

CITY OF WACONIA
February 1, 2016

Pursuant to due call and notice thereof, the regular meeting of the City Council of the City of Waconia was called to order by Mayor Jim Sanborn at 6:00 p.m. The following members were present: Jim Sanborn, Kent Bloudek, Charles Erickson, and Lynn Ayers, Marc Carrier

Staff Present: Susan Arntz, Lane Braaten, Craig Eldred, Mike Melchert, Ann Meyerhoff, Craig Sinclair, Nicole Lueck, Angel Smith, Mark Morse, Mike Dressel, Debbie Loomis, Nathan Loomis, Robert Clark, Tanner Hasse, Devon Noeldner, David Wabbe, Michelle Brassington, Amanda Johnson, Missy Goff.

Visitors: Jason Schmucker, Mike Werner, Allison Wabbe, Tim Lynch.

Pledge of Allegiance was led by Mayor Sanborn.

ADOPT AGENDA: Resolution 2016-45 added to Regular Business. Motion by Erickson, seconded by Ayers to adopt the agenda as amended. All present voted aye. **MOTION CARRIED.**

VISTOR'S PRESENTATION: Council Recognition for Mike Dressel with 15 years of service and Mark Morse with 20 years of service with the Waconia Fire Department.

Tim Lynch , County Commissioner District 4 provided information on various County projects.

ADOPT CONSENT AGENDA

- 1) Approve January 19, 2016 City Council Meeting Minutes.
- 2) Authorize Payment of February 1, 2016 Expenditures.
- 3) Adopt a Motion to approve Pay Estimate No. 2 – Final to Visu-Sewer, Inc.
- 4) Adopt a Motion to approve Pay Estimate No. 9 to GMH Asphalt.
- 5) Adopt Resolution No. 2016-34, Approving Application for Exempt Permit Waconia Choir Boosters.
- 6) Adopt Resolution No. 2016-35, Authorizing Staff to Submit LGU Application for Cost Share Project with Carver County Water Management Organization.
- 7) Adopt Resolution No. 2016-36, Authorizing Purchase of Water Reuse Utility Building from Huffcutt Concrete.
- 8) Adopt Resolution No. 2016-37, Accepting Donation and Approving Pass Through Recommendation.
- 9) Adopt Resolution No. 2016-38, Authorizing Purchase of 938M Loader & Winter Maintenance Equipment.
- 10) Adopt Resolution No. 2016-42, Authorizing Staff to enter into an Agreement with Reach for Resources.
- 11) Adopt Resolution No. 2016-43, Appointing Firefighter.
- 12) Adopt Resolution No. 2016-44, Appointment of Fire Department Officer.

Motion by Carrier, seconded by Bloudek to Adopt the Consent Agenda as presented. All present voted aye. **MOTION CARRIED.**

COUNCIL BUSINESS: Waconia Fire Department Strategic Plan. Fire Chief Mark Morse presented the Waconia Fire Departments Strategic Plan stating the Priority Areas of Focus which included Staffing, Service Delivery, and Resources. Staffing included: Develop Staffing Program to Meet National Standards and Community Needs, Succession Planning, Recruit and Train Personnel as Necessary and Create a Program Designed to Support Continuous Professional Development. Service Delivery evaluates current and future delivery of services, enhancing relationships with local and regional partners and refining outreach programs and special events response plan. Resources cover the completion of a new facility and ensuring adequate equipment and apparatus to maintain and enhance service delivery.

The 2016 objectives are:

- Create an Administrative Plan
- Create a Plan for Fire Chief Recruitment
- Review and develop a Retention Plan
- Review site for proposed new Fire Station

A committee was formed to complete this process and over the course of 2015 this group utilized the Strategic Planning process to develop a draft plan which was presented to the Firefighters for their review and comments. Their input was

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considered and a final draft of the plan was completed in January of 2016. An estimated total of 210.5 hours was spent on this process. Chief Morse asked for the Councils consideration and acceptance for the Department to commence work on the identified 2016 objectives of the Plan.

The Council expressed their appreciation and thanks for all the hard work that went into this.

.Motion by Erickson, seconded by Ayers to accept the Waconia Fire Department Strategic Plan. All present voted aye.
MOTION CARRIED.

Order of Improvements & Advertisement for Bid of the 2016 Infrastructure Improvement Project: Craig Eldred requested the Order of Improvements and Advertisement for bid on the proposed 2016 Infrastructure Improvement Project. He stated that in previous discussions an amendment and reduced scope of work was recommended. The Proposed improvements are as follows:

Street & Utility Improvement Areas:

Street	From	To
Maple Street	Fourth Street	Fifth Street
Maple Street	Fifth Street	Terminus of TH 5 Work on Maple Street
Fifth Street	Maple Street	Southwest Radius of Cherry Street
Cherry Street	First Street	Second Street
Interlaken Crossing (Old Airport Road Gravel)	CSAH 59/Main Street	Airport Road

Street Overlay/Resurfacing Areas:

Street/Area	From	To
Cherry Street	Southwest radius of Cherry Street	TH 5 Project Terminus
Industrial Boulevard	TH 284	CSAH 10
Wildhurst Road	TH 284	CSAH 10
Deerfield Road	Wildhurst Road	Cul-de-sac
Sunset Boulevard	Second Street	Cul-de-sac North and South
Airport Road	Old Airport Road	Current East Terminus

Other Capital Outlay Improvement Projects:

Project or Area	Detail of Scope
Hilks Lake Park Equipment Replacement	Replace Outdated Play System to Meet ADA & Safety Compliant System for Neighborhoods of Willowbrooke and Sterling Hills
Trail Connections and Intersection Pedestrian Access Improvements	Connect Hilks Development/Waconia Parkway North Bituminous Trail with Waconia Parkway North & CSAH 10 Intersection Providing Connection to CSAH 10 Shoulder for Pedestrian Access to Regional Trail System
First Street Storm Water Reuse	50% of Phase III of Reuse Collection System Improvements

Eldred said that staff did hold a Public Open House event regarding the proposed improvements on November 5th, 2016 at 6:00 p.m. at City Hall. A second Open House event will be held February 10th from 5:30 to 7:00 p.m. where members of the public and businesses will have a chance to review the plans which are near 100%. We will once again take public comments based upon the plans established at this juncture.

He stated that this is a viable infrastructure improvement plan allowing for planned transportation modifications to guide traffic southbound on Maple Street to the recently completed signalized intersection at Cherry and Trunk Highway Five, enhance pedestrian access and safety improvements guided to connect Trunk Highway Five and Downtown, and address necessary utility improvements.

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Proposed Project Schedule

- February 2016; Approve Final Design and Authorize Project for Bid
- February 10th Second Open House Event
- March 2016; Receive Bids and Award Project for Construction
- Spring/Summer 2016; Construct & Complete Project

Mike Melchert stated that this will require a 4/5 vote to pass.

Motion by Ayers, seconded by Bloudek to Adopt Resolution No. 2016-41, Authorizing the Order of Improvements & Advertisement for Bid the 2016 Infrastructure Improvement Project. All present voted aye. **MOTION CARRIED.**

Contract with Rink Management Service: Susan Arntz stated that Craig Sinclair, Park and Recreation Director, announced he desires to retire on November 30, 2017. He has requested the opportunity to be transferred to a position of On-Site Manager at the Ice Arena where he can work part-time and step into retirement. To do so, Craig would need to remain a public employee where he can continue to qualify to pay into PERA. Craig's retirement creates an opportunity for the City to evaluate its operations and review its options for future management for recreation activities.

In preliminary discussions the following objectives in any solution were identified:

1. **Improve the Employee Culture:** the employee culture is in need of stronger leadership, communications, training, and focus on the operations of the department. By improving these areas, the department will function better and become a bigger asset to the community.
2. **Improve the Guest Experience:** while we currently deliver a good experience, there is always room to improve. Customer service and great guest expectations are our main touchpoint for these facilities.
3. **Improve the Fiscal Health of Both Facilities:** both of the current facilities do not generate enough revenue to cover their operating costs. The City has been covering the annual debt payments for both recreation facilities and is making a transfer from tax revenue each year to cover operating losses. The financial trajectory for both facilities (discussed in more detail below) is such that without improvements, the City may be forced into making difficult decisions about the future of the facility. In addition, the on-going need to cover operating costs minimizes the City's ability to make improvements or expansions to the facilities in the future.

Options

With the vacancy being created in the Director role, the options for filling this role include:

- recruitment for a new Director directed by Staff
- recruitment for a new Director with assistance from a search firm
- contract for management with a private firm

Upon review of these options, the Personnel Committee and the City Administrator recommended that we consider a contract for management with a private firm. The Committee is concerned about not finding the specific skills needed in the next candidate. After considerable discussion, the Committee is not convinced that a traditional recruitment process would be successful. With the transition of this role at the City, the Department requires strong support and leadership that drives a focus of community recreation activities. Outside expertise in recreation and the business focus for publically owned recreation facilities, which is different than privately owned facilities, will greatly benefit the organization and entire community.

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In discussing the variety of outside expertise that might exist, the Committee discussed various consulting firms, interim directors, and management firms. Through our deliberations, the Committee recommended consideration of a contract with Rink Management Services Corporation.

Ms. Arntz provided an overview of Rink Management Services Corporations background stating that are the leading operator of municipally owned recreational facilities in the United States. They are located just outside of Richmond, Virginia and have more than 1,600 people employed across the country. With this, they bring more depth of management talent and experience than any other consultant. Rink Management started in 1999 with a focus on ice arenas and has grown to include management of other recreational facilities.

They are the operator of a number of city owned facilities around the country including: Charles County (MD), Baltimore County Revenue Authority, Providence, Des Moines, Chicago Park District, City of Manassas, and Monroe (MI). They manage a twelve synthetic turf field complex, an 18 hole golf course for Henrico County (VA), a 100,000 square foot fitness/athletic facility for the City of Romulus (MI), and a 60,000 square foot athletic complex for the Effingham Park District (IL).

In reviewing the facilities they operate and discussing the contract relationship with the communities, Rink Management brings the expertise and talent to assist the City in advancing the priorities established.

Ms. Arntz explained that as part of the 2016 budgeting process, the City Council adopted budgets for both recreation facilities where expenditures exceeded revenues. We knew that we had more work to do in early 2016 to make the budgets whole. Last fall, the budgets submitted by the Department staff for the Community Center and Ice Arena were \$50,031 and \$16,975 short respectively. Without adjustments to the 2016 budgets, these two facilities anticipate they will end 2016 short \$67,006. These budgets are not sustainable.

Continuing to not meet planned revenue or expenditure targets has been a growing concern for the operations of these facilities. Below is a table that shows the annual transfers for the operations of each facility. On average, the City spends an equivalent of 30% of its annual general property tax levy supporting the Community Center, Ice Arena, and the general recreation activities. For the last four years, the City's annual contribution to these two facilities has exceeded \$1 Million.

During the last few weeks, we have been working with Rink Management on a proposed contract. Attached is a copy for Council consideration. The key elements of the proposed contract include:

- The initial term shall be 5 years. We have the ability to terminate under certain conditions, including providing a 120 day notice.
- The City will terminate all of its employees on April 4 and Rink Management will hire all of the City's employees on April 5. Rink Management will hire all the employees at the City's rate of pay and will provide eligible employees access to Rink Management's benefits. As part of the termination by the City, the City will pay eligible employees their accrued PTO in accordance with the City's Employee Reference Manual. Once implemented, Rink Management will handle the future recruitment, hiring, and training all on-site employees using their systems-based method of operations. All existing staff will be trained with Rink Management in their procedures and operation expectations.
- Rink Management will provide the City a full financial report by the 15th of each month for each facility. This will include a balance sheet, statement of cash flows, a profit and loss statement, and the complete general ledger. We have reviewed the proposed standards with our auditors and are comfortable with the standards proposed.

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- The City will review an annual budget with Rink Management for both facilities. Fee increases and expenditure cuts will be discussed and approved by the City Council along with all other City departmental budgets.
- They will establish their risk management procedures at both facilities and will provide insurance coverage.
- Rink Management will work with us to develop a customer feedback system to measure quality control and find ways to make improvements to the operations.
- Rink Management will be responsible for all maintenance of the equipment and property.
- The City continues to be responsible for operating costs of the facility including: payroll, marketing, repairs, and maintenance. These will be managed by Ring Management on behalf of the City. The City will pay utility costs directly to the provider.
- Rink Management has reviewed the City's contractual obligations at both facilities. They have agreed to operate the facilities under the obligations already agreed to by the City and other parties.

Compensation Items:

- A monthly fee of \$7,000 (\$3,000 for the Ice Arena and \$4,000 for the Community Center).
- Payment of 50% of Gross Sponsorship Revenue for both facilities. The City will not be charged for the labor used to create the sponsorships.
- Rink Management shall receive 10% of the increase in gross revenues at the end of each calendar year, capped at \$40,000.

We have developed a proposed budget for the facilities. Copies are attached. With the implementation of the proposed contract, the City's total cost is estimated to be \$72,699. In review of the available cash in the funds, the majority of this cost can be handled with available cash. Any outstanding costs in the first year of the management agreement can be handled by the General Fund. If necessary, the City Council can consider an interfund loan with repayment over a two year period of time.

The difference between the current planned budget and the proposed contract with Rink Management is \$5,663. We feel that this additional cost is nominal to the broader benefits that the contract will yield.

Ms. Arntz added that upon approval of the contract, Rink Management CEO, Tom Hilgrove, plans to make a trip to Waconia to meet with staff one on one and start getting to know them. In addition, there are a number of operational items that we wish to start discussing and can at that time.

There are also have a handful of general operational items that will need to be addressed. They include: management of the Park Board, re-engaging the Commission on Aging, identify coordination of the reservations (courts, fields, gazebo, and parks, etc.), transition of all park maintenance and planning to Public Services, and many other tasks. We plan to work through these items with the Staff and the Personnel Committee during the next month. We plan to meet with the Park Board at their meeting in February to review these changes.

Council Member Ayers asked if any thought has been giving to keeping the community as engaged as they have been in the past with that strong sense of ownership.

Ms. Arntz responded by saying she hopes that the guests will notice good changes and realize that we have made an investment in the facility and operations on their behalf. That is the goal and expectation.

Council Member Ayers also asked if there will be opportunities for staff to have more advancement with different career paths

Ms. Arntz said it was shared with her that in the past employees have had the chance for advancement both in the company as well as other similar facilities.

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Council Member Carrier expressed that he had heard from many citizens that the budget is foremost the most important reason we need to address this. He also stated that a tremendous benefit to this contract is the 120 day clause that allows us to get out of the contract if things don't work out and we are back to it. This is a great way to practice some fiscal responsibility and turn this around on behalf of all the citizens.

Council Member Bloudek asked to have the clause about Risk Management and providing insurance at both facilities to be explained.

Ms. Arntz answered stating that just like renters insurance we own the facility but they would be required to carry insurance on their operations and activities.

Council Member Erickson shared that he felt that using a company like this with their expertise and experience will hopefully bring in more revenue and turn the deficit around. He then asked what Craig Sinclair's role would be as the only city employee at the facilities.

Ms. Arntz shared that in order for Craig to retire in October 2017 he would have to continue to earn service credits through PERA. In order to earn those service credits he has to be employed by a municipality. The point of the contract is to outline the perimeters of the agreement that allow that the city shift him into a part time On-Site Manager role at the Ice Arena.

Mayor Sanborn commented that this is a big change and we still have some parts to figure out. We are partnering with Rink Management because they bring knowledge and expertise that we just don't have. We have 2 great facilities for a city of our population but just not the budget to support it.

Motion by Erickson, seconded by Carrier to Adopt Resolution 2016-40, Approving Contract with Rink Management Service. All present voted aye. **MOTION CARRIED.**

EMPLOYMENT AGREEMENT: Susan Arntz stated that to honor the request from Craig Sinclair, we are recommending that the City retain Craig Sinclair as an employee of the City. This will allow Craig to maintain his PERA eligibility and provide for his full retirement in November 2017. We have created a proposed employment agreement that identifies that Craig will serve as an On-Site Manager at the Ice Arena and will work a minimum of one hour per month and will work no more than 30 hours per week on average. Craig remains an at-will employee of the City. The City would terminate Craig's employment as a Park and Recreation Director and would pay out half of the accrued PTO at the time of agreement execution, planned for February 26, 2016. The remaining half would be paid at the end of the contract term or if terminated earlier. Attached is a copy of the proposed agreement.

Motion by Erickson, seconded by Ayers to Adopt Resolution No. 2016-39, Approving Employment Agreement with Craig Sinclair. Erickson, Bloudek, Sanborn, Ayers voted aye. Carrier voted nay. **MOTION CARRIED.**

2016 Pay Equity Report: Angel Smith provided a brief overview stating that all municipalities are required to submit Pay Equity Reports to the Minnesota Department of Employee Relations. Prior to the 2016 report, which reflects data from 2015, the previous report was submitted in 2013. This reporting requirement is part of the Local Government Pay Equity Act of 1984, Minnesota Statutes Chapter 471.991 - 471.999 and Minnesota Rules, Chapter 3920. The intent of the pay equity legislation was to provide equal pay for equal work among male and female employees of each individual jurisdiction.

The Pay Equity Report is based upon "points" that are assigned to each specific job classification and the corresponding salary range of each job classification. The points for each job classification are determined based on the duties and responsibilities of each job position.

The salary ranges of each job classification, not actual salary paid to individuals, are used in the computation of the Pay Equity Report. The salary range information, along with other factors such as, job classification points and employee gender, is entered into a computer program provided by the Minnesota Department of Employee Relations for analysis. The report generated from this computer program is a statistical analysis of the predicted pay ranges in each job classification.

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Based on the required tests, the City should be found in compliance. This report has been provided to the Minnesota Department of Employee Relations and the final step is approval by the City Council. The Minnesota Department of Employee Relations will evaluate the data and render a determination of compliance at a later date. The next report will be due in 2019.

Motion by Bloudek, seconded by Carrier to Adopt Resolution No. 2016-45, Approving 2016 Pay Equity Report. All present voted aye. **MOTION CARRIED.**

ITEMS REMOVED FROM CONSENT AGENDA: None

STAFF REPORTS: Susan Arntz touched on Lane Braaten's appointment to the Regional Park Technical advisory Committee. She also informed the Council that the City has not received a completed application from Waconia Lanes to operate the bowling lanes, amusement machines and serve liquor. It is not that we have rejected the license; we don't even have an application to consider. She also updated the Council on the School District's Annexation for the High School project.

BOARD REPORTS:

Councilmember Erickson – No Report

Councilmember Bloudek – No Report

Councilmember Carrier – No Report

Councilmember Ayers – Attended Carver County Leaders meeting last week which focused on Carver Link Updates.

Mayor Sanborn – Attended a meeting for a proposed Mobility Management Advisory Board that would be created to provide direction for SmartLink system, operated between Carver and Scott County. There was discussion about appointing cities serve on the Board. Another meeting was scheduled for March and he will bring back more information.

ANNOUNCEMENTS:

ADJOURN:

Motion by Erickson, seconded by Carrier to adjourn the meeting at 7:57 p.m. All present voted aye. **MOTION CARRIED**

James P. Sanborn, Mayor

ATTEST: _____
Ann Meyerhoff, Office Assistant