

**DEEPHAVEN CITY COUNCIL MEETING
MONDAY, APRIL 18, 2011
MINUTES**

1. **CALL MEETING TO ORDER:** Mayor Paul Skrede called the meeting to order at 7:00 p.m.

PRESENT: Mayor Paul Skrede, Councilmembers Darel Gustafson, John Wheaton, Keith Kask and Josh Hackney

STAFF: Police Chief Cory Johnson and City Administrator Dana Young

2. **PLEDGE OF ALLEGIANCE**

The Council recited the Pledge of Allegiance.

3. **APPROVE CONSENT AGENDA**

Motion by Councilmember Kask to approve the Consent Agenda, consisting of the following items:

- A. April 4, 2011 Minutes
- B. Appointment of Patrick Regan to the Park Committee

Seconded by Councilmember Hackney. Motion carried 5-0.

4. **MATTERS FROM THE FLOOR**

There were no Matters from the Floor this evening.

5. **PUBLIC HEARING**

- A. **Adopt Resolution No. 13-11, A Resolution Authorizing and Approving the Issuance and Sale of an Educational Facilities Revenue Refunding Note (Benilde-St. Margaret's School Project, Series 2011)**

John Utley, with Kennedy & Graven, was present to discuss the proposed Revenue Refunding Note and Benilde-St. Margaret's need for the bond issue. Also in attendance were Bob Tift, President of Benilde-St. Margaret, Michael Mooers, Vice-President of Financial Operations, and Tom Hansen, Member of the Benilde-St. Margaret's Board of Directors.

John Utley stated that Benilde-St. Margaret School is requesting that the City of Deephaven issue a conduit revenue bond on their behalf in an amount not to exceed \$1.5 million. He stated that the City would have no obligation with this issue that would enable the School to finance at a tax exempt rate. He stated that legally the bond proceeds must be paid solely by the School. He stated that the issuance would also have no effect on the City's credit rating since conduit revenue bonds are not taken into consideration by credit rating services.

John Utley stated that the key question is why the City of Deephaven is being asked to assist with this financing. He stated that the answer is the concept of bank-qualified debt. The City can

designate up to \$10 million as bank qualified debt and the City of St. Louis Park, as the home City of Benilde-St. Margaret, intends to issue up to \$7 million for the School as \$3 million will be needed by St. Louis Park to fund another bond issue. He stated that the School is requesting that the City of Deephaven finance the balance of the issue, estimated at approximately \$1.5 million.

Mayor Skrede asked if the City of Deephaven could issue further conduit debt if another entity came to the City with a request to issue the balance of the bank qualified debt that remains after the \$1.5 million issue to Benilde-St. Margaret School.

John Utley stated that the City would be able to issue up to \$10 million per year in bank qualified debt.

Mayor Skrede asked if the City of Deephaven's issuance of the conduit debt for Benilde-St. Margaret would be used as the clean up debt.

John Utley stated that this was indeed the case as the City of St. Louis Park wanted the first position since they are the home city and the final amount, up to \$1.5 million, will be determined after final discussions with Benilde-St. Margaret's Financial Director.

Councilmember Kask stated that the City of Deephaven has issued conduit debt twice in the past for Excelsior Covenant Church and the Minnetonka Youth Hockey Association and asked if there would be any possible scenario where the City of Deephaven would be financial responsible for any of the debt in the case of default by the School.

John Utley stated that conduit debt financing has been in place for 60 years and he has never heard of any situation in which the City has been held responsible or liable for this type of debt.

Mayor Skrede stated that a conduit revenue bond has such specific language enabling its use that there can be no claim made against the City.

John Utley stated that the Bremer Bank, who will be purchasing the bonds, is well aware that the only recourse for recovering repayment of the bond is through the School.

Resolution No. 13-11, A Resolution Authorizing and Approving the Issuance and Sale of an Educational Facilities Revenue Refunding Note (Benilde-St. Margaret's School Project, Series 2011), was adopted on a motion by Councilmember Kask. Seconded by Councilmember Wheaton. Motion carried 5-0.

6. **UNFINISHED BUSINESS**

A. **Other**

There was no other Unfinished Business this evening.

7. NEW BUSINESS

A. Review Proposal for Professional Engineering Services on Outfall Inspections

City Engineer David Martini was present to present a proposal to complete a citywide inventory of storm sewer outfalls, conveyances, and existing Best Management Practices (BMPs) to meet the regulatory requirements of the City's MS4 Permit.

David Martini stated that the City is classified as a municipal separate storm sewer system, or MS4, by the Minnesota Pollution Control Agency (MPCA). He stated that the City meets the MS4 requirements because its stormwater ultimately discharges to Minnehaha Creek, which is classified as impaired water by the MPCA. He stated that the MS4 classification requires the City to develop and implement a Stormwater Pollution Prevention Program (SWPPP) to reduce the discharge of pollutants from their storm sewer system to the maximum extent practicable. The SWPPP must address six Minimum Control Measures (MCMs). The current MS4 Permit, which the City obtained from the MPCA, is valid from June 2006 to June 2011. In June 2011, the MPCA will implement a new MS4 permit which will be valid for the next 5-years and will build on the data that was required to be collected in the previous (current) permit cycle.

He stated that one of the six MCMs identified in the MS4 Permit requires the City to inspect 20% of the stormwater outfalls, basins, and ponds annually and determine their condition and whether or not they are functioning as designed. The City is required to inspect all of their stormwater treatment devices on an annual basis to determine if they are functioning as designed. The City is also required to map, by the end of the current permit cycle, its storm sewer conveyance system and identify conveyance elements (pipes, ditches, ravines, etc.). He stated that it is his understanding that the City has not been able to begin the required inspection or mapping work due to a lack of available staff time.

He stated that Bolton & Menk offers this proposal to perform a citywide BMP, outfall, and conveyance inventory to bring the City into compliance with their current MS4 Permit. This effort will also bring the City into compliance with Chapter 172, Section 28, of the 2009 Session Laws and develop a citywide inspection tool that can be used by City staff on an ongoing basis to evaluate and plan maintenance needs and to document the condition of existing stormwater quality BMPs.

He stated that Bolton & Menk proposes to conduct the required pond, basin, conveyance, and outfall inspections for the City. The goal of this effort is for the City to be in compliance with their current MS4 Permit by June 2011, when they have to submit their MS4 Annual Report to the MPCA.

He stated that their itemized estimate of proposed fees to complete the scope of work is as follows:

Outfall Data Collection (2-man crew):	=	\$ <u>7,500</u>	\$ <u>3,750</u>
Pond, Conveyance, and BMP Data Collection	=	\$ 2,400	\$ 2,400
Pond, Outfall, and Conveyance Data Processing	=	\$ 2,800	\$ 2,800
GIS Integration	=	\$ 1,500	\$ 1,500
Project Management	=	\$ <u>900</u>	\$ <u>900</u>
TOTAL		\$15,100	\$11,350

He stated that the proposed fee of \$11,350 represents using City public works staff to assist and complete the outfall inventory portion of the work. The 2-man crew identified above would be one Bolton & Menk Engineer and one City of Deephaven Public Works staff member.

He stated that upon approval, Bolton & Menk would complete the work on an hourly basis with an estimated fee between \$11,350 and \$15,100 depending on how the City would like to proceed.

Mayor Skrede stated Doug Carter, an engineer with Bolton & Menk, had originally suggested that if a member of the Deephaven staff assisted during the inspection process, there would be a cost savings, which has been reflected in Option No. 2. He stated that he felt this would be a real opportunity to educate the staff on the location of outfalls.

David Martini stated that staff could then keep up on the inspection process once all the information was put in place.

Councilmember Gustafson asked if the inspection of 20% of all outfalls would then be conducted each year thereafter.

Administrator Young stated that it was intended that staff would take over this inspections each year after the initial inspection by Bolton & Menk.

Councilmember Wheaton asked if these outfalls and conveyances were publicly or privately owned.

David Martini stated that not all of these may be publicly owned and the City may or may not have control over all the conveyances.

Councilmember Wheaton noted that some of these conveyances may also be natural.

Councilmember Kask stated that he appreciated the two bids and thought that the City should certainly bring our own staff up to speed on the conducting of the inspections.

Mayor Skrede stated that he also preferred Option No. 2 as well.

Councilmember Wheaton stated that it would certainly behoove the City to get our staff familiar with outfalls, conveyances and the entire inspection process.

Councilmember Hackney asked if the cost for this proposal has been budgeted.

Mayor Skrede stated that it has not been included in the budget because this work wasn't thought of at the time.

Motion by Councilmember Wheaton to approve the proposal submitted by Bolton & Menk for the City wide inventory of MS4 outfalls, conveyances, and existing BMP's in the amount of \$11,350.00. Seconded by Councilmember Gustafson. Motion carried 5-0.

B. Review Property Management Plan

Administrator Young presented the Property Management Plan for Council review.

C. Other

There was no other New Business this evening.

8. REPORTS FROM STANDING COMMITTEES

A. Park Committee

Administrator Young presented a review of the Park Committee meeting held on March 30, 2011 on the following items:

- Reviewed a request from Pat Paul (19100 Highland Avenue) to consider prohibiting dogs on the pathway through Deephaven Main Beach
- Recommended the appointment of Patrick Regan to the Park Committee
- Discussed Park & Beach Committee assignments
- Discussed the May 4th Park Committee meeting that will include a public meeting on future Shuck Park improvements
- Discussed the establishment of a community event to replace Deephaven Days.
- Discussed the ongoing problem of geese at Thorpe Park
- Selected May 1st as Arbor Day

B. Public Works Committee

Administrator Young presented a review of the Public Works Committee meeting held on April 6, 2011 on the following items:

- Discussed Spring stormwater issues
- Reviewed and toured drainage issues on Mt. Curve
- Reviewed the MS4 Proposal from Bolton & Menk

Further discussion was held on the Speed Trailer.

Councilmember Gustafson asked if there had been any discussion regarding the damage to the Thorpe Park walking path near the basketball court.

Mayor Skrede suggested adding this item to unfinished business at next month's Council meeting.

9. ADJOURNMENT

Motion to adjourn the Regular Council meeting by Councilmember Kask, seconded by Councilmember Wheaton. Motion carried 5-0. The meeting adjourned at 7:52 p.m.

10. SPECIAL COUNCIL WORKSESSION

A. Review Carson's Bay Dock Plan

Administrator Young presented the Carson's Bay Dock plan for Council review.

B. Review Deephaven Elementary School Traffic Issues

The Council reviewed a letter from Paul Bourgeois, Executive Director of Finance & Operations with Minnetonka Public Schools, regarding the School District's position regarding the proposals that have been submitted to resolve ongoing traffic issues at Deephaven Elementary School.

C. Aquatic Weed Management

Discussion was held regarding the City's role in participating in efforts to provide whole bay treatment in Carson's Bay and St. Louis Bay in 2012.

11. ADJOURNMENT

Motion to adjourn the Special Council Work Session by Councilmember Kask, seconded by Councilmember Hackney. Motion carried 5-0. The meeting adjourned at 10:00 p.m.

Respectfully submitted,

Dana H. Young
City Administrator