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Posted: January 30, 2014

## CRYSTAL CITY COUNCIL WORK SESSION AGENDA

Monday, February 3, 2014

To immediately follow the Regular City Council Meeting  
Conference Room A

Pursuant to due call and notice given in the manner prescribed by Section 3.01 of the City Charter, the work session of the Crystal City Council was held at \_\_\_\_\_ p.m. on Monday, February 3, 2014 in Conference Room A located at 4141 Douglas Drive, Crystal, Minnesota.

### I. Attendance

#### Council members

\_\_\_\_ Peak

\_\_\_\_ Selton

\_\_\_\_ Adams

\_\_\_\_ Budziszewski

\_\_\_\_ Deshler

\_\_\_\_ Hoffmann

\_\_\_\_ Libby

#### Staff

\_\_\_\_ Norris

\_\_\_\_ Therres

\_\_\_\_ Mathisen

\_\_\_\_ Hansen

\_\_\_\_ Revering

\_\_\_\_ Serres

### II. Agenda

The purpose of the work session is to discuss the following agenda items:

- Council Chambers update
- Crystal's share of the emergency water supply system
- DeCola Ponds update
- Funds for Community Mediation Services

### III. Adjournment

The work session adjourned at \_\_\_\_\_ p.m.

*Auxiliary aids are available upon request to individuals with disabilities by calling the City Clerk at (763) 531-1145 at least 96 hours in advance. TTY users may call Minnesota Relay at 711 or 1-800-627-3529.*



## Memorandum

DATE: January 29, 2014

TO: Mayor and Council

FROM: Charlie Hansen, Finance Director  
Nancy Johnson, IT Manager  
Tom Mathisen, Public Works Director/City Engineer  
Kim Therres, Assistant City Manager/Human Resources Manager

SUBJECT: Council Chambers

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The audio-visual/cable broadcast system equipment and lighting in the Council Chambers are scheduled to be replaced and updated this year. Most of the current equipment was installed in the early 1990's when City Hall was remodeled.

There is \$200,000 in the 2014 Permanent Improvement Revolving (PIR) fund for this project. A staff committee is working with Tim Gaffron from Northwest Community Television along with consultants from Emanuelson-Podas Consulting Engineers on the design and equipment for the chambers.

Several upgrades and improvements have been identified, including changing out the dais lighting, replacing the audio/speaker system and switching out the dais monitors. In addition, the projector display may be replaced with large display monitors and the Crestron system that controls the room lighting and display sources may be replaced.

The timeline for completion of the project is:

- January – February: Preparation of bid documents and advertising for bids
- March 17: Bid opening
- April 1: City approval of bidder
- June 18 – July 14: Installation of equipment

Depending on how the installation progresses, the July 15 City Council meeting may need to be relocated or broadcasted in a different manner.

At the February 3 City Council work session, the committee and Tim Gaffron will be available for questions. The committee is also interested in council feedback regarding the changes and improvements to the chambers.



## Memorandum

DATE: January 29, 2014

TO: Mayor and City Council  
Anne Norris, City Manager

FROM: Charles Hansen, Finance Director

SUBJECT: Discuss Financing Options for JWC Emergency Water Supply

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### **Background:**

The Joint Water Commission (JWC) has committed to add wells as an emergency water supply backup. Two options for financing Crystal's share of the project have been discussed. One was to participate in bonds that Golden Valley was going to issue to finance the project. The other is to pay Crystal's share from cash on hand in the Water Fund. Golden Valley has decided not to issue bonds on behalf of the JWC. Crystal could still issue debt on its own to pay for its share of the project.

Crystal will pay a share of the project costs based on the water used by Crystal customers compared to the total water used by all JWC customers. This share fluctuates from year to year since water usage changes over time. This recently has been in the range of 27% to 27.5%. It has been as high as 30% in past years. A 30%, 30%, 40% split (with Crystal being 30%) was cited at the joint city council meeting. The final split for this project has yet to be determined.

### **Financing the CIP using cash to pay Crystal's share up-front, Alternative #1**

Crystal could use the Water Fund's cash on hand to pay its share (about \$1,215,000) of the project.

The cash on hand scenario is shown in the Alternative #1 budget. The JWC – Capital line is \$1,215,000 higher than the 2014 Adopted Budget to reflect paying up-front. Impact on the cash & investments is substantial. Even with faster rate increases in 2016 through 2018, cash & investments fall to about zero at the end of 2018.

### **Financing the emergency wells using bonds or an internal loan, Alternative #2**

The City could issue bonds or set up an internal loan from another city fund to finance its share of the emergency wells. There would be interest expense with either bonds or an internal loan. Bonds would also incur some issuance costs.

A possible debt structure for bonds is shown on Attachment A. I assumed a ten year life for the bonds. This minimizes total interest expense but results in higher annual debt service payments than were contemplated with the Golden Valley bonds. I

assumed an average 2.5% interest rate. This is probably high, but there will be no way to know until bonds are sold.

A possible debt structure for an internal loan could look similar with the same assumptions for interest expense and annual payments. Interest should be paid since the fund making the loan will lose investment income on the money that is loaned to the Water Fund.

In this scenario, Crystal's water rates can increase at the same pace over the next five years as proposed in the 2014 Adopted Budget. However, cash and investments will be about \$132,000 at the end of 2018, compared to about \$1,068,000 in the 2014 Adopted Budget.

	2014 Adopted Budget		Alternative #1 Budget		Alternative #1 Budget	
	Rate Increase from prior year	Estimated Year-end Cash Balance	Rate Increase from prior year	Estimated Year-end Cash Balance	Rate Increase from prior year	Estimated Year-end Cash Balance
2014	5.15%	\$2,306,030	5.15%	\$1,041,955	5.15%	\$2,256,955
2015	3.92%	\$1,916,023	3.92%	\$700,486	3.92%	\$1,796,836
2016	0.00%	\$1,923,890	3.77%	\$283,484	0.00%	\$1,142,761
2017	2.83%	\$1,482,436	3.64%	\$53,619	2.83%	\$643,128
2018	0.92%	\$1,068,192	6.14%	\$-1,739	0.92%	\$132,080

**Other Unanticipated Capital Projects**

Crystal's infrastructure is aging. It is probable that unanticipated breakdowns will happen, causing additional capital projects besides the ones currently identified. This will put additional financial stress on the Water Fund no matter which financing alternative is chosen for the emergency wells.

**Conclusion:**

Each of the alternatives has drawbacks. Selling bonds requires payment of substantial interest expense. Paying cash up front requires rapid water rate increases to generate cash to take the place of bond financing. Future water rate increases may well exceed the rate increases shown in any of the alternatives due to unanticipated capital projects.

## WATER UTILITY RATE STUDY 2014 Adopted Budget

PROFIT & LOSS	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>						
Water usage charges	2,600,000	2,760,000	2,880,000	2,880,000	2,970,000	3,000,000
Fixed service charges	150,000	150,000	150,000	150,000	150,000	150,000
Penalties	57,000	60,000	60,000	60,000	60,000	60,000
Special Assessments	60,000	60,000	60,000	60,000	60,000	60,000
JWC reimbursement	12,000	12,000	12,000	12,000	12,000	12,000
Investment Income	27,000	23,300	34,590	38,320	48,097	44,473
Miscellaneous	57,000	57,000	59,000	59,000	59,000	59,000
State testing fee billed	50,000	50,000	50,000	50,000	50,000	50,000
TOTAL REVENUES	3,013,000	3,172,300	3,305,590	3,309,320	3,409,097	3,435,473
<b>EXPENSES</b>						
Salaries & Wages	230,449	235,494	241,381	247,416	253,601	259,941
Fringe Benefits	81,183	89,084	93,538	98,215	103,126	108,282
JWC - Operations	1,908,730	2,013,304	2,069,677	2,127,627	2,187,201	2,248,443
JWC - Capital	229,500	309,150	432,000	205,200	193,050	200,000
JWC 2 cents/1,000 gal. fee	12,000	12,000	12,000	12,000	12,000	12,000
Professional/Contractual	94,568	97,755	100,688	103,708	106,820	110,024
Utilities	4,200	4,140	4,264	4,392	4,524	4,660
Repair & Maintenance	38,100	37,800	38,934	40,102	41,305	42,544
Supplies	50,500	50,500	52,015	53,575	55,183	56,838
Communications & Printing	7,600	3,500	3,605	3,713	3,825	3,939
Insurance & Training	16,265	12,703	13,084	13,477	13,881	14,297
Depreciation	183,676	183,470	190,000	195,000	200,000	210,000
Admin. Service Charge	117,472	118,451	121,412	124,448	127,559	130,748
TOTAL EXPENSES	2,974,243	3,167,351	3,372,598	3,228,874	3,302,074	3,401,717
NET INCOME or -LOSS	38,757	4,949	-67,008	80,447	107,024	33,756
ENDING FUND BALANCE	7,494,888	7,499,837	7,432,830	7,513,276	7,620,300	7,654,056
<b>CASH FLOW</b>						
Cash & Investments, Beg. of Year	2,163,732	2,262,611	2,306,030	1,916,023	1,923,890	1,482,436
Net income	38,757	4,949	-67,008	80,447	107,024	33,756
Add back Depreciation	183,676	183,470	190,000	195,000	200,000	210,000
Deduct Capital Outlay	123,554	145,000	513,000	267,579	748,478	658,000
Cash & Investments, End of Year	2,262,611	2,306,030	1,916,023	1,923,890	1,482,436	1,068,192
Retail Rate per 1,000 gallons, Tier 1	4.05	\$4.30	\$4.50	\$4.50	\$4.65	\$4.70
Retail Rate per 1,000 gallons, Tier 2	4.45	\$4.70	\$4.90	\$4.90	\$5.05	\$5.10
Retail Rate per 1,000 gallons, Tier 3	4.85	\$5.10	\$5.30	\$5.30	\$5.45	\$5.50
Rate increase from prior year	2.11%	5.15%	3.92%	0.00%	2.83%	0.92%

**WATER UTILITY RATE STUDY**  
**2014 Adopted Budget, Alternative #1**  
**Pay Emergency Water Supply Share Up-front**

PROFIT & LOSS	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>						
Water usage charges	2,600,000	2,760,000	2,880,000	3,000,000	3,120,000	3,330,000
Fixed service charges	150,000	150,000	150,000	150,000	150,000	150,000
Penalties	57,000	60,000	60,000	60,000	60,000	60,000
Special Assessments	60,000	60,000	60,000	60,000	60,000	60,000
JWC reimbursement	12,000	12,000	12,000	12,000	12,000	12,000
Investment Income	27,000	23,300	15,629	14,010	7,087	1,609
Miscellaneous	57,000	57,000	59,000	59,000	59,000	59,000
State testing fee billed	50,000	50,000	50,000	50,000	50,000	50,000
<b>TOTAL REVENUES</b>	<b>3,013,000</b>	<b>3,172,300</b>	<b>3,286,629</b>	<b>3,405,010</b>	<b>3,518,087</b>	<b>3,722,609</b>
<b>EXPENSES</b>						
Salaries & Wages	230,449	235,494	241,381	247,416	253,601	259,941
Fringe Benefits	81,183	89,084	93,538	98,215	103,126	108,282
JWC - Operations	1,908,730	2,013,304	2,069,677	2,127,627	2,187,201	2,248,443
JWC - Capital	229,500	1,573,225	364,500	725,760	90,450	128,250
JWC 2 cents/1,000 gal. fee	12,000	12,000	12,000	12,000	12,000	12,000
Professional/Contractual	94,568	97,755	100,688	103,708	106,820	110,024
Utilities	4,200	4,140	4,264	4,392	4,524	4,660
Repair & Maintenance	38,100	37,800	38,934	40,102	41,305	42,544
Supplies	50,500	50,500	52,015	53,575	55,183	56,838
Communications & Printing	7,600	3,500	3,605	3,713	3,825	3,939
Insurance & Training	16,265	12,703	13,084	13,477	13,881	14,297
Depreciation	183,676	183,470	190,000	195,000	200,000	210,000
Admin. Service Charge	117,472	118,451	121,412	124,448	127,559	130,748
<b>TOTAL EXPENSES</b>	<b>2,974,243</b>	<b>4,431,426</b>	<b>3,305,098</b>	<b>3,749,434</b>	<b>3,199,474</b>	<b>3,329,967</b>
<b>NET INCOME or -LOSS</b>	<b>38,757</b>	<b>-1,259,126</b>	<b>-18,469</b>	<b>-344,424</b>	<b>318,613</b>	<b>392,642</b>
<b>ENDING FUND BALANCE</b>	<b>7,494,888</b>	<b>6,235,762</b>	<b>6,217,293</b>	<b>5,872,870</b>	<b>6,191,483</b>	<b>6,584,125</b>
<b>CASH FLOW</b>						
Cash & Investments, Beg. of Year	2,163,732	2,262,611	1,041,955	700,486	283,484	53,619
Net income	38,757	-1,259,126	-18,469	-344,424	318,613	392,642
Add back Depreciation	183,676	183,470	190,000	195,000	200,000	210,000
Deduct Capital Outlay	123,554	145,000	513,000	267,579	748,478	658,000
Cash & Investments, End of Year	<b>2,262,611</b>	<b>1,041,955</b>	<b>700,486</b>	<b>283,484</b>	<b>53,619</b>	<b>-1,739</b>
Retail Rate per 1,000 gallons, Tier 1	4.05	\$4.30	\$4.50	\$4.70	\$4.90	\$5.25
Retail Rate per 1,000 gallons, Tier 2	4.45	\$4.70	\$4.90	\$5.10	\$5.30	\$5.65
Retail Rate per 1,000 gallons, Tier 3	4.85	\$5.10	\$5.30	\$5.50	\$5.70	\$6.05
Rate increase from prior year	2.11%	5.15%	3.92%	3.77%	3.64%	6.14%

**WATER UTILITY RATE STUDY**  
**2014 Adopted Budget, Alternative #2**  
**Crystal Issues \$1,250,000 Bonded Debt**

PROFIT & LOSS	2013	2014	2015	2016	2017	2018
<b>REVENUES</b>						
Water usage charges	2,600,000	2,760,000	2,880,000	2,880,000	2,970,000	3,000,000
Fixed service charges	150,000	150,000	150,000	150,000	150,000	150,000
Penalties	57,000	60,000	60,000	60,000	60,000	60,000
Special Assessments	60,000	60,000	60,000	60,000	60,000	60,000
JWC reimbursement	12,000	12,000	12,000	12,000	12,000	12,000
Investment Income	27,000	23,300	33,854	35,937	28,569	19,294
Miscellaneous	57,000	57,000	59,000	59,000	59,000	59,000
State testing fee billed	50,000	50,000	50,000	50,000	50,000	50,000
Bond sales		1,215,000				
<b>TOTAL REVENUES</b>	<b>3,013,000</b>	<b>4,387,300</b>	<b>3,304,854</b>	<b>3,306,937</b>	<b>3,389,569</b>	<b>3,410,294</b>
<b>EXPENSES</b>						
Salaries & Wages	230,449	235,494	241,381	247,416	253,601	259,941
Fringe Benefits	81,183	89,084	93,538	98,215	103,126	108,282
JWC - Operations	1,908,730	2,013,304	2,069,677	2,127,627	2,187,201	2,248,443
JWC - Capital	229,500	1,573,225	364,500	725,760	90,450	128,250
JWC 2 cents/1,000 gal. fee	12,000	12,000	12,000	12,000	12,000	12,000
Professional/Contractual	94,568	97,755	100,688	103,708	106,820	110,024
Utilities	4,200	4,140	4,264	4,392	4,524	4,660
Repair & Maintenance	38,100	37,800	38,934	40,102	41,305	42,544
Supplies	50,500	50,500	52,015	53,575	55,183	56,838
Communications & Printing	7,600	3,500	3,605	3,713	3,825	3,939
Insurance & Training	16,265	12,703	13,084	13,477	13,881	14,297
Depreciation	183,676	183,470	190,000	195,000	200,000	210,000
Admin. Service Charge	117,472	118,451	121,412	124,448	127,559	130,748
Debt Service Payments			136,875	139,000	141,250	143,375
<b>TOTAL EXPENSES</b>	<b>2,974,243</b>	<b>4,431,426</b>	<b>3,441,973</b>	<b>3,888,434</b>	<b>3,340,724</b>	<b>3,473,342</b>
<b>NET INCOME or -LOSS</b>	<b>38,757</b>	<b>-44,126</b>	<b>-137,119</b>	<b>-581,497</b>	<b>48,845</b>	<b>-63,048</b>
<b>ENDING FUND BALANCE</b>	<b>7,494,888</b>	<b>7,450,762</b>	<b>7,313,643</b>	<b>6,732,147</b>	<b>6,780,992</b>	<b>6,717,944</b>
<b>CASH FLOW</b>						
Cash & Investments, Beg. of Year	2,163,732	2,262,611	2,256,955	1,796,836	1,142,761	643,128
Net income	38,757	-44,126	-137,119	-581,497	48,845	-63,048
Add back Depreciation	183,676	183,470	190,000	195,000	200,000	210,000
Deduct Capital Outlay	123,554	145,000	513,000	267,579	748,478	658,000
Cash & Investments, End of Year	<b>2,262,611</b>	<b>2,256,955</b>	<b>1,796,836</b>	<b>1,142,761</b>	<b>643,128</b>	<b>132,080</b>
Retail Rate per 1,000 gallons, Tier 1	4.05	\$4.30	\$4.50	\$4.50	\$4.65	\$4.70
Retail Rate per 1,000 gallons, Tier 2	4.45	\$4.70	\$4.90	\$4.90	\$5.05	\$5.10
Retail Rate per 1,000 gallons, Tier 3	4.85	\$5.10	\$5.30	\$5.30	\$5.45	\$5.50
Rate increase from prior year	2.11%	5.15%	3.92%	0.00%	2.83%	0.92%

**Emergency Wells Debt Structure**  
**\$1,250,000 Debt**

Proceeds for construction	\$1,215,000
Bond issuance costs	<u>\$35,000</u>
Total bond issue	\$1,250,000

Term: 10 years

Assume 2.5% interest rate

			Total Debt	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Service</u>	<u>Balance</u>
2014	0	0	0	1,250,000
2015	90,000	46,875	136,875	1,160,000
2016	110,000	29,000	139,000	1,050,000
2017	115,000	26,250	141,250	935,000
2018	120,000	23,375	143,375	815,000
2019	120,000	20,375	140,375	695,000
2020	125,000	17,375	142,375	570,000
2021	135,000	14,250	149,250	435,000
2022	140,000	10,875	150,875	295,000
2023	145,000	7,375	152,375	150,000
2024	150,000	3,750	153,750	0
<b>Total</b>	<u><u>1,250,000</u></u>	<u><u>199,500</u></u>	<u><u>1,449,500</u></u>	



## Memorandum

DATE: January 29, 2014

TO: Mayor and City Council

FROM: Anne Norris, City Manager *ahn*  
Tom Mathisen, Public Works Director

SUBJECT: Study Regarding DeCola Ponds/Winnetka Avenue and Medicine Lake Road Flooding

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There are flooding issues in the DeCola Ponds and Winnetka Avenue/Medicine Lake Road area in Golden Valley and New Hope. Several years ago Golden Valley hired Barr Engineering to complete a study of possible engineering/public works solutions to reduce or temper flooding in that area. The study report contained several public works solutions which are cost-prohibitive and so, not realistic. Further discussions between Golden Valley and Barr Engineering led to the conclusion the flooding issues needed to be approached as a land use issue which would involve working with neighbors Crystal and New Hope.

Barr Engineering is prepared to do a study of the land use issues, the cost of which would be shared among the three cities (Crystal, Golden Valley and New Hope).

Since Crystal is at the proverbial top of the hill, we do contribute water to this area. In the mid-1990's when the Crystal storm sewer work was done as part of those street reconstruction projects, the idea was primarily to get storm water off roads and driveways as quickly as possible. This doesn't necessarily address managing large amounts of storm water that go to Golden Valley (or anywhere else) with such tools as retention ponds. The only retention pond that Crystal built in this area as is the small ponding area that was created in Yunkers Park.

The proposed study would evaluate:

- Reducing impervious surfaces;
- Options for absorbing more water before it gets to Medicine Lake Road and DeCola Ponds area;
- Long term land uses;
- More green space;
- Reduced road widths and parking areas; and
- Acquiring properties that may currently be impacted by flooding.

Based on discussion at a work session last May, Crystal sent a letter to Golden Valley stating concerns and offering to pay \$11,000 towards the cost of the study. The cities

of Golden Valley and New Hope requested the Bassett Creek Watershed Commission to initiate mediation to try to resolve this matter. A mediation committee was created and two meetings were held to discuss Crystal's concerns as well as the positions of Golden Valley and New Hope. Members of the negotiating committee met with the Crystal City Council on October 15 to hear concerns of the Crystal Council firsthand.

In November, the Mediation Committee recommended to Bassett Creek Watershed that:

- The cost share formula for participation in the study should mirror the cost share formula used for assessing annual watershed costs;
- Include language in the agreement for the study that participation in the study does not set a precedent for cost sharing in any future studies or projects that are identified in the study; and
- The contingency in the study proposal be eliminated and that any additional costs beyond the original scope of study would need to be negotiated between all 3 cities before those costs are incurred.

Attached is a revised Cooperative Project Agreement reflecting the recommendations of the Mediation Committee.

The study costs have been updated and revised and the total cost of the study is \$110,400. Based on the cost share formula recommended by the Mediation Committee, Crystal's share is \$25,392. Below is the calculation of the three cities' participation in the study.

City	Area in Square Feet	Percentage
Crystal	6,050,932	23%
Golden Valley	12,954,918	49%
New Hope	7,342,403	28%
<b>Totals</b>	<b>26,348,253</b>	<b>100%</b>

City	Property Count	Tax Capacity	Percent Tax Capacity
Crystal	403	\$787,326	23%
Golden Valley	392	\$1,725,389	50%
New Hope	392	\$942,304	27%
<b>Totals</b>	<b>1,187</b>	<b>\$3,455,019</b>	<b>100%</b>

Combined		
Crystal	23%	\$25,392
Golden Valley	49.5%	\$54,648
New Hope	27.5%	\$30,360
<b>Totals</b>	<b>100%</b>	<b>\$110,400</b>

Funds for Crystal's share of the study would be paid out of the Storm Sewer Utility.

Attach:



## Bassett Creek Watershed Management Commission

DATE: November 12, 2013

TO: Bassett Creek Board of Commissioners

FROM: The BCWMC Dispute Resolution Committee (Ginny Black, Jim de Lambert, Jacob Millner)

RE: Medicine Lake Road and DeCola Ponds - Recommendations regarding the dispute between the cities of Golden Valley, New Hope and Crystal.

The following is a brief summary of events and recommendations prepared by the BCWMC Dispute Resolution Committee (Committee) with regards to the Medicine Lake Road and DeCola Ponds flooding issue.

### Summary of Events

Section 12.1.1.3 (Dispute Resolution Process) of the Commission 2004 Water Management Plan (WMP) contains language that allows cities to request the Commission's involvement in resolving disputes between cities within the watershed. The cities of Golden Valley, New Hope and Crystal came to the Commission and asked for assistance regarding the distribution of costs for a Phase II study evaluating flooding issues in the Medicine Lake Road and DeCola Ponds area. Per the requirements in the 2004 WMP, the commission appointed three commissioners (the Committee) to hear the dispute and make recommendations to the full Board of commissioners.

On August 14, 2013, the Committee met with the staff of all three cities' staff to discuss the areas of disagreement and the preferred process. In addition to hearing the concerns from city staff, the outcome of that meeting was 1) that a round table type discussion process would be implemented to address the cities' concerns (as opposed to a hearing type process) and 2) the recommendations of the Committee to address the issues would not be binding on the parties. A second meeting was held on September 9, 2013 with city staff, and at this meeting it was decided that the Committee would meet with the city of Crystal City Council, and with the councils of other cities, if desired, to discuss their concerns.

The Committee met with the Crystal City Council on October 15, 2013 and identified Crystal's three primary issues:

- The cost share formula for the financial participation of each city in the Phase II study is unfair to Crystal
- The City's concern that participation in the Phase II study would obligate it, or set a precedent, for future cost sharing in any project(s) recommended in the Phase II study; and
- The high amount of contingency (25 percent) for the Phase II study.

## Recommendations

The Committee met on October 28, 2013 to discuss the issues, the information presented to the Committee and the concerns raised at the October 15, 2013 meeting. The following are the recommendations of the Committee;

The committee encourages the BCWMC member cities to develop their own cooperative agreements for jointly conducting studies and projects. The following recommendations are intended to address this specific dispute between the cities of Golden Valley, New Hope and Crystal.

1. The cost share formula for the Phase II study should mirror the cost share formula used by the Commission to assess annual BCWMC costs, but determined on the basis of the contributing sub-watershed (50% based on the net tax capacity of all a member city's properties within the boundaries of the contributing sub-watershed and 50% based on the total area of a member city within the boundaries of the contributing sub-watershed);
2. Include language in the agreement for the Phase II study stating clearly that participation in the Phase II study does not set a precedent for cost sharing or obligate any city to participate in future studies or projects identified in the Phase II recommendations; and,
3. Remove the 25 percent contingency from the proposal for the study and include language that any additional costs, associated with items outside of the initial scope of work, would need to be negotiated between the three cities before the costs could be incurred.

Respectfully Submitted,



Jim de Lambert, Chair  
BCWMC Dispute Resolution Committee

**COOPERATIVE PROJECT AGREEMENT  
FOR  
PHASE 2 DeCOLA PONDS AND MEDICINE LAKE ROAD AREA  
FLOOD MITIGATION STUDY**

This **AGREEMENT** is made this \_\_\_\_ day of \_\_\_\_\_, 2014 by and between the **CITY OF CRYSTAL**, a Minnesota municipal corporation (“Crystal”), the **CITY OF GOLDEN VALLEY**, a Minnesota municipal corporation (“Golden Valley”), and the **CITY OF NEW HOPE**, a Minnesota municipal corporation (“New Hope”) (collectively hereinafter, “the Cities”).

**RECITALS**

WHEREAS, Minnesota statute § 471.59, et. seq., authorizes cities to enter into cooperative project agreements; and

WHEREAS, The Cities each contribute storm water runoff to the following areas:

1. DeCola Ponds, located south of Medicine Lake Road, east of Winnetka Avenue, and north of Duluth Street (“DeCola Ponds Area”); and
2. Medicine Lake Road, located in the Cities of Golden Valley and New Hope, between Winnetka Avenue North and Rhode Island Avenue North (“Medicine Lake Road Area”); and

WHEREAS, Crystal and New Hope contribute storm water runoff to Terra Linda Drive and Rosalyn Court, located in New Hope in the northeast quadrant of Medicine Lake Road and Winnetka Avenue North (“Terra Linda Area”); and

WHEREAS, the DeCola Ponds Area, the Medicine Lake Road Area, Terra Linda Drive Area are all prone to significant flooding during heavy rainfall events; with a history of property damage resulting from this flooding; and

WHEREAS, the City of New Hope completed a Report for Terra Linda Drive, Rosalyn Court and Medicine Lake Road – Local Flood Improvement Project, dated July 2006 and revised in November 2006, to investigate flood mitigation measures. New Hope has since implemented measures from this report to begin addressing flooding issues in these areas; and

WHEREAS, Golden Valley has completed the DeCola Ponds Area Flood Mitigation Study, prepared by Barr Engineering Company and dated April 2012 (“Phase 1 Study”) to investigate the cause of the flooding in these areas that includes a recommendation to further study flood mitigation measures within the contributing watershed to the flood-prone areas to reduce flood-related property damage; and

WHEREAS, the Cities desire to work cooperatively to determine the most cost-effective measures to minimize flood damages.

**NOW, THEREFORE, in consideration of the mutual covenants herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Crystal, Golden Valley, and New Hope hereby agree as follows:**

1. Golden Valley will be the lead City, including contract administration and coordination among the Cities, for the preparation of the Phase 2 DeCola Ponds and Medicine Lake Road Area Flood Mitigation Study ("Phase 2 Study").
2. Golden Valley has obtained a proposal for professional engineering services to perform the Phase 2 Study from Barr Engineering Company dated December 19, 2013. A copy of the Phase 2 Study proposal is attached to this agreement as Exhibit 1.
3. The not to exceed cost to perform the Phase 2 Study is \$110,400.
  - a. The Cities agree to prorate the costs of the Phase 2 Study with 50% of the cost prorated based upon the net tax capacity of properties within the contributing watershed and 50% based upon the total area within each city in the contributing watershed. Cost participation is calculated as follows:

City	Area in Square Feet	Percentage
Crystal	6,050,932	23%
Golden Valley	12,954,918	49%
New Hope	7,342,403	28%
<b>Totals</b>	<b>26,348,253</b>	<b>100%</b>

City	Property Count	Tax Capacity	Percent Tax Capacity
Crystal	403	\$787,326	23%
Golden Valley	392	\$1,725,389	50%
New Hope	392	\$942,304	27%
<b>Totals</b>	<b>1,187</b>	<b>\$3,455,019</b>	<b>100%</b>

Combined		
Crystal	23%	\$25,392
Golden Valley	49.5%	\$54,648
New Hope	27.5%	\$30,360
<b>Totals</b>	<b>100%</b>	<b>\$110,400</b>

- b. The cities agree that any additional costs for work deemed necessary not included in December 19, 2013 Barr proposal will be prorated among the cities based upon a negotiated split prior to commencement of the extra work.

- c. Participation in this study by the cities does not set a precedent for cost participation for any capital improvement projects deemed feasible for flood mitigation as part of the study. Cost participation for these improvements will be determined on a project-specific basis prior to implementation of the projects.
4. Payment. Partial payments will be made by the City of Golden Valley to Barr Engineering Company on a monthly basis for work completed. The Cities of Crystal and New Hope shall, within 30 days of receipt of invoice, submit partial payment to the City of Golden Valley in the amount so invoiced.
5. Authorized Agents. The City of Crystal's Authorized Agent for the purpose of administration of this agreement is Tom Mathisen, City Engineer/Director of Public Works, or his successor or assign. The Authorized Agent's current address and telephone number is: 4141 Douglas Drive, Crystal, MN, 55422; 763.531.1160.

The City of Golden Valley's Authorized Agent for the purpose of administration of this agreement is Jeannine Clancy, Director of Public Works, or her successor or assign. Her current address and telephone number is: 7800 Golden Valley Road, Golden Valley, MN, 55427; 763.593.8035.

The City of New Hope's Authorized Agent for the purpose of administration of this agreement is Bob Paschke, Director of Public Works, or his successor or assign. His current address and telephone number is: 4401 Xylon Avenue North, New Hope, MN, 55428; 763.592.6766.

6. Successor and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that neither Crystal, Golden Valley, nor New Hope shall have the right to assign its rights, obligations, and interests in or under this Agreement to any other party without the prior written consent of the other parties hereto.
7. Amendment, Modification or Waiver. No amendment, modification, or waiver of any condition, provision, or term of this Agreement shall be valid or of any effect unless made in writing and signed by the party or parties to be bound, or its duly authorized representative(s). Any waiver by a party shall be effective only with respect to the subject matter thereof and the particular occurrence described therein, and shall not affect the rights of any other party with respect to any similar or dissimilar occurrences in the future.
8. Saving Provision. If any provision of this Agreement shall be found invalid or unenforceable with respect to any entity or in any jurisdiction, the remaining provisions of this Agreement shall not be affected thereby, and such provisions found to be unlawful or unenforceable shall not be affected as to their enforcement or lawfulness as to any other entity or in any other jurisdiction, and to such extent the terms and provisions of this Agreement are intended to be severable.

9. Notices. Any notice given under this Agreement shall be deemed given on the first business day following the date the same is deposited in the United States Mail (registered or certified) postage prepaid, addressed as follows:

If to Crystal: City Engineer/Director of Public Works  
City of Crystal  
4141 Douglas Drive  
Crystal, MN 55422

If to Golden Valley: Director of Public Works  
City of Golden Valley  
7800 Golden Valley Road  
Golden Valley, MN 55427

If to New Hope Director of Public Works  
City of New Hope  
4401 Xylon Avenue North  
New Hope, MN 55428

10. Termination. This Agreement shall remain in effect until the earlier of (a) termination by mutual consent of the Cities, or (b) 60 days after completion of the Phase 2 Study as demonstrated by final payment by Golden Valley to Barr Engineering Company.









## Memorandum

DATE: January 29, 2014  
TO: Mayor and City Council  
FROM: Anne Norris, City Manager *alw*  
SUBJECT: Request for Funding Community Mediation Services

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Several years ago, the Council adopted Resolution #2008-56, a policy regarding use of charitable gambling proceeds. The policy outlines the type of services or organizations that may receive funds from charitable gambling proceeds and is based on language in Minnesota Statutes, Section 349.12, Subd. 25. This allowed the Council to provide funds to local food shelves serving Crystal residents and Community Mediation Services. In 2009, 2010, and 2011, the Council approved funding of \$1,000, and in 2012, \$1,100, to Community Mediation Services (CMS).

Recently I received the attached invoice (dated April 2013) from CMS requesting \$2,000 in 2013. The 2013 caseload included 27 cases involving 46 residents of Crystal. In addition to mediation services, CMS provides training to Crystal apartment managers and property owners through Crime Free Housing. CMS also serves as a resource to the Robbinsdale School District and Hennepin County's Juvenile Advisory Council.

Other cities supporting Community Mediation Services include:

Brooklyn Center	Mnettonka
Brooklyn Park	Mound
Corcoran	New Hope
Golden Valley	Plymouth
Hopkins	Robbinsdale
Maple Grove	St. Louis Park

Community Mediation Services, Inc., is a 501(c)(3) organization and as such, is qualified to receive charitable gambling proceeds so the Council could use some of its lawful gambling 10% fund in City Initiative Fund for this request. There are funds in the City Initiatives Fund for this request (see attached fund balance as of December 31).

The Council should discuss whether to continue to fund Community Mediation Services and if so, in what amount, from the City Initiatives Fund.

Attach:

Community Mediation & Restorative Services  
9220 Bass Lake Road, Ste 270  
New Hope MN 55428

# Invoice

DATE	INVOICE #
04/08/13	408

**BILL TO:**

Crystal

P.O. NUMBER	TERMS	PROJECT

QUANTITY	DESCRIPTION	RATE	AMOUNT
	Mediation Services	2,000.00	2,000.00
		<b>TOTAL</b>	\$2,000.00

**City of Crystal**  
**City Initiatives Fund (Fund 240)**  
**YTD Summary As Of December 31, 2013**

JDE			(+)	(-)	(+/-)	(=)
BU	Description	Balance	Receipts	Disburse-	Interfund	Balance
		01/01/13		ments	Transfers	12/31/13
3707	Admin - Airport Open House	7,681.81	3,850.00	4,366.47		7,165.34
3704	Admin - "Beyond the Yellow Ribbon" Prog	0.00	3,308.00	3,308.00		0.00
3709	Admin - Lawful Gambling 10% "Fund"	3,794.65	1,150.00	3,000.00		1,944.65
3719	Police - Canine Unit	25,356.93	4,535.00	18,100.32		11,791.61
3721	Police - Citizen On Patrol Program	603.00				603.00
3722	Police - Chaplain's Fund	362.60	100.00			462.60
3724	Police - Neighborhood Outreach Office	0.00				0.00 *
3726	Police - DARE	(0.00)	2,731.04	2,731.04		(0.00) **
3729	Police - Explorer's Program	3,597.85	4,916.64	5,478.45		3,036.04
3738	Police - Reserve	2,137.41	500.00			2,637.41
3750	Parks - In General	3,924.72	1,000.00	1,047.38		3,877.34
3753	Parks - Becker Park Rewards	659.04				659.04
3770	Recreation - In General	7,217.16	2,800.00	659.13		9,358.03
3773	Recreation - Activity Assistance	5,253.16	3,472.00	3,573.20		5,151.96
3776	Recreation - Becker Arts & Ent.	6,611.38		500.00		6,111.38
3782	Recreation - Safety Camp	2,139.38		578.95		1,560.43
0240	Unencumbered	4,689.95				4,689.95
		74,029.04	28,362.68	43,342.94	0.00	59,048.78

\* All expenses are initially coded to 0018.6883 - the Neighborhood Outreach Office line item in the Police Dept. (General Fund). Donations will be coded to BU 3724 - the Neighborhood Outreach Office line item in the City Initiatives Fund . At the end of each quarter, a review of BU 3724 will be made. If donations were received, any expenses incurred will be reclassified from the Police Dept. to the City Initiatives Fund to bring the Neighborhood Outreach office line item to zero. This keeps the net cost of operating the Neighborhood Outreach Office recorded in the Police Dept.

\*\* Tax levy dollars may be allocated to the DARE program from the General Fund, up to the amount budgeted for the year (if any). Such allocation would be made at the end of July and December, to coincide with receipt of tax settlements from Hennepin County. If donations are sufficient to cover expenses, no allocation will be made.

**CITY OF CRYSTAL**  
**RESOLUTION #2008- 56**

**POLICY REGARDING CHARITABLE GAMBLING PROCEEDS**

WHEREAS, the City of Crystal receives a 10% fee from organizations conducting charitable gambling within the city; and

WHEREAS, undesignated charitable gambling fees are deposited in the City Initiatives Fund; and

WHEREAS, charitable gambling fees may be used for lawful city purposes as defined in Minnesota Statutes, Section 349.12, Subd. 25; and

WHEREAS, the City Council determines how charitable gambling fees are spent, based on State law and this policy.

NOW, THEREFORE, BE IT RESOLVED by the Crystal City Council as follows:

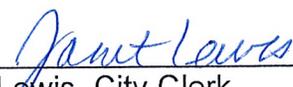
Charitable gambling fees may be used towards services provided to area residents as long as such services are permitted by the following lawful purposes:

1. Relieving effects of poverty or disability;
2. Festival organizations (501(c)(3) or 501(c)(4) including the Crystal Frolics;
3. Scholarship funds;
4. Activities by an organization that recognize military service to the country, state or community;
5. Activities and facilities for youth;
6. Expenditures for police, fire and other emergency or public safety related services or equipment;
7. Nutritional programs, food shelves and congregate dining programs primarily for persons age 62 or older or disabled;
8. Community arts organizations;
9. Humanitarian service – recognizing volunteerism or philanthropy; or
10. Other lawful purposes designated by the City Council or state statutes.

Approved this 17 day of June, 2008.

  
\_\_\_\_\_  
ReNae J. Bowman, Mayor

ATTEST:

  
\_\_\_\_\_  
Janet Lewis, City Clerk