Tabulation of Bids

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

**RESOLUTION NO. 2012-34**

**A RESOLUTION ACCEPTING THE BIDS  
AND AWARDING A CONTRACT FOR THE  
2012 STREET AND WATER QUALITY IMPROVEMENTS**

WHEREAS, pursuant to an advertisement for bids for the 2012 Street and Water Quality Improvements project, bids were received, opened, and tabulated according to law, and bids were received complying with the advertisement; and

WHEREAS, bids were tabulated, checked and summarized to verify that all requirements of the submittals were met; and

WHEREAS, the City Engineer reviewed the bids and has provided a letter recommending the award of the contract to the lowest responsible bidder, Hardrives, Inc., in the amount of \$849,736.79;

NOW, THEREFORE, BE IT RESOLVED,

1. That the Mayor and City Clerk are hereby authorized and directed to enter into a Contract in the accordance with the above ordered Project, in the amount of the Contractor's lowest responsible bid, and according to the plans and specifications thereof approved by the City Council.
2. The City Clerk is hereby authorized and directed to return forthwith to all bidders the deposits made with their bids, except that the deposits of the successful bidder and the next two lowest bidders shall be retained until a contract has been signed.

Date: \_\_\_\_\_, 2012

CITY OF LAKE ELMO

By: \_\_\_\_\_

Dean A. Johnston  
Mayor

ATTEST:

\_\_\_\_\_  
Dean A. Zuleger  
City Administrator

## **CERTIFICATION**

I hereby certify that the foregoing Resolution is a true and correct copy of a resolution presented to and adopted by the Council of the City of Lake Elmo at a duly authorized meeting thereof held on the 17th day of July 2012, as shown by the minutes of said meeting in my possession.

---

Sandie Thone  
City Clerk

(Seal)

# FOCUS ENGINEERING, inc.

July 11, 2012

Cara Geheren, P.E. 651.300.4261  
Jack Griffin, P.E. 651.300.4264  
Ryan Stempski, P.E. 651.300.4267

Honorable Mayor and City Council  
City of Lake Elmo, Minnesota

2012 Street & Water Quality Improvements  
City of Lake Elmo, Minnesota  
FOCUS Project No. 2012.123

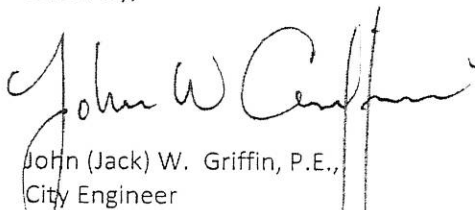
Dear Mayor and City Council:

Bids for the 2012 Street and Water Quality Improvements were received on July 10, 2012, at 2:00 PM. A complete Tabulation of Bids is enclosed for your information. The Bid results are summarized as follows:

Contractor	Bid
Hardrives, Inc.	\$849,736.79
T.A. Schifsky & Sons, Inc.	\$910,412.65
Valley Paving, Inc.	\$911,542.25
Engineer's Estimate	\$840,247.45

We recommend that you award the Contract to the lowest responsible bidder, Hardrives, Inc., for their bid of \$849,736.79. Hardrives, Inc. is an experienced and qualified contractor for this type of project. They completed the 2009 and 2011 street improvement projects for the City of Lake Elmo.

Sincerely,



John (Jack) W. Griffin, P.E.,  
City Engineer

Enclosure

cc: Ryan W. Stempski, P.E., Project Engineer  
Dean Zuleger, City Administrator  
Mike Bouthilet, Public Works  
Cathy Bendel, Finance Director



# TABULATION OF BIDS

2012 STREET & WATER QUALITY IMPROVEMENTS  
CITY OF LAKE ELMO, MINNESOTA  
FOCUS PROJECT NO. 2012.123

BIDS OPENED: JULY 10, 2012, AT 2:00 PM  
\*Denotes Error in Bidder Calculation

## FOCUS ENGINEERING, inc.

ITEM NO.	DESCRIPTION	QUANTITY	UNIT	ENGINEER'S ESTIMATE			HARDRIES, INC.			T.A. SCHIFFSKY & SONS, INC.			VALLEY PAVING, INC.		
				UNIT	PRICE	TOTAL AMOUNT	UNIT	PRICE	TOTAL AMOUNT	UNIT	PRICE	TOTAL AMOUNT	UNIT	PRICE	TOTAL AMOUNT
1	MOBILIZATION	1	LS		\$ 39,000.00	\$ 39,000.00		\$ 45,850.00	\$ 45,850.00		\$ 44,000.00	\$ 44,000.00		\$ 11,000.00	\$ 11,000.00
2	TRAFFIC CONTROL	1	LS		\$ 20,000.00	\$ 20,000.00		\$ 3,695.19	\$ 3,695.19		\$ 41,952.00	\$ 41,952.00		\$ 4,648.96	\$ 4,648.96
3	SILT FENCE	300	LF		\$ 2.25	\$ 675.00		\$ 3.71	\$ 963.00		\$ 3.09	\$ 927.00		\$ 7.49	\$ 2,247.00
4	INLET PROTECTION	23	EA		\$ 200.00	\$ 4,600.00		\$ 96.40	\$ 2,217.20		\$ 97.85	\$ 2,250.55		\$ 82.36	\$ 1,894.28
5	TREE REMOVAL	11	EA		\$ 200.00	\$ 2,200.00		\$ 267.77	\$ 2,945.47		\$ 360.50	\$ 3,965.50		\$ 429.22	\$ 4,721.42
6	SALVAGE AND REINSTALL MAILBOX	85	EA		\$ 100.00	\$ 8,500.00		\$ 65.00	\$ 5,525.00		\$ 46.35	\$ 3,939.75		\$ 82.65	\$ 7,025.25
7	SALVAGE AND REINSTALL SIGN	35	EA		\$ 100.00	\$ 3,500.00		\$ 133.88	\$ 4,685.80		\$ 85.49	\$ 2,992.15		\$ 92.98	\$ 3,254.30
8	REMOVE AND REINSTALL SIGN	55	LF		\$ 2.50	\$ 137.50		\$ 2.49	\$ 137.05		\$ 2.01	\$ 110.55		\$ 1.92	\$ 105.60
9	REMOVE AND DISPOSE CONCRETE CURB AND GUTTER	1,291	SY		\$ 3.00	\$ 3,873.00		\$ 4.60	\$ 5,938.60		\$ 2.06	\$ 2,659.46		\$ 4.94	\$ 6,377.54
10	REMOVE AND DISPOSE OF EXISTING BITUMINOUS PAVEMENT	520	SY		\$ 7.00	\$ 3,640.00		\$ 6.56	\$ 3,411.20		\$ 4.12	\$ 2,142.40		\$ 9.88	\$ 5,137.60
11	REMOVE AND DISPOSE OF EXISTING CONCRETE PAVEMENT	22	EA		\$ 100.00	\$ 2,200.00		\$ 535.53	\$ 11,782.86		\$ 515.00	\$ 11,325.00		\$ 650.86	\$ 14,445.86
12	REMOVE AND DISPOSE OF EXISTING STORM SEWER CB/CBMH	11	EA		\$ 100.00	\$ 1,100.00		\$ 51.30	\$ 564.30		\$ 61.80	\$ 679.80		\$ 16.47	\$ 181.37
13	SALVAGE AND REINSTALL PAVERS	1,404	SY		\$ 4.00	\$ 5,616.00		\$ 6.91	\$ 9,701.64		\$ 4.12	\$ 5,784.48		\$ 5.63	\$ 7,904.52
14	SUBGRADE CORRECTION	1,351	CY		\$ 10.00	\$ 13,510.00		\$ 10.01	\$ 13,513.51		\$ 8.24	\$ 11,132.24		\$ 9.88	\$ 13,347.88
15	COMMON EXCAVATION (CV) (P)	474	CY		\$ 11.00	\$ 5,214.00		\$ 14.00	\$ 6,636.00		\$ 24.26	\$ 11,499.24		\$ 35.12	\$ 16,646.88
16	CLASS 5 AGGREGATE BASE (100% CRUSHED)	512	CY		\$ 11.00	\$ 5,632.00		\$ 9.43	\$ 4,828.16		\$ 10.30	\$ 5,273.60		\$ 26.84	\$ 13,742.08
17	SELECT GRANULAR BORROW	1,024	CY		\$ 6.25	\$ 6,400.00		\$ 8.96	\$ 9,175.04		\$ 5.97	\$ 6,113.28		\$ 9.97	\$ 10,205.28
18	HAUL OUT EXCESS MILLINGS	451	CY		\$ 5.00	\$ 2,255.00		\$ 8.48	\$ 3,824.48		\$ 6.95	\$ 3,134.45		\$ 7.51	\$ 3,387.01
19	PLACE RECLAIMED MATERIAL FROM OTHER SITES	38,406	RS		\$ 1.00	\$ 38,406.00		\$ 0.91	\$ 34,949.46		\$ 0.67	\$ 25,732.02		\$ 0.75	\$ 28,804.50
20	RECLAIM EXISTING BITUMINOUS AND BASE MATERIALS	100	RS		\$ 175.00	\$ 17,500.00		\$ 254.39	\$ 44,439.00		\$ 159.65	\$ 15,965.00		\$ 183.35	\$ 18,335.00
21	SUBGRADE PREPARATION FOR RECLAIMED SURFACE	1	LS		\$ 1,000.00	\$ 1,000.00		\$ 1,695.91	\$ 1,695.91		\$ 2,575.00	\$ 2,575.00		\$ 973.86	\$ 973.86
22	SUBGRADE PREPARATION FOR PARKING LOTS	119	LF		\$ 30.00	\$ 3,570.00		\$ 36.42	\$ 4,333.98		\$ 35.02	\$ 4,167.38		\$ 35.13	\$ 4,180.47
23	12" CLASS 5 RCP STORM SEWER	247	LF		\$ 32.00	\$ 7,904.00		\$ 37.49	\$ 9,260.03		\$ 36.05	\$ 8,904.35		\$ 36.16	\$ 8,931.52
24	15" CLASS 5 RCP STORM SEWER	1	EA		\$ 800.00	\$ 800.00		\$ 963.96	\$ 963.96		\$ 1,060.90	\$ 1,060.90		\$ 1,064.10	\$ 1,064.10
25	12" CONCRETE FLARED END SECTION	3	EA		\$ 1,800.00	\$ 5,400.00		\$ 1,960.06	\$ 5,880.18		\$ 1,884.90	\$ 5,654.70		\$ 1,890.57	\$ 5,671.71
26	CATCH BASIN, TYPE 402 WITH R-3501-TB CASTING	4	EA		\$ 1,800.00	\$ 7,200.00		\$ 2,077.87	\$ 8,311.48		\$ 1,998.20	\$ 7,992.80		\$ 2,004.21	\$ 8,016.84
27	CATCH BASIN, TYPE 404 WITH R-3501-TB CASTING	1	EA		\$ 2,500.00	\$ 2,500.00		\$ 1,686.93	\$ 1,686.93		\$ 1,622.25	\$ 1,622.25		\$ 1,627.15	\$ 1,627.15
28	4" DIA CBMH WITH 1" SUMP, TYPE 401 WITH SALVAGED R-3250-A CASTING	2	EA		\$ 2,000.00	\$ 4,000.00		\$ 2,238.54	\$ 4,477.08		\$ 2,152.70	\$ 4,305.40		\$ 2,159.19	\$ 4,318.38
29	4" DIA CBMH, TYPE STO-9 WITH R-3501-TB CASTING	1	EA		\$ 2,000.00	\$ 2,000.00		\$ 2,184.98	\$ 2,184.98		\$ 2,101.20	\$ 2,101.20		\$ 2,107.54	\$ 2,107.54
30	4" DIA CBMH WITH 1" SUMP, TYPE STO-9 WITH R-3501-TB CASTING	3	EA		\$ 2,500.00	\$ 7,500.00		\$ 2,227.82	\$ 6,683.46		\$ 2,142.40	\$ 6,427.20		\$ 2,148.86	\$ 6,446.58
31	4" DIA CBMH, TYPE 408 WITH R-3250-A CASTING	1	EA		\$ 3,000.00	\$ 3,000.00		\$ 3,491.68	\$ 3,491.68		\$ 3,357.80	\$ 3,357.80		\$ 3,367.92	\$ 3,367.92
32	5" DIA CBMH WITH 1" SUMP, TYPE 405 WITH R-3501-TB CASTING	400	LF		\$ 5.00	\$ 2,000.00		\$ 5.19	\$ 2,076.00		\$ 10.30	\$ 4,120.00		\$ 10.33	\$ 4,132.00
33	4" PVC PERF EDGE DRAIN WITH BACKFILL AND WRAP	30	LF		\$ 15.00	\$ 450.00		\$ 37.49	\$ 1,124.70		\$ 25.75	\$ 772.50		\$ 31.30	\$ 939.00
34	B618 CONCRETE CURB AND GUTTER	298	LF		\$ 18.00	\$ 5,364.00		\$ 37.49	\$ 11,172.02		\$ 16.79	\$ 5,003.42		\$ 31.30	\$ 9,327.40
35	B624 CONCRETE CURB AND GUTTER	804	LF		\$ 15.00	\$ 12,060.00		\$ 27.69	\$ 22,262.76		\$ 16.38	\$ 13,169.52		\$ 15.65	\$ 12,582.60
36	D412 CONCRETE CURB AND GUTTER	17	EA		\$ 350.00	\$ 5,950.00		\$ 321.32	\$ 5,462.44		\$ 341.20	\$ 5,800.40		\$ 313.04	\$ 5,321.68
37	CONCRETE CURB CUT FOR RAIN GARDEN	1	EA		\$ 800.00	\$ 800.00		\$ 642.64	\$ 642.64		\$ 695.25	\$ 695.25		\$ 626.06	\$ 626.06
38	6" CONCRETE FLUME	520	SY		\$ 40.00	\$ 20,800.00		\$ 42.84	\$ 22,276.80		\$ 44.29	\$ 23,030.80		\$ 46.95	\$ 24,414.00
39	6" CONCRETE DRIVEWAY	1,225	SY		\$ 17.50	\$ 21,437.50		\$ 16.77	\$ 20,543.25		\$ 18.00	\$ 22,050.00		\$ 22.61	\$ 27,697.25
40	BITUMINOUS DRIVEWAY	3,900	TN		\$ 57.00	\$ 222,300.00		\$ 54.35	\$ 211,965.00		\$ 67.00	\$ 261,300.00		\$ 66.95	\$ 261,050.00
41	BITUMINOUS WEARING COURSE	3,275	TN		\$ 54.00	\$ 176,850.00		\$ 58.60	\$ 191,915.00		\$ 67.00	\$ 219,425.00		\$ 56.41	\$ 184,742.75
42	BITUMINOUS NON-WEARING COURSE	1,950	GAL		\$ 3.00	\$ 5,850.00		\$ 2.13	\$ 4,153.50		\$ 2.50	\$ 4,875.00		\$ 2.01	\$ 3,950.00
43	BITUMINOUS MATERIAL FOR TACK COAT	7,800	LF		\$ 2.00	\$ 15,600.00		\$ 2.41	\$ 18,798.00		\$ 2.20	\$ 17,160.00		\$ 2.48	\$ 19,340.00
44	SAW AND SEAL STREETS	8	EA		\$ 100.00	\$ 800.00		\$ 114.17	\$ 913.36		\$ 55.00	\$ 440.00		\$ 154.96	\$ 1,239.68
45	REMOVE CATCH BASIN CASTING	8	EA		\$ 500.00	\$ 4,000.00		\$ 803.30	\$ 6,426.40		\$ 932.15	\$ 7,457.20		\$ 1,033.11	\$ 8,264.88
46	INSTALL R-3501-TB CASTING	7	EA		\$ 250.00	\$ 1,750.00		\$ 555.33	\$ 3,887.31		\$ 540.75	\$ 3,785.25		\$ 713.74	\$ 4,996.18
47	SALVAGE AND REINSTALL CASTING (ALL TYPES)	10	EA		\$ 250.00	\$ 2,500.00		\$ 176.73	\$ 1,767.30		\$ 412.00	\$ 4,120.00		\$ 413.40	\$ 4,134.40
48	CULVERT END CLEANING	490	LF		\$ 15.00	\$ 7,350.00		\$ 4.71	\$ 2,307.30		\$ 8.24	\$ 4,037.60		\$ 8.27	\$ 4,052.30
49	DITCH GRADING	60	CY		\$ 100.00	\$ 6,000.00		\$ 66.41	\$ 3,984.60		\$ 103.00	\$ 6,180.00		\$ 108.48	\$ 6,508.80
50	CLASS 3 RIP RAP WITH GEOTEXTILE FABRIC	200	SY		\$ 2.00	\$ 400.00		\$ 6.96	\$ 1,392.00		\$ 5.67	\$ 1,134.00		\$ 8.52	\$ 1,704.00
51	EROSION STABILIZATION MAT	30	EA		\$ 15.00	\$ 450.00		\$ 64.26	\$ 1,927.80		\$ 5.82	\$ 174.60		\$ 77.49	\$ 2,324.70
52	BIOROLL DITCH CHECK	1,133	SY		\$ 2.15	\$ 2,436.75		\$ 1.55	\$ 1,755.15		\$ 2.32	\$ 2,628.56		\$ 1.50	\$ 1,689.50
53	SEEDING WITH WOOD FIBER BLANKET	14,100	SY		\$ 3.75	\$ 52,875.00		\$ 2.85	\$ 40,185.00		\$ 2.99	\$ 42,159.00		\$ 4.08	\$ 57,528.00
54	SODDING	1,900	CY		\$ 15.00	\$ 28,500.00		\$ 13.00	\$ 24,700.00		\$ 4.12	\$ 7,828.00		\$ 24.00	\$ 45,600.00
55	IMPORT AND PLACE TOPSOIL	6,130	LF		\$ 1.00	\$ 6,130.00		\$ 0.31	\$ 1,887.30		\$ 0.31	\$ 1,900.30		\$ 0.41	\$ 2,513.30
56	STRIPING -- 4" YELLOW STRIPING	6,940	LF		\$ 1.00	\$ 6,940.00		\$ 0.27	\$ 1,873.80		\$ 0.36	\$ 1,804.40		\$ 0.41	\$ 2,845.40
57	STRIPING -- 4" WHITE STRIPING	2	EA		\$ 500.00	\$ 1,000.00		\$ 428.43	\$ 856.86		\$ 412.00	\$ 824.00		\$ 464.90	\$ 929.80
58	HANDICAP PAVEMENT MARKING														
TOTAL BID					\$ 840,247.45	\$ 840,247.45		\$ 849,736.79	\$ 849,736.79		\$ 910,412.65	\$ 910,412.65		\$ 911,542.25	\$ 911,542.25



## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**REGULAR**

ITEM #: 11

**MOTION**

**AGENDA ITEM:** Keats Avenue N. MSA Street Improvements – Engineer’s Update on Proposed Improvements and Authorize Report Revisions

**SUBMITTED BY:** Jack Griffin, City Engineer

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

**REVIEWED BY:** Ryan Stempski, Assistant City Engineer

**SUMMARY AND ACTION REQUESTED:** The City Council is respectfully requested to receive an update from the City Engineer for the Keats Avenue North MSA Street Improvements project, and Authorize the Engineer to revise the Feasibility Report.

**BACKGROUND INFORMATION AND STAFF REPORT:** The City Council approved the Feasibility Report for the Keats Avenue N. MSA Street and Trunk Watermain Improvements on February 8, 2012. The Public Improvement Hearing was opened on March 6, 2012, and adjourned to be continued on August 21, 2012. Staff was directed to seek a variance from the State Aid Office for the proposed roadway improvements, and to review options regarding the location of the trunk watermain.

On March 22, 2012, the City Engineer presented a Variance Request to the State Aid Office Variance Committee, requesting an allowance for 11-foot drive lanes (12-ft standard), 5-foot shoulders (6-foot standard), and a Clear Zone of 15 feet (30-foot standard). The Variance Request was denied and the City Engineer was directed by the Variance Committee to work with the District State Aid Engineer to review viable reconstruction/reconditioning options for the project that would remain consistent with Municipal State Aid Standards. Through subsequent meetings and communications with the District State Aid Engineer, the City Engineer has identified three improvement options meeting MSA standards for consideration by the City, with one option being more cost effective than the others. This improvement option includes an urban section design using concrete curb and gutter in lieu of a rural section roadway. The City Engineer will present the findings of this review in greater detail at the council meeting.

**RECOMMENDATION:** Based upon the above staff report, it is recommended that the City Council direct the City Engineer to revise the Feasibility Report for the Keats Avenue North

MSA Street and Trunk Watermain Improvements. The recommended motion for this action is as follows:

***“Move to direct the City Engineer to revise the Feasibility Report for the Keats Avenue North MSA Street and Trunk Watermain Improvements in preparation of the continuance of the Public Improvement Hearing on August 21, 2012.”***

**ATTACHMENTS:**

1. None



## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**REGULAR**

ITEM #: 12

**MOTION**

**AGENDA ITEM:** Old Village Area Municipal Sanitary Sewer – Initiate Preliminary Study

**SUBMITTED BY:** Jack Griffin, City Engineer

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

**REVIEWED BY:** Ryan Stempksi, Assistant City Engineer

**SUMMARY AND ACTION REQUESTED:** The City Council is respectfully requested to consider initiating the engineering work for the Old Village Area Municipal Sanitary Sewer project by authorizing FOCUS Engineering, Inc. to prepare a Preliminary Study in the estimated amount of \$16,500.

**BACKGROUND INFORMATION AND STAFF REPORT:** On May 8, 2012 the City Council held a Workshop on Utilities and Growth. The Workshop addressed the capital infrastructure projects needed to provide municipal utilities to the various growth areas, the general phasing of the proposed growth, and reviewed the process for implementing large infrastructure projects. In addition, the City Council was recently presented the results of the Village Area Sewer Survey indicating a need and desire for Municipal Sanitary Sewer Service from existing property owners.

The first step to initiate this project is to authorize the City Engineer to conduct a preliminary layout (Preliminary Study) for the proposed improvements to identify the gravity sanitary sewer route alternatives throughout the Village together with a logical phasing and implementation strategy. The preliminary work elements for this study will include a property by property site review to identify sewer service connection locations; available right-of-way and easement corridors; and to review and determine other improvements that could or should be made in conjunction with this project (i.e. watermain replacement work, street and sidewalk improvements, streetscape amenities, etc.). Once the Preliminary Study is completed it will be presented to the City Council.

Following the Preliminary Study, a Feasibility Report will need to be commissioned to complete a more detailed cost analysis and to address the proposed project assessments to any benefitting properties, consistent with the requirements of Chapter 429 for Public Improvement projects.

**RECOMMENDATION:**

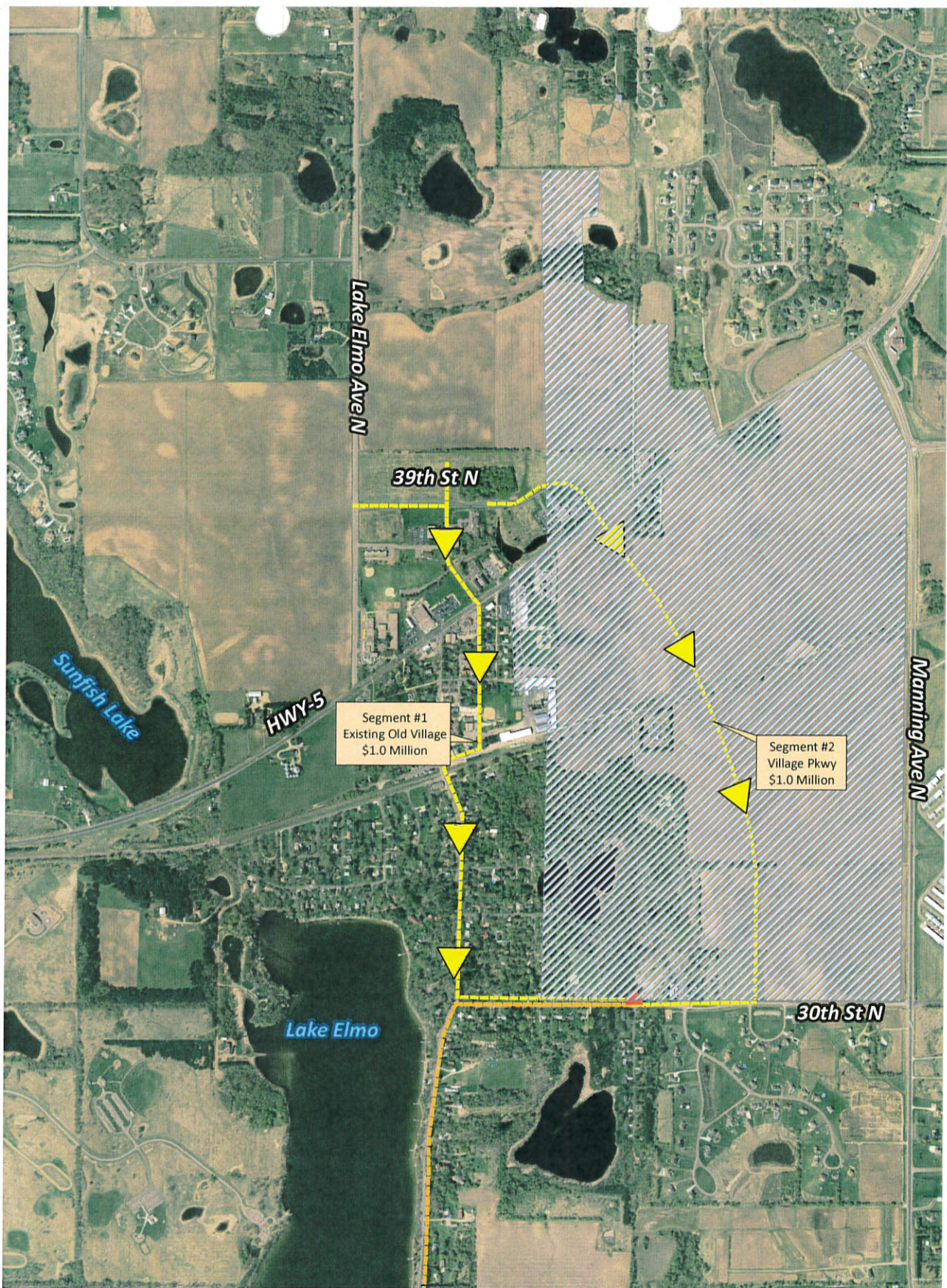
Based upon the above staff report, it is recommended that the City Council consider initiating the engineering work for the Old Village Area Municipal Sanitary Sewer project by authorizing FOCUS Engineering, Inc. to prepare a Preliminary Study in the estimated amount of \$16,500. The recommended motion for this action is as follows:

*“Move to direct the City Engineer to initiate the Preliminary Study for the Old Village Area Municipal Sanitary Sewer project in the estimated amount of \$16,500.”*

**ATTACHMENTS:**

1. Exhibit – Old Village Municipal Sanitary Sewer









## Sewer and Water Utility Expansions: Village Area (Option B)



City of Lake Elmo  
5-8-12

Data Source:  
Washington County, MN

### Legend

-  Area to be Served by Segment #2
-  Proposed Gravity Sewer
-  Lift Station
-  Proposed Forcemain Sewer
-  Well #1
-  Proposed Watermain

0 450 900 1,800 Feet









## MAYOR AND COUNCIL COMMUNICATION

DATE: July 17, 2012

**REGULAR**

ITEM #: 13

**MOTION**

**AGENDA ITEM:** Inwood Avenue Trunk Watermain and Booster Station – Initiate Preliminary Study

**SUBMITTED BY:** Jack Griffin, City Engineer

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

**REVIEWED BY:** Ryan Stempski, Assistant City Engineer

**SUMMARY AND ACTION REQUESTED:** The City Council is respectfully requested to consider initiating the engineering work for the Inwood Avenue Trunk Watermain and Booster Station project by authorizing FOCUS Engineering, Inc. to prepare a Preliminary Study in the estimated amount of \$6,800.

**BACKGROUND INFORMATION AND STAFF REPORT:** On May 8, 2012 the City Council held a Workshop on Utilities and Growth. The Workshop addressed the capital infrastructure projects needed to provide municipal utilities to the various growth areas, the general phasing of the proposed growth, and reviewed the process for implementing large infrastructure projects.

The Inwood Avenue Trunk Watermain and Booster Station project is needed to provide Municipal Water Service to the Phase 1: I94 West Corridor (Inwood to Keats). In order to be in a position to construct this project in 2013, it is necessary to begin the preliminary engineering report work at this time.

The first step to initiate this project is to authorize the City Engineer to conduct a preliminary layout (Preliminary Study) for the proposed improvements to identify the watermain route alternatives along the corridor; available right-of-way and easements; location and land availability for the Booster Station; and to identify potential properties that may be served along the route. Once the Preliminary Study is completed it will be presented to the City Council.

Concurrent with this study, the City Engineer will be working with a Water System Consultant to evaluate the water system network and hydraulic capabilities to verify watermain pipe sizing, pumping requirements, and overall system integrity as the system is built out.



Following the Preliminary Study, a Feasibility Report will need to be commissioned to complete a more detailed cost analysis and to address the proposed project assessments to any benefitting properties, consistent with the requirements of Chapter 429 for Public Improvement projects.

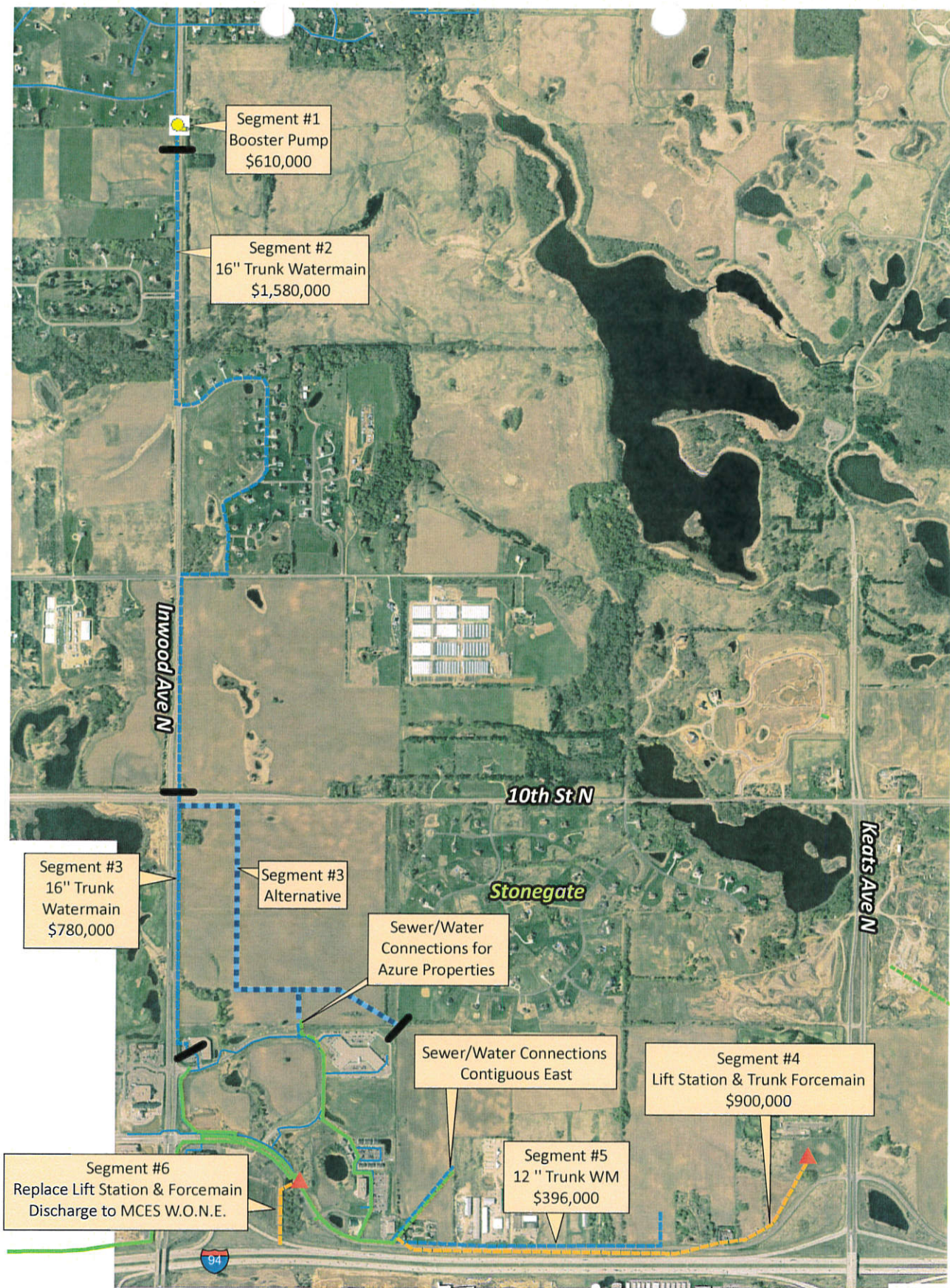
**RECOMMENDATION:** Based upon the above staff report, it is recommended that the City Council consider initiating the engineering work for the Inwood Avenue Trunk Watermain and Booster Station project by authorizing FOCUS Engineering, Inc. to prepare a Preliminary Study in the estimated amount of \$6,800. The recommended motion for this action is as follows:

***“Move to direct the City Engineer to initiate the Preliminary Study for the Inwood Avenue Trunk Watermain and Booster Station project in the estimated amount of \$6,800.”***

**ATTACHMENTS:**

1. Exhibit – Inwood Avenue Trunk Watermain and Booster Station project





## Sewer and Water Utility Expansions: Western I-94 Corridor

THE CITY OF  
**LAKE ELMO**  
City of Lake Elmo  
5-8-12  
Data Source:  
Washington County, MN

### Legend

- ▲ Lift Station
- Existing Watermain
- Existing Sewer
- - - Segment #3 Alternative
- - - Proposed Gravity Sewer
- - - Proposed Forcemain Sewer
- - - Proposed Watermain

0 750 1,500 3,000 Feet







DATE: July 17, 2012  
REGULAR  
ITEM #: 14  
MOTION

**AGENDA ITEM:** Administrator's Report: Organized Collection Feasibility & Proposed 2014 Plan of Work Schedule

**SUBMITTED BY:** Dean Zuleger, City Administrator

**THROUGH:** Mayor Johnston

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

---

**SUMMARY AND ACTION REQUESTED:** To approve a schedule to commence planning to transition the City of Lake Elmo from open collection of residential solid waste to organized collection of solid waste in FY 2014.

**BACKGROUND INFORMATION:** Currently the City of Lake Elmo is served by (5) different residential licensed trash haulers and (2) additional commercial trash haulers based on individual or homeowner's association preference / choice. Each of these trash haulers also provides varying degrees of recycling services to their customers. In an effort to understand the impact of multiple haulers, the City of Lake Elmo began exploring the possibility of organized collection in 2011 through the acquisition of data, observation of the City of Maplewood's transition from open source to organized collection (the only MN municipality to convert in 20 years), and taxpayer / HOA input. The reasons for the investigation were four-fold;

1. Reduce the impact / maintenance costs on the local road system;
2. Provide a cost savings to Lake Elmo Residents;
3. Environmental Stewardship; and
4. Improved trash collection and recycling.

After further review, a fifth reason emerged in the form of liability protection / indemnification of the individual waste generator (homeowner).

**STAFF REPORT:** Since early 2012, City staff has been concentrating specifically on the structural impact open source collection has on Lake Elmo's road system. It is generally reported in the literature (MN DOT) that one garbage truck is the equivalent of 1,000 car trips on a roadway per day. Add in recycling trucks and the impact can be as much as 1,500 car trips per day. In some neighborhoods, where haulers are on local streets (5) days per week this is an extra 5,000-6,500 car trips per week or 260,000 -380,000 per year. Recent studies conducted by neighboring Roseville notes that organized collection would add an estimated five to ten years in

the useful life of a street and potentially save up to \$376,000 in street maintenance cost per year, subsequently saving taxpayers \$20-\$40 per year (MPCA, Feb. 2012). Similarly, Oakdale's engineering staff projects that reducing the number of haulers from five to one hauler would conservatively reduce street maintenance costs by 4 percent per year. With Lake Elmo's street system lagging in general maintenance, the impact of five haulers on road conditions could be exponentially higher.

In recent weeks, analysis and data gleaned from communities using open source collection vs. organized collection have shown considerable savings to the average resident in an organized community. The Maplewood experience has yielded a \$1.6 million in city-wide residential savings or over a 50% decrease in annual costs to residents – including recycling fees. Based on MPCA analysis presented at the recent League of Minnesota Cities Annual Conference (June 2012), residents can expect to see a 30-35% reduction in their monthly fee by switching to organized collection.

Staff has recently begun to analyze the environmental benefits and collection / recycling improvements that result from organized collection, so no general conclusions can be made at this time. On the issue of hold harmless liability protection or indemnification, staff has just begun an evaluation of each hauler's terms of agreement.

**RECOMMENDATION:** Based on preliminary data analysis, the City Administrator believes that there are significant potential benefits and cost savings in switching from an open source collection system to an organized system. Therefore, it is recommended that the City of Lake Elmo adopt the following schedule (per MN State Statutes) to transition to organized collection:

1. Report on Impacts of Organized Collection on City Road System --- February 2014
2. Economic Analysis on Taxpayer Benefits to Organized Collection - May 2014
3. Recycling / Environmental Analysis – July 2014
4. Adoption of Resolution (per State Statute) to begin Official Planning Process for Reviewing Options for Trash Collection – September 2014
5. Determination of Method of Organized Collection (universal vs. sector based organized collection, separate recycling providers et al) – November 2014
6. RFP Development and Distribution – December 2014 (90 day response period)
7. Selection of Organized Collection Purveyors – March 2015

**ATTACHMENTS:** Analysis of Waste Collection Service Arrangements, MPCA, June 2009  
The Benefits of Organized Collection, MPCA, February 2012

**SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item ..... City Administrator
- Report/Presentation.....City Administrator
- 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





**Report - Executive Summary**

---

**Analysis of Waste Collection  
Service Arrangements**

**Project I.D.: 08M081**

**Minnesota Pollution Control Agency  
Saint Paul, Minnesota**

**June 2009**



**Minnesota Pollution Control Agency**



# **Analysis of Waste Collection Service Arrangements**

Project ID: 08M081

Prepared for  
**Minnesota Pollution Control Agency**

520 LaFayette Road  
St. Paul, MN 55155

Prepared by  
**Foth Infrastructure & Environment, LLC**

Warren Shuros, Senior Project Manager  
(651) 288-8596  
wshuros@foth.com

June 2009

## **REUSE OF DOCUMENTS**

This document has been developed for a specific application and not for general use; therefore, it may not be used without the written approval of Foth. Unapproved use is at the sole responsibility of the unauthorized user.

**Copyright©, Foth Infrastructure & Environment, LLC 2009**  
Eagle Point II • 8550 Hudson Blvd. North, Suite 105 • Lake Elmo, MN 55042 • (651) 288-8550 • Fax: (651) 288-8551

## SUMMARY

This summary provides several conclusions and/or observations developed during this project. With each is a summary of some of the associated information from the study.

### PREVALENCE

The survey completed as part of this study and surveys from two prior studies cited in the literature review showed the prevalence of open garbage collection systems in Minnesota to range from 65% to 80%. There are fewer open recycling collection systems in Minnesota with the range shown to be approximately 40% to 50%. There are other areas of the U.S. where open collection systems are in place. A study identified in Colorado indicated that 59% of the Colorado cities had open collection systems.

*Organized collection is more common than open collection outside of Minnesota.*

However, the prevalence of open versus organized collection systems nationally appears to have an opposite trend. A survey of 700 cities across the U.S. and Canada found approximately 72% of the cities classified as organized for garbage collection and approximately 67% organized for recycling collection. The Colorado study noted that a 1997 survey of the 100 largest cities in the U.S. found that 80% have organized systems.

Foth contacts in other states such as Iowa found the prevalence of organized collection statewide in Iowa to be approximately 84% and in the Des Moines metropolitan area to be 86% organized for garbage and 100% organized for recycling collection.

Foth was unable to identify any other states that have a comparable state statute prescribing the process a city or county must follow to change from an open collection system to an organized system. NSWMA was not aware of any other states with a similar Organized Collection state statute.

.....  
*The Minnesota Organized Collection statute itself appears to be very unique.*  
.....

### USE OF THE ORGANIZED COLLECTION STATUTE

Various Minnesota cities and counties have followed the statutory process outlined in the Organized Collection statute to at least evaluate implementing an organized collection system in their respective communities. Although this study did not contact every city and county in the state, to the best of our knowledge, no city or county in Minnesota has changed from an open garbage collection system to an organized garbage collection system since approximately 1991, shortly after the passage and refinements to the Organized Collection statute.

*Recent city and county experience following the statutory process has resulted in none to very limited success in implementing fully organized systems.*

### Typical Process Followed

The "typical process" has involved the cities or counties citing various goals they believe they could achieve via organized collection. These have commonly included:

.....  
*The study did not identify  
a city or county in Minne-  
sota that has changed from  
open to organized garbage  
collection since 1991.*  
.....

.....  
*A change to organized collec-  
tion could result in a significant  
loss of business for a hauler.  
Waste hauling companies  
are experienced in address-  
ing the issues raised by staff  
and committees and as noted  
by industry representatives,  
they will "rally the troops."*  
.....

#### **Typical goals of organized collection**

- ♦ Reducing the amount of truck traffic with anticipated reductions in street repair and maintenance, reducing the risk of accidents, reducing truck emissions, and noise.
- ♦ Reducing the cost per household per month due to improved efficiencies and competitive bidding for the contract.
- ♦ Improving and standardizing service levels.
- ♦ Improving management of municipal solid waste according to county solid waste plans and the solid waste management hierarchy. Better overall control of the decisions regarding solid waste and recycling.

Often times staff are assigned and a committee has been established to study the advantages and disadvantages of various options. Surveys may be completed to gather data. Discussion with the existing waste haulers occurs about the perceived issues for the city or county. The staff and/or committee may complete a study report with recommendations.

#### **Hauler Participation**

The waste hauling industry representatives understandably have opposed organized efforts as the organizing process has the potential to negatively impact their business. Haulers grow their collection business based upon the existing regulations and market characteristics.

Community residents become active in the political process with city councils and county boards. Often prompted by a coordinated hauler campaign, residents send letters and emails as well as attend council or board meetings indicating their strong desire to maintain the ability to choose their garbage hauler. This groundswell of opposition to organized collection causes the councils or boards to decide against organizing collection.

#### **Cities and Counties are Reluctant to Proceed**

This process has occurred repeatedly with minor variations from community to community. There is now a history of similar experiences among cities and counties and a growing reluctance to make another attempt to organize collection by cities who have already gone through the process. The study found that as city administration officials move from a job with one community who has gone through the process to another community, they bring their experiences with them to the new employer. The staff will attempt to dissuade their new employer from even considering organized collection.

*Hennepin County District Court ruling in a case involving MRI and the City may affect procedures used by organized cities in the future.*

.....  
*The ruling was in favor of MRI causing the City to be required to follow the Organized Collection process even though the City believed they had been organized in the same manner since 1971.*  
.....

.....  
*The ruling further provided that the City's powers to provide garbage removal throughout the City and to enter into contracts for that removal do not control "the process by which organization of waste collection is done. That process is the specific subject matter of Minn. Stat. 115A.94."*  
.....

### **City of Minneapolis Experience**

The city of Minneapolis has continuously been involved in some form of city-wide organized collection since 1902. In the early 1970's, the City developed a split system with half the City serviced by municipal crews and the other half serviced by a contractor. Minneapolis Refuse Inc. (MRI) was formed as a consortium of haulers and was awarded a contract to service half the City. These actions were taken long before the Organized Collection Act was adopted by the Minnesota Legislature in 1987.

Over the years, the City and MRI continued to negotiate extensions to the collection contract. In 2005, the City developed a Business Plan for Solid Waste and Recycling Services that included a competitive procurement process for purchasing this service as a prudent public policy.

A Request for Proposals (RFP) was issued by the City in March, 2006. MRI filed a lawsuit seeking to enjoin the RFP process on the grounds that the City had not followed the Organized Collection statute process that requires the 180 day planning and discussion period. The City claimed that they were not required to follow that process since they had become organized well before 1987.

The judge's ruling indicated that the choice made by the City in 1971 does not govern in perpetuity. The ruling indicated that the City's argument that it is not required to follow the Organized Collection statutory process because this was "*not an initial organization but a re-organization is erroneous because a re-organization significantly changes the structure of collection, which is exactly what the Organized Collection Act aimed to control.*"

This court case and ruling seems to indicate that for any city to make a change in their existing organized collection structure, they are required to go through the Organized Collection statute process. For example, arguably a city that has a contract for service with an existing hauling company, but desires to seek competitive proposals at the end of the contract term rather than negotiate a contract extension would be required to go through the Organized Collection statute process. Faced with going through the Organized Collection statute process, the city may choose to simply negotiate a contract extension.

The Hennepin County District Court decision does not apply to the rest of Minnesota, only in Hennepin County. However, it may be used to broaden the conditions under which the Organized Collection statute must be used.

A report was prepared on organized collection in 1993 by the Attorney General's Office, Antitrust Division. The report concluded that municipalities that have organized collection should regularly go through a procurement process to increase chances of getting better rates for residents. It found "Based on the average adjusted per-household monthly rates for 30-32 gallon, 60-64 gallon, 90 - 96 gallon and unlimited collection services, the surveyed communities that continued relationships with local haulers were paying between 17.6 and 48.5 percent more than communities that had competitively selected haulers."

*Waste haulers oppose organized collection to protect their business interests and are effective at representing their positions.*

.....  
*The haulers are professional business people working in a competitive field.*  
.....

.....  
*All are uniformly opposed to changing from open collection systems to organized collection system. They face a risk of loss of customers and hence financial impacts.*  
.....

.....  
*Haulers believe customers are more focused on service and maintaining freedom of choice than their cost.*  
.....

### **WASTE HAULER PERSPECTIVE**

Waste hauling companies have built their collection businesses based on the existing regulatory and market characteristics in place in Minnesota. There are some basic differences between the companies ranging from the relatively large, national, publicly traded companies that also own disposal facilities, to large independents that own transfer stations allowing them to reach out-of-state disposal options, to smaller size independents that are only involved in collection related services.

Small haulers believe they can compete in a number of ways in open systems that allow them to differentiate their service. Competitive measures include:

- ♦ Providing quality customer service;
- ♦ Niche marketing (providing specific, limited services and not trying to be "all things to all people");
- ♦ Maintaining long-term customer relationships; and
- ♦ Appealing to customer preferences for supporting locally-owned independent businesses.

### **Organized Collection Limits Growth**

All the haulers cite growth opportunities - Open systems allow haulers to pursue new customers and grow their business easier than bidding for contracts in organized systems. As an example, one hauling company noted this comparison. He prefers having an open city system where he currently has 5,000 customers out of a total of 20,000 over an organized city of 15,000 customers with a seven (7) year contract. The reasoning is that he can grow the customer base in the city with 20,000 customers and he will keep the existing 5,000 customers for twenty (20) years.

### **Company Value**

The value of a company is based upon annual revenues. If haulers lose customers due to a public entity organizing collection, their annual revenues will decline, decreasing the price received when selling. Some haulers use the proceeds from the sale of their company as their retirement fund.

.....  
*Haulers are very effective in  
their communications with  
city representatives, commit-  
tees, their customers, and the  
elected officials in countering  
efforts to organize collection.*  
.....

.....  
*Over the course of the last  
several years, all of these cities  
and counties considered but  
failed to organize collection.*  
.....

Some companies have purchased other hauling companies and note the fact that they will be making payments on the purchase price well into the future. Losing accounts to organized collection will reduce the revenue needed to pay off the debt.

#### **"Just Compensation" and "Inverse Condemnation"**

NSWMA also brings up the issue of "just compensation" and "inverse condemnation." They are strong in their belief that haulers should be financially compensated for business lost due to organized collection.

#### **Hauler Effectiveness Opposing Organized Collection**

NSWMA noted that of all the cities that had considered organized collection over the last several years, none had elected to implement organized collection. The cities and counties cited by NSWMA included:

- ♦ Arden Hills
- ♦ Carver
- ♦ Lauderdale
- ♦ Prior Lake
- ♦ Coon Rapids
- ♦ Pine Island
- ♦ Greenwood
- ♦ St. Michael
- ♦ Hanover
- ♦ Albertville
- ♦ St. Anthony
- ♦ Falcon Heights
- ♦ Ramsey County
- ♦ Washington County
- ♦ Olmsted County
- ♦ Sartell
- ♦ Lino Lakes
- ♦ Crystal
- ♦ New Hope

#### **Hauler cited advantages for customers in open systems**

- ♦ Freedom of choice - households are free to choose their hauler based on their preferences.
- ♦ Maintaining a direct relationship between hauler and customer leads to better service and the freedom to shop and change.
- ♦ None to very limited administrative burden for cities.
- ♦ Haulers to compete and to grow their business.



*Various public agency associations have consistent positions relative to maintaining the ability for cities and counties to organize collection and oppose inverse condemnation.*

*Organized collection can be more cost effective than open collection.*

## **PUBLIC AGENCY ASSOCIATIONS**

Each of the following has written policies supporting maintaining or improving the ability of cities and counties to organize collection. Several also have written positions opposing legislative efforts to authorize inverse condemnation related to organized collection.

- ♦ The League of Minnesota Cities
- ♦ Minnesota Inter-County Association
- ♦ Association of Minnesota Counties
- ♦ Minnesota Solid Waste Administrators Association
- ♦ Solid Waste Management Coordinating Board

## **Cost**

While there are exceptions and cost related issues can be very complex, residents in organized collection systems can and do pay less than residents of open collection systems. Cost issues were covered from a number of approaches in this study including the literature review, municipal surveys, and the in-depth analysis.

## **Literature Review Provided Historical Comparisons**

The literature review collected information from some previous surveys and cost comparisons. These provide some historical perspective of the comparison of costs between the different systems.

Below is a rate comparison from the city of Falcon Heights  
Organized Collection Study: Final Report.

## **FALCON HEIGHTS RATE SURVEY DURING THEIR STUDY**

City	Type of Collection	30 gallon	60 gallon	90 gallon
Falcon Heights (average of 6 companies)	Open	\$13.59	\$15.56	\$17.17
Roseville (average of 7 companies)	Open	\$12.85	\$14.90	\$16.84
Maplewood (average of 9 haulers)	Open	\$12.19	\$14.11	\$16.08
North St. Paul, 2003	Organized	\$8.07	\$8.86	\$10.39
Shakopee, 2004-2005	Organized	\$8.60	\$10.65	\$12.24
Little Canada, 2002 (most recent rates listed)	Organized	\$8.29	\$9.77	\$11.29
White Bear Lake	Organized	\$7.50	\$11.00	\$15.00
Stillwater, 3 years ending 12/31/05	Organized	\$8.16	\$10.06	\$12.03

The data above are from approximately 2003 and 2004. The rates cover garbage and recycling and do not include taxes, yard waste, or special offers. The cities are in relative close proximity and served by many of the same hauling companies. The organized cities consistently show a lower cost per month across 30 to 90 gallon levels of service. Efforts were taken to "compare apples to apples" for the rates. It is also interesting to note that the city of White Bear Lake had intentionally structured rates to encourage recycling and waste reduction via increasing the differential prices between 30 gallons to 650 gallons to 90 gallons.

.....  
 City of Oakdale staff in 2001 surveyed 14 cities with a variety of collection systems. Rates were tabulated for small (30-gallon) medium (60-gallon), and large (90-gallon) service, including recycling. Other services, such as yard waste pickup, and special rates, such as for seniors, were excluded so that the data are comparable. The results show that the organized system cities averaged lower costs than the open system cities including Oakdale which has an open system.  
 .....

.....  
 The average cost per household per month for organized MSW collection service was less than open MSW collection service for all levels of service (30, 60 and 90 gallon containers). The average difference between the organized system charges to residents for each service level (30, 60 and 90 gallons) and the open system charges is 19% to 53% higher in open systems for each service level.  
 .....

## 2001 CITY OF OAKDALE LITERATURE REVIEW

Averages	Small	Medium	Large
Municipal system (1)		\$11.00	\$13.23
Contract - Single Hauler (5)	\$9.40	\$11.08	\$12.90
Contract - Multiple Hauler (3)	\$10.96	\$12.72	\$14.81
Open System (5)	\$13.87	\$15.80	\$17.53
Oakdale	\$13.57	\$15.56	\$17.68

### Municipal Survey Conducted in the Study

Rate information was sought as part of the municipal survey. This included requests to receive an actual billing statement from haulers to compare residential MSW and recycling service costs between cities. The billing survey requested the breakdown of costs (garbage service, taxes, surcharges, recycling, yard wastes, bulky wastes and other) associated with MSW and recycling services at the participant's home. Cost data was also obtained from municipal contracts, websites and follow-up discussions.

It should be noted that this survey methodology was not a scientific process with random sampling. Also, there are many variables that affect pricing. Even so, the survey results provided interesting data.

The following table shows the average monthly costs associated with open versus organized collection systems. These average costs include garbage service, taxes, surcharges and recycling service fees as provided by the survey participants, city websites, contracts and discussions with city contacts.

### AVERAGE MONTHLY SERVICE RATES CHARGED TO RESIDENTS FROM BILLING SURVEY, CONTRACTS, ETC.

Collection System	Average Monthly Rate		
	30 gallon	60 gallon	90 gallon
Organized MSW	\$14.83	\$16.98	\$22.23
Open MSW	\$22.64	\$25.46	\$26.50
Difference	\$7.81	\$8.48	\$4.27
% Change	+53%	+50%	+19%

### **Rates Actually Paid to Haulers**

Charges to residents on hauler or city utility bills do not equate to the rates actually paid to haulers. There are taxes paid to haulers that must be remitted by haulers to the state and counties. When cities handle billing, they oftentimes recover administrative costs and funds for other related municipal services (e.g., drop-off sites and road maintenance). The table below shows the average monthly amounts credited to the haulers in open versus organized systems as reported in this survey. Generally in an open system city, the rate credited to the hauler is the rate charged to residents less any taxes. Payments to haulers are higher in open versus organized systems.

### **AVERAGE MONTHLY SERVICE RATES CREDITED TO HAULERS**

Collection System	Average Monthly Rate		
	30 gallon	60 gallon	90 gallon
Organized MSW (contract prices)	\$11.72	\$13.22	\$16.70
Open MSW (without taxes)	\$19.25	\$20.94	\$21.99
% Change	+64%	+58%	+32%

### **Rates Vary Widely in St. Paul**

A city with an open MSW collection system usually has multiple haulers that charge residents a range in rates for the same basic service. For example, 45 surveys were received from residents in the city of St. Paul (open MSW collection system and an organized recyclable material collection system). Of the 45 surveys completed for the city of St. Paul, 13 of the 17 different MSW haulers reported to have residential accounts are represented and each hauler charges a different rate for the different levels of garbage service. The table below shows a sample of monthly rates charged to residents for garbage collection services from each hauler reported in St. Paul. These rates include taxes, solid waste fees and surcharges paid to the haulers as provided by the participants.

### **RESIDENTIAL MONTHLY GARBAGE RATES FROM VARIOUS HAULERS IN ST. PAUL**

MSW Hauler	30 Gallon	60 Gallon	90 Gallon
Hauler A	--	\$22.76	--
Hauler B	\$16.34	--	--
Hauler C	--	\$17.84	--
Hauler D	--	\$22.49	--
Hauler E	\$21.75	\$27.60	--
Hauler F	\$22.38	\$20.60	--
Hauler G	--	--	\$26.99
Hauler H	\$16.00	--	--
Hauler I	\$26.73	--	\$34.91
Hauler J	--	\$15.15	--
Hauler K	\$41.00	\$45.51	\$36.83
Hauler L	\$22.83	\$30.72	\$26.18

### **Rates Charged by a Hauler Vary within a City**

In addition to the inconsistencies in rates between haulers for the same level of service, there are inconsistencies between rates charged to residents by the same hauler for the same level of service within the same city as recorded in this survey. The table below summarizes five haulers that provide residential MSW collection services in Eagan, St. Paul and Woodbury. The rates provided in the table were provided by different residents of the cities. These rates include taxes, solid waste fees and surcharges as provided by the participants (\$2.25 added to St. Paul for organized recycling because the recycling cost is included in the other cities).

### **RANGE OF RESIDENTIAL MONTHLY RATES FROM SAME HAULER IN SAME OPEN CITY**

MSW Hauler	30 Gallon	60 Gallon	90 Gallon
<b>Eagan</b>			
Hauler A	--	\$16.98	--
Hauler A	--	\$30.06	--
<b>St. Paul</b>			
Hauler B	\$24.63	--	--
Hauler B	\$29.80	--	--
<b>St. Paul</b>			
Hauler C	\$39.24	\$47.76	\$39.08
Hauler C	\$22.87	--	\$29.75
Hauler C	\$21.50	--	--
Hauler C	--	\$48.32	--
Hauler C	\$43.25	--	--
Hauler C	--	\$18.29	--
<b>St. Paul</b>			
Hauler D	\$25.08	\$32.97	--
Hauler D	--	\$9.60	--
<b>Woodbury</b>			
Hauler F	--	\$18.12	\$25.22
Hauler F	--	\$13.92	\$21.18

.....  
A resident reported paying \$7.35 per month (\$2.25 per month for recycling, brings the total to \$9.60 per month). In follow-up, this resident noted he had a "teaser rate" which will increase next year.  
.....

.....  
A comparison of average rates in St. Paul compared to average rates in organized cities in this study indicated that St. Paul households may pay six million dollars more on an annual basis than a comparable number of households in organized cities.  
.....

**The monthly rates paid by Robbinsdale to its contractor in 2008 are as follows:**

**Garbage**

32 gallon service = \$7.09

64 gallon service = \$8.52

96 gallon service = \$9.94

**Yard Waste**

2008 = \$2.53

2009 = \$2.60

2010 = \$2.67

2011 = \$2.75

2012 = \$2.83

**Single-sort Recycling**

2008 = \$2.57

2009 = \$2.64

2010 = \$2.71

2011 = \$2.79

2012 = \$2.87

**Factors Affecting Rates**

As noted, there can be many variables included or not included in "monthly rates." One of the most critical can be the potential impact of variable charges for the "additional services" such as bulky waste collection and yard waste collection. In some instances in open systems, haulers choose not to charge extra for additional waste set out along-side the cart because the customer is free to choose a different hauler if the customer does not like the "extra charge" even though warranted. The same may or may not be the case for bulky wastes such as a couch or other piece of furniture. In addition, some organized systems include separate rate schedules that specify these charges which are fairly high.

There are also examples of organized systems that have managed this situation very well and have controlled these extra costs within the fixed monthly rate paid to the hauler. Following are summaries of the Robbinsdale and Minneapolis systems which control these extra costs within base rates.

**Robbinsdale Organized System**

Robbinsdale has a contract for MSW and recyclable material collection with Waste Management. Their rate structure with Waste Management in their new contract beginning January 1, 2008 and their utility billing structure used with their residents provides a good example of the potential efficiencies provided by having an organized system.

The Robbinsdale contract provides for weekly collection of garbage; every other week collection of recyclables in a single-stream; unlimited collection of yard wastes from April 15th through November 15th; disposal of one Christmas tree per year; and collection of large items such as furniture and appliances. The contract also provides for collection at six City-owned facilities at no additional cost to the City (City Hall, Police & Fire Station, etc.). The hauler pays all disposal costs.

In 2008, the monthly cost to Robbinsdale to service a household with a 64-gallon garbage cart was \$13.62 (\$8.52 plus \$2.53, plus \$2.57 - see sidebar).

**This cost covers garbage, recycling, unlimited yard waste, one Christmas tree and typical bulky items.**

Fuel Adjustment	
Diesel Fuel Price Per Gallon	Fuel Surcharge
♦ <\$3.00	0 percent
♦ \$3.00 to \$3.24	2 percent
♦ \$3.25 to \$3.49	4 percent
♦ \$3.50 and up	6 percent

**Highlights of the city of Robbinsdale organized collection system include:**

- ♦ Very cost effective base rates for
  - ♦ Weekly garbage collection in a three-tier volume-based rate schedule
  - ♦ Unlimited yard waste collection during spring, summer and fall
  - ♦ Every other week recyclables collection
  - ♦ Bulky item collection
- ♦ City utility based fee collection system that allows the City to generate revenues to cover road maintenance costs attributed by the City to solid waste collection trucks.
- ♦ Management of the solid wastes by receiving monthly reports and directing refuse to the Hennepin County facility.
- ♦ No additional cost of services to the City buildings.
- ♦ Contracted rate increases for yard waste and recycling to control cost increases over the five-year term of the contract. Annual cost increase set at less than 3% per year.
- ♦ Built in, step-based, fuel adjustment clause to control cost increases associated with rising diesel fuel prices. Percentage increase capped at 6%.

The contract has a built in adjustment for diesel fuel prices. Thus, if the fuel price was above \$3.50 for a month, the total paid per household to Waste Management for 64 gallon refuse service with recycling and yard waste is \$14.44 per month.

**2008 City of Robbinsdale Utility Rates**

The City bills households for the solid waste collection service on the City utility bills. The monthly rates for 2008 are as follows:

- ♦ 32 gallon (incl. taxes) = \$19.19
- ♦ 64 gallon (incl. taxes) = \$21.81
- ♦ 96 gallon (incl. taxes) = \$24.61

The City also sells stickers to residents to allow residents to dispose of large items that do not fit in the cart. The stickers are \$1.00 each with the following schedule applicable to sticker use:

- ♦ 1 sticker – Bag or box bundle or item under 30 pounds beyond what the cart holds
- ♦ 5 stickers – Non-appliance items (small furniture, full size mattress, door, sink, etc.)
- ♦ 10 stickers – Non-appliance items (large furniture, sofa, queen mattress, water softener, bathtub, etc.)
- ♦ 35 stickers – Appliances (stove, washer, microwave, air conditioner, refrigerator, etc.)

**The City keeps the sticker revenue except for appliances. The only bulky item noted in the contract that Waste Management is paid extra for are the appliances for which they receive \$35.**

Using the 64 gallon service again for comparison purposes, the total cost to the City with the fuel surcharge was estimated at \$14.44 per month versus the monthly payment collected on the City utility bill of \$21.81 per month (a difference of \$7.37 per month – approximately 50%). The additional funds cover:

- ♦ State taxes, county taxes and billing costs
- ♦ Operation of a drop-off facility available to residents
- ♦ Code enforcement related to solid wastes
- ♦ Payment to the annual capital improvement plan (CIP) for road improvements and re-development.

The City noted that garbage trucks contribute to road damage in alleys and some streets, especially problems with some alley corners. They make a transfer from the solid waste enterprise fund to the general fund to cover the additional costs for road maintenance they associate with the collection of the solid wastes. A transfer of \$150,000 is planned for 2008.



.....  
**Minneapolis Refuse, Inc. (MRI)**  
**contract with Minneapolis.**

*The service required of MRI includes curbside collection of MSW, recyclable materials, bulky waste (up to two large burnable items each week and up to two metal items/appliances every other week) and seasonal collection of yard waste. Residents may also dispose of up to two additional boxed, bundled or bagged materials outside the cart.*  
.....

**City of Minneapolis Organized System Provides Comprehensive Service**

Residents may choose from two levels of service including a 22 gallon service or a 94 gallon service. Both levels of service include curbside collection of MSW, recyclable materials, bulky waste (up to two large burnable items each week and up to two metal items/appliances every other week) and seasonal collection of yard waste. Residents may also dispose of up to two additional boxed, bundled or bagged materials outside of their cart. In addition, residents are provided six vouchers per year to drop off additional materials at the Minneapolis Transfer Station and two vouchers per year to drop off tires. This City also has drop-off locations to bring yard waste during the off-season for a fee. Collection services are provided by MRI and city staff.

As with the other organized cities in the in-depth group, the rate paid to the contractor (MRI) is less than the rate residents pay to the City. In the new contract with MRI, the City pays MRI \$10.49 per household per month. For the households with City collection, the City retains the total amount charged to residents less the taxes (\$18.00 for the 22 gallon service and \$20.00 for the 94 gallon service – if residents recycle). The City funds all the carts, education, disposal tipping fees, HHW, administration, billing, pilot projects and even ally snow plowing and graffiti removal with the remaining funds.

**Fuel Cost Adjustments Vary**

Fuel prices have fluctuated greatly over the course of the last year. Haulers have requested adjustments in payment to cover the fuel cost increases. In organized cities, the hauler works with the cities via the contract to seek adjustments. If the contract is silent on fuel escalation, the contractor may work with the city to reach a satisfactory adjustment. The city of Robbinsdale has it built directly into the contract and the increase is capped at 6%. For a 60 gallon service, the monthly adjustment for 2008 calculates to approximately \$0.82 per month.

There was a wide range in the amount of the monthly fuel surcharge reported in the survey. Where fuel surcharges were reported in open systems, the lowest reported amount was \$0.59 per month. The highest reported amount in an open system per month on an actual hauler invoice was \$6.04 per month.



*There may be some lessons learned from cities that successfully transitioned from open to organized garbage collection systems that provide potential keys for success.*

### **POTENTIAL KEYS FOR SUCCESS**

This study found only two cities that successfully implemented organized garbage collection using the Organized Collection statute process as prescribed in M.S. 115A.94. The city of Vadnais Heights and the city of Elk River both implemented their new organized collection contracts in approximately 1991.

Interviews with staff from the cities of Vadnais Heights and Elk River were conducted to attempt to understand some of the local conditions and unique circumstances. The following are possible observations that may be drawn from their organized collection experiences:

- ♦ The municipal intentions and program objectives as to why the change is desired for the "public good" should be clearly stated in writing. This statement of municipal intent should include policy goals such as:
  - ♦ Improving recycling programs;
  - ♦ Reducing truck traffic to reduce noise, improve safety, reduce road wear and tear, improve energy efficiency and reduce environmental impacts;
  - ♦ Increasing cost-effectiveness of collection operations that may lead to reduced costs for residents and enhanced revenue potential for related municipal solid waste programs and services; and/or
  - ♦ Improved integrated MSW system management including contract provisions for designation of MSW/recyclable disposal/recovery destinations; volume based garbage rates to improve financial incentives for residents to reduce and recycle more; and overall program communications.
- ♦ The municipality should fully anticipate a lengthy and very elaborate planning and citizen participation process. The entire organized collection process can take two to three years from the time of initial discussion and concept planning through implementation and shakedown of the new collection contract(s).
- ♦ Any city considering the change to organized collection should expect and plan for hauler and citizen opposition. The haulers have sophisticated and well-organized opposition campaigns that are time-tested to be effective in stopping such municipal initiatives.
- ♦ Given the coordinated hauler opposition and citizen outcries, municipalities will need effective civic leadership to persevere through the entire organized collection process. If such effective leadership is not clearly and visibly evident, city staff should not attempt the process.
- ♦ Clear and accurate legal counsel will be needed throughout the process. The city staff team should include municipal legal counsel from the beginning through the very end of implementation.
- ♦ Cities should fully embrace the potential "compromise" option of contracting with the existing haulers through an umbrella "consortium" structure (i.e., rather than the city selecting one "winner" via a single contract with one firm).

*Organized collection has a positive impact on recycling program effectiveness.*

### **POSITIVE IMPACT ON RECYCLING**

The Solid Waste Management Coordinating Board has contracted for on-line recycling data management services known as Re-TRAC™. The objective of Re-TRAC™ is to provide a convenient, standardized data base so that counties and cities can store and retrieve their recycling program performance data for later comparative analysis.

Foth analyzed the recycling performance data from the Re-TRAC system to determine if there is any significant difference between communities within three different collection system categories:

- ♦ Open MSW /Open Recycling
- ♦ Open MSW/Organized Recycling
- ♦ Organized MSW/Organized Recycling

There is a significant increase in recycling pounds per household ("recovery rate") in SWMCB cities with organized recycling collection programs. This data indicates that the three categories of collection systems have average recovery rates as follows:

- ♦ Open MSW/Open Recycling: 510 pounds per household per year; (40 cities)
- ♦ Open MSW/Organized Recycling; 583 pounds per household per year; (41 cities)
- ♦ Organized MSW/Organized Recycling; 573 pounds per household per year; (29 cities)

If the last two categories of organized recycling communities are combined the resulting average recovery rate is:

- ♦ Organized Recycling; 579 pounds per household per year (Both Open/Organized MSW); (70 cities)

Another important consideration is the improvement in GHG emissions associated with the process of recycling more materials instead of landfilling if cities were to change from open recycling to organized recycling collection programs. Using the difference noted above ( $579 - 510 = 69$  pounds per household per year), applied to the 41 open recycling communities, another 11,000 tons of recyclables may be recovered from these cities in the Twin Cities Metropolitan Area. This is the equivalent of about 32,000 metric tons of CO<sub>2e</sub> less per year of GHG emissions.

*Organized collection allows for more comprehensive overall program management toward the public policy goals associated with solid waste management.*

### **MEETING PUBLIC POLICY GOALS**

In addition to potentially improved recycling, organized collection systems tend to have more comprehensive program management in other elements of integrated waste management service delivery.

These other elements include:

- ♦ Organized collection systems have the ability to designate the disposal facility via contracts.
- ♦ Cities with organized garbage collection are more likely to mandate that all households have garbage collection service. Open systems may allow residents to self-haul.
- ♦ Organized collection systems have greater ability to monitor households that do not have collection service. This oversight and monitoring allows cities to better police illegal dumping (e.g., midnight dumping into commercial dumpsters) and other forms of service theft.
- ♦ Organized collection systems often require the municipality to cover the costs of bad debt (e.g., unpaid accounts past due). Cities can place this bad debt onto the real estate taxes of the offending parcel.
- ♦ Overall program performance (e.g., tons of MSW, tons of recyclables, recycling participation, costs, revenues, etc.) can more easily be monitored and reported. Therefore, iterative and continuous improvements through planning and management controls are enhanced with organized collection.
- ♦ Organized collection systems have a greater ability to monitor service performance. Centralized management under municipal contracts can provide for more uniform oversight and enforcement (e.g., liquidated damages provisions; termination clauses due to lack of performance or breach of contract; etc.). Such enforcement actions are rare and seldom utilized. Early and regular communications between the city and its contract hauler(s) usually resolve any such performance issues before it escalates into more serious legal action. Such standardized performance monitoring and enforcement is not possible in open collection systems.

*Concern for the impact on residential streets is common, but specific data documenting the problem was not readily available.*

.....  
*The relative impact of garbage trucks is likely variable based on the type of street and the relative amount of garbage truck traffic.*  
.....

### **IMPACT ON ROADS**

Concern for the impact of heavy garbage trucks on residential roads and alleys is a commonly stated concern for municipalities with open collection systems. Most of the concern was noted in general statements by city engineers and/or public works directors. However, they generally have not conducted studies specific to the concern in their city to fully document the problem. This study did not locate much documented information available that provides actual, quantifiable data regarding the issue on actual residential streets in Minnesota.

There are common concerns especially for residential alleys which are typically not constructed to carry as heavy vehicles as the residential streets.

### **Relative Impacts**

There is information related to a garbage truck relative to other types of vehicles. The term Equivalent Single Axle Load (ESAL) is used to compare the road impact of one type of vehicle to another. An ESAL factor of 1.0 is applied to a truck with 18,000 pounds per axle. A typical passenger car is reported to have an ESAL factor of 0.0007 to 0.0008. A garbage truck can have an ESAL factor as high as 1.6 or 2,286 cars. However, most references are lower and the Minnesota Department of Transportation uses a formula providing one garbage truck is equivalent to 1,000 car trips.

The city of Falcon Heights developed estimates of the percentage of road impacts due to garbage trucks versus typical car traffic in a range of streets with different traffic frequencies. A heavily traveled area with only one garbage truck provided only an estimated 7.79% of impact from a garbage truck. In a "low traffic alley" with five garbage trucks using the alley, the percentage of road impacts attributable to garbage trucks was estimated as high as 85.96%.

The design load of residential streets is likely an important factor. An engineering firm prepared a memorandum for the city of Arden Hills during their organized collection review. The streets in Arden Hills were noted to be designed for nine ton loads. Part of the memorandum concluded:

*"Reducing the number of heavy truck loadings should have positive effects on the lifespan and quality of local streets however, environmental factors are generally responsible for the majority of pavement wear and deterioration for Arden Hills streets and therefore significant extensions of pavement life are unlikely."*

.....  
*The city of Robbinsdale allocated \$150,000 from their solid waste enterprise fund to their CIP budget to fund road maintenance in 2008.*  
.....

*Open collection systems result in higher fuel use than a single hauler collecting every household.*

.....  
*To develop accurate estimates of existing fuel use in the various open cities, field work was conducted to gather fuel consumption data while on a route.*  
.....

.....  
*As the percentage of the number of households collected increases, there is greater efficiency in collection and less drive-by time. This translates into fuel savings and reduces GHG emissions associated with collection of waste/recyclables per household.*  
.....

Improvements in the design of garbage trucks mitigate some of the impacts on roads. Automated trucks loading from the side should distribute weight more evenly than rear-loaded vehicles. Additional truck axles also help distribute the weight.

#### **Cost Estimates**

Some data was available regarding estimated annual cost impacts for road maintenance. The city of Roseville estimated road maintenance attributable to garbage truck traffic cost a typical homeowner \$20 to \$40 each per year. For the city of Roseville, this represented a cost of \$188,000 to \$376,000 per year. The city of Oakdale reported an estimate associated with garbage truck traffic of \$120,000 to over \$300,000 per year.

#### **GREENHOUSE GAS EMISSIONS**

##### **Background**

Identifying and analyzing overlapping collection service areas in open systems along with the associated route miles traveled and fuel consumed that contributes to GHG emissions was an important part of this study.

Fuel consumption data for collection operations was necessary to determine GHG emissions and any projected GHG emissions reductions. For this project, basing GHG emission solely on miles per gallon rate for collection vehicles would not accurately portray emissions. Projected efficiencies, specifically fuel consumption gained through organized collection must be calculated using two key factors – fuel consumption while driving between stops and deadheading (driving time) and fuel consumption while idling (loading materials). These two consumption values combined provide the fuel use for collection services while actually on a collection route.

The data collected for haulers in each in-depth open city include a sample of route miles driven, total time on route which is divided into two portions, driving time and loading time. Data was also collected on the total number of households served and total households driven past during the field work.

With fuel consumption averages and the above mentioned data, one can determine the amount of fuel used per household collected. With the data collected from field work along with market share data research, Foth determined the relative GHG emissions for existing, open collection systems versus an organized collection system.

##### **Field Trial Data Collection**

In order to develop a standardized data set that eliminates the variability of collection vehicles used in the industry, a standard

fuel economy factor was created. The baseline data for this report was established by actual field test results. To replicate actual field activities, a 20 cubic yard, tandem axle, packer collection vehicle was used to collect fuel economy information. This vehicle was equipped with an engine management system capable of monitoring and reporting the following parameters:

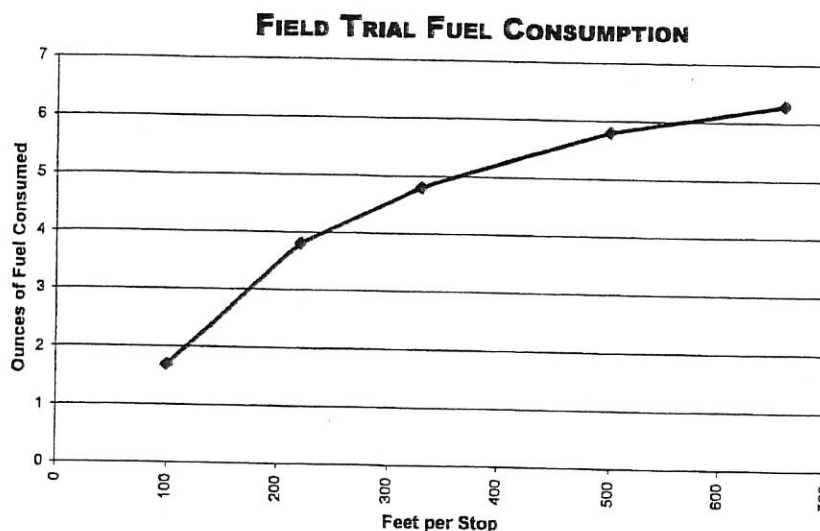
- ♦ Fuel consumption with accuracy of 0.01 gallons;
- ♦ Time; and
- ♦ Number of occasions of brake use.

The engine management system of the vehicle was set to zero and a specific set of field conditions were tested. The vehicle was driven a set distance, brought to a complete stop and immediately driven that distance again. This process was repeated at the selected intervals for distances from 1.6 to 3.7 miles.

After a period of time driving a specific distance interval, the engine management system data was collected and logged. This process was repeated at all of the specified distances and the data was collected. The different distance increments measured were 100, 220, 330, 500 and 660 feet.

In order to account for the fuel consumption for the loading operation, the fuel consumption data was obtained by measuring the vehicle fuel consumption rate of the same vehicle used for the field trials at idle. For this report, it is assumed that all collection vehicles are outfitted with automated lifting devices that are designed to be operated with the engine at idle (most common operation). Again, the engine management system was reset to zero. The vehicle was stopped with the engine running at idle with the power-take off engaged for 30 minutes. After this time period, the engine data was collected. This idle fuel consumption rate was measured in 0.1 gallons per hour and ultimately converted into ounces of fuel consumed per stop.

.....  
 This figure summarizes the ounces of fuel consumed based on different distances between stops determined by the field trial data collection. As the distance increases, the amount of fuel consumed increases, however the increase is not linear.  
 .....



.....  
 Field observations conducted of haulers in the in-depth open collection system cities showed that the average distance driven per stop ranged from 275 feet to 586 feet. The actual distance measured per household (all households that could have been serviced while the truck was driving by) ranged from 83 feet to 123 feet.  
 .....

#### **Field Work**

A Foth representative visited the in-depth cities. After contacting the hauling companies that operate in the cities, the Foth representative met the drivers on their routes. Once contact with the hauler was made, the starting mileage of the collection vehicle was noted and the collection vehicle was followed through the collection areas. While monitoring the collection activities, total household counts and the number of households serviced were gathered. After having the actual distances and household counts for a particular area/community, comparisons were made to the field trial data.

#### **Market Share Research**

Market shares of the number of households in each in-depth open city were researched and an estimate of market shares developed for haulers in each city. By applying the market share for haulers to the total number of households provides number of households served. Using the various average distances between all households in a city, the distance between stops for each hauler was calculated. The distance between stops plotted with fuel use at different distances provides the estimate of fuel use for each hauler's share of the market. Totaling these, and comparing to the total if one hauler collected all households, provided the difference in projected fuel use between the existing open system and a system with a single hauler (organized system).

#### **Fuel Use Differences**

The table below provides a summary of the analysis from the perspective of the relative percentage difference in fuel used



between each city's existing MSW system and the fuel used with a single hauler serving the city.

Increased Fuel Use – Existing System vs. a Single Hauler for MSW					
% More Fuel	City				
	Eagan	Duluth	Rochester	Woodbury	St. Paul
	216%	294%	250%	355%	437%

The results show a range of extra fuel use in the five open in-depth cities in the study from 216% to 437%. The percentages follow what may be intuitively observed. The city of Eagan has a hauler with a market share over 60% and has the lowest relative additional fuel use. The city of St. Paul has the most haulers active with relatively lower market shares. The highest market share for a hauler in St. Paul was reported at less than 25%.

#### Greenhouse Gas Differences

The differences in projected fuel use between the various scenarios were calculated. The total savings of metric tons of CO<sub>2e</sub> if the five open, in-depth cities converted to single hauler systems was calculated as follows:

♦ MSW	=	2,347 metric tons of CO <sub>2e</sub>
♦ Recycling	=	998 metric tons of CO <sub>2e</sub>
♦ TOTAL	=	3,345 metric tons of CO <sub>2e</sub>

Calculating an estimate of the differences on a household basis and applying this to the 30 municipal survey cities with open systems yields an estimated savings of 6,070 additional metric tons of CO<sub>2e</sub> per year. A total savings of 9,415 metric tons from the five in-depth cities and 30 additional cities with a population over 10,000 in Minnesota could be achieved if all 35 cities converted from an open system to a single hauler.



## Overview

In 2009, the Minnesota Pollution Control Agency (MPCA) commissioned a study to develop quantifiable information comparing open and organized municipal solid waste (MSW) and recycling collection systems. The analysis revealed that organized collection systems consistently result in lower overall costs to consumers. In addition, recycling capture rates are typically higher in organized systems. Organized collection also reduces noise pollution, road wear, air emissions and fuel consumption.

In an open collection system, individual customers choose their own waste hauler. In an organized system, waste hauling services are coordinated by a public entity through a competitive bidding process. Nearly 30 percent of the communities in Minnesota have organized MSW and recycling collection systems compared to 72 percent nationally.

Following is a brief summary of the findings. A copy of the complete report, entitled *Analysis of Waste Collection Service Arrangements* is available on the MPCA website at [www.pca.state.mn.us](http://www.pca.state.mn.us).

## Economic benefits

### Lower residential service rates

The report found consumers in organized MSW collection cities experience reduced rates compared to non-organized residents. A resident can save as much as \$100 per year by living in a city with organized collection.

For example, the city of Maplewood expects its residents to save \$1.6 million city-wide per year after a recent switch to an organized system. The average Maplewood household will see a 50 percent decrease in trash hauling bills compared to the open collection system.

Collection System	Average Monthly Rate		
	30 Gallon	60 Gallon	90 Gallon
Open MSW	\$22.64	\$25.46	\$25.46
Organized MSW	<u>\$14.83</u>	<u>\$16.98</u>	<u>\$22.23</u>
Difference	\$7.81	\$8.48	\$3.23
% Change	+34.5%	+33.3%	+12.7%

The averages in the table to the right include garbage service, taxes, surcharges and recycling service fees.

### Road wear

Reducing the impact on roads and alleys, by reducing the number of heavy duty vehicles traveling on them is a benefit and goal of municipalities interested in moving from an open to an organized collection system. Organized cities typically have one truck traveling a particular route compared to two to eight trucks per route in an open system. Nearly 86 percent of the road wear in alleys and eight percent of the road wear in high traffic areas is due to garbage trucks.

The potential economic impact of road maintenance costs associated with garbage trucks has been estimated by some city officials. For example, the city of Roseville estimates the cost to reconstruct one mile of seven-ton street at approximately \$500,000. Roseville engineering staff believe the city's streets would last an estimated five to ten years longer if garbage truck traffic was limited. The reduced road maintenance could potentially save each of Roseville's 9,400 single family households \$20 to \$40 per year. This represents a savings of \$188,000 to \$376,000 per year.

Similarly, the city of Oakdale has estimated that reducing the number of MSW haulers from five down to one traveling down an alley would conservatively result in a more than four percent reduction in street maintenance costs per year. With an annual street maintenance budget of \$3 million, Oakdale could save \$120,000 to more than \$300,000 per year.



## Environmental benefits

### Recycling rates

Cities with organized recycling collection systems have a higher rate of recycled materials collected per-household. Reasons include:

- Cities with organized recycling have more control over the details of the system (e.g. materials collected, sorting instructions for residents, collection days and frequency).
- Organized cities also have more control over public education tools and message content – recycling public education campaigns are more cost-effective if outreach tools are consistent in message and design and available in several formats (brochures, web pages, public service announcements, etc.).
- Cities with both organized MSW and recycling have the opportunity to reach the same residential audience with multiple service messages. Contacts with residents can address both MSW and recycling issues.

Collection System	Pounds recycled materials collected per household per year
Open MSW and recycling	510
Open MSW / organized recycling	583
Organized MSW and recycling	573
Average for organized recycling	579

### Reduced fuel consumption and emissions

Creating efficiencies in waste collection activities can reduce both fuel consumption and emissions. Fuel consumption during collection activities in cities with open collection systems is typically much higher than that of cities with organized systems. The numbers below signify the percentage of additional fuel used in these open cities than if they were to switch to an organized system.

- Eagan 216%
- Duluth 294%
- Rochester 250%
- Woodbury 355%
- St. Paul 437%

The number of haulers and their market share can affect overall fuel consumption and emissions. In an open system, trucks from many haulers travel the same alley. In an organized system there may be the same number of haulers, but only one truck travels down each alley, resulting in lower fuel use. Even open cities with one hauler having more than 60 percent of the market share (e.g. Eagan) would see a significant reduction in fuel use by switching to an organized system. A city with many haulers each having a smaller market share (e.g. St. Paul) would realize even greater savings.

Fewer vehicle miles traveled also result in less air pollutant emissions from heavy duty waste/recycling collection vehicles. Public concern has increased regarding human health and environmental impacts of particulate matter and nitrogen oxides which are emitted in large amounts from heavy duty vehicles.

### Myths of organized collection

#### **Organized collection means that there will only be one hauler in the community.**

There are many examples of cities that have organized and chosen to use a group of haulers instead. In this situation, the city is zoned to maximize collection efficiency, but each hauler retains a certain market share.

#### **Small haulers will never win the contract.**

This depends upon the values of the city. If a city chooses to promote local and/or small businesses as criteria in their request for proposal, small haulers have an advantage.

#### **Organized collection creates a monopoly.**

The most effective method of keeping rates low is to consistently re-bid waste services through an open and competitive process. At the end of the contract period, the public entity reopens the competitive bidding process, to ensure that residents continue to receive the lowest rates available. Effective collection arrangements prevent monopolies and price gouging.



## MAYOR & COUNCIL COMMUNICATION

DATE: July 17, 2012

CONSENT

ITEM #: 15

MOTION

**AGENDA ITEM:** Library Board Appointments

**SUBMITTED BY:** Dean Zuleger, City Administrator

**THROUGH:** Mayor Dean A. Johnston

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

---

**SUMMARY AND ACTION REQUESTED:** To take applications for two board member positions for the Lake Elmo Library Board and create a pool of prospective library board members and interested volunteers.

**BACKGROUND INFORMATION:** The Library Board is made up of five regular Board members and three alternates. The Board is recommended by the Mayor and approved by the City Council (per MN State Statutes) using the staggered term system. Presently there are two o three-year terms up for appointment in November of 2012. Current Library Board members who will be completing their one-year term of service are Steve DeLapp (President) and Sarah Lindner.

**STAFF REPORT:** In the fall of 2011, the City of Lake Elmo (under the authority of MN State Statutes) constituted a Library Board for the express purpose of establishing policies and procedures for the new Lake Elmo Library. Last year's process relied heavily on establishing a Board that had interest in maintaining a local library, library experience and advocacy through organizations like the Friends of Lake Elmo Library. In addition, the City Council for communication / synergy / fiduciary accountability purposes added a member of the City Council to the Library Board.

To ensure the sustainability of the library, it has been suggested that the City Council take application on an annual basis for the Library Board far in advance (90 days) of the term lapse to allow for appropriate resume review and possible transition time for new members.

**RECOMMENDATION:** Based upon the background information presented, the staff recommends that the City of Lake Elmo City Council is requested:

**Motion:** To advertise beginning August 1, 2012 via city website, newsletter, cable access television and other news outlets for candidates to fill two board positions on the Lake Elmo Library Board. The application process will close September 30,

**2012. The library board nomination committee will consist of the Mayor, one Council Member, the Lake Elmo Librarian and the City Administrator.**

**SUGGESTED ORDER OF BUSINESS:**

- Introduction of Item ..... City Administrator
- Report/Presentation.....City Administrator
- 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