

Draft Council Minutes

City Adm. Bldg. Owatonna, Minnesota Tuesday, February 3, 2009 7:00 o'clock P.M.

City Council met in regular session at 7:00 p.m. in the Council Chambers of the City Administration Building with Council President Thompson presiding. Present were Council Members Abraham, Moen, Wittrock, Svenby, and Thompson. Absent were Council Members Ellingson and Falk. Also present were Mayor Kuntz, City Administrator Busse, City Attorney Walbran, City Engineer Johnson, and Assistant City Clerk Hill.

Following the *Pledge of Allegiance* and welcome by Council President Thompson, Council Member Svenby moved and Council Member Abraham seconded approval of the agenda for February 3, 2009, with the addition of item 3.5d, Wastewater Treatment Facility Expansion and Upgrade Resolution No. 8-09. All five (5) council members present voting aye, the motion passed.

During *Public Comment*, Council President Thompson invited the public to comment on items not on the agenda. **Jeff Kath, 870 Richway Lane SE**, wanted to know the status of the easement the City was proposing for the southeast storm sewer trunk line and stated he did not understand the delay in receiving an easement agreement from the City with language specifying the restoration process for his property. City Administrator Busse apologized for the delay and asked City Engineer Johnson about the status of the appraisal. Johnson stated that he had received the appraisal in December and had drafted a formal letter making an offer. The intention was to take the appraisal and formal offer and meet with Mr. Kath and Ms. Barber to discuss it, which he would still like to do. Council Member Wittrock asked if it would be possible to set up a meeting time now, and City Administrator Busse asked Mr. Kath if he would like to set up a meeting anytime this week. Council President Thompson encouraged Mr. Kath to meet with City Administrator Busse and City Engineer Johnson for a discussion and then explained that they would bring a recommendation back to the Council during a regular council meeting. Council Member Moen requested a report on the status of all the property owners in line for the southeast field pond project within 30 days. **A. Gene Hinze, 782 Churchill Drive**, was present to express his thoughts about the 2009 City Election and concerns about the 2009 budget, expenditures, property taxes, and loss of his property value.

Council President Thompson summarized the expenses for the period. Council Member Wittrock, seconded by Council Member Moen, accepted bills presented for payment totaling \$526,282.21 on motion. All five (5) council members present voting aye, the motion passed.

Council Member Moen moved and Council Member Abraham seconded approval of the *consent agenda* items as presented. All five (5) council members present voting aye, the following list of consent agenda items was approved:

- **Minutes of City Council meeting held January 6, 2009.**
- **Application for Exempt Permit from MN Pheasants – Steele County Chapter to conduct a raffle** at Knights of Columbus, 820 South Elm Avenue, on March 14, 2009 (rescheduled from 2/7/09).

- **Application and permit for temporary on sale liquor license from St. Mary's School, 730 South Cedar Avenue, in conjunction with school fundraising event on April 18, 2009, from 4:00 p.m. until midnight, in the gymnasium.**
- **Board and Commission Minutes and Reports:**
 - ✓ Charter Commission Minutes of November 17, 2008.
 - ✓ Public Library Board Minutes of December 16, 2008.
 - ✓ Public Utilities Commission Minutes of December 23, 2008.
 - ✓ Fire Department Monthly Activity Report through December 2008.
- **Request to add Amy Scheuerell as a Personal Trainer at the Tennis & Fitness Center.**

During *Miscellaneous Actions*, City Administrator Busse presented a request for a .25 percent wage adjustment for nonunion employees retroactive to January 1, 2008, in order to maintain internal consistency and fairness in general wage increases and with the understanding that 2009 wages will be frozen. She explained that on October 31, 2008, the City underwent an arbitration proceeding requested by the Minnesota Teamsters Local 320 representing the police sergeants and corporals. The arbitrator awarded a 3.25 percent wage increase for police supervisors retroactive to January 1, 2008, which is .25 percent more than wages received by nonunion employees. She also noted that the adjustment would cost approximately \$8,215 and would be offset by Council action to approve a cap for the City's monthly contribution to health insurance premiums. Council President Thompson asked for the difference between the wage adjustment and the savings on freezing the insurance. Busse stated that insurance premium freeze would save the City over \$20,000, which would more than offset the wage adjustment. Council Member Abraham moved approval of this request; Council Member Moen seconded the motion. All five (5) council members present voting aye, the motion passed.

Next, City Administrator Busse reported on a request to amend the *City Policy & Procedures Manual* regarding health insurance and establishment of a maximum amount for the City's monthly contribution to health insurance premiums. Busse explained that the City has experienced significant increases in health insurance premiums over the years resulting in an increasing financial burden. In order to limit the City's exposure to these ever increasing costs, she stated that it is necessary to establish a maximum amount for the City's monthly contribution to health insurance premiums. Based upon the City's financial situation, market data, and the volatility of health insurance premiums, she recommended that effective March 1, 2009, the Council take the following actions: (1) amend the City's *Policy & Procedures Manual* to eliminate references to the City's contribution to health insurance premiums and clarify the role of the Employee Health Insurance Advisory Committee and City Council on health insurance plans; and (2) establish a maximum amount for the City's monthly contribution to health insurance premiums for nonunion employees at \$1,250 per month for the traditional health insurance plan and \$1,058.33 for the Health Savings Account plan and negotiate with union employees for the same amount. Busse further explained that limiting the amount of what the City contributes towards employee health insurance premiums would result in a savings for 2009 of \$20,697.30, and if the City were able to negotiate this cap with the unions, an addition \$42,000 could be saved. Bussed added that staff recommends approval of this amendment to set the maximum amount for the City's monthly contribution to health insurance premiums effective March 1, 2009.

Council Member Moen moved approval of this health insurance request, and Council Member Abraham seconded the motion. All five (5) council members present voting aye, the motion passed.

During *Resolutions*, City Engineer Johnson presented Resolution No. 5-09, "A Resolution Requesting the Minnesota Department of Transportation to Conduct a Speed Study," on U.S. Highway 14 from 21st Avenue NW to the west of 24th Avenue NW. Johnson reported that this past summer, a new traffic signal system was placed on TH14 and 24th Avenue NW to provide improved traffic movement and safety. He added that the existing posted speed limit of TH14 at this location is 55 mph. With the growth of commercial development in this area and the proposed extension of 24th Avenue NW to 26th Street NW, it is desired to have the speed limit reduced to 40 mph. Johnson further explained that speed limit changes can only be done after speed zone studies are completed by MNDOT and are determined to be warranted. He added that there would be no cost to the City for the study, and if a speed limit change is authorized, there may be some minor costs to the City to change the signage. Council Member Wittrock moved adoption of Resolution No. 5-09; Council Member Svenby seconded the motion. All five (5) council members present voting aye, the motion passed.

City Engineer Johnson presented Resolution No. 6-09, "A Resolution Receiving Report and Ordering 2009 Improvements," for the City's annual curb and gutter project consisting of four new curb and gutter streets, three reconstructed alleys, and ten overlays. Council President Thompson stated that Council had held a study session just prior to the council meeting on this topic, and in view of the budget situation over the next two years, he recommended removing a few of the projects and only doing the projects that are necessary at this point for maintenance, safety, or mandated by the State. Council Member Wittrock moved adoption of Resolution No. 6-09 with all of the projects listed, and Council Member Svenby seconded the motion. Council Member Svenby stated that he supported the St. Paul Road construction as a safety issue for the people using the aquatic center and one which will help the City generate more business. He also supported the Greenleaf Road SE and Greenleaf Place SE projects because the residents had petitioned in the past for their completion, and he felt it is time for the City to complete those roadways. Council Member Abraham felt the City needs to cut corners where possible to save money. Mayor Kuntz stated that with the possible LGA cuts of \$708,000 in 2009 and \$1.4 million in 2010 that the City is facing, the City needs to take some hard lines on spending. **Roger Plath, 1240 Robin Hood Lane SE and developer for Sherwood Heights**, summarized his experiences with the City as a developer and stated his reasons, including saving money for the City, for not moving forward with the improvements on Greenleaf Road. **Dan Dant, 1535 Greenleaf Road SE**, told Council that he was happy to hear that Greenleaf Road is on the list for improvement and maintenance of that road is an issue. With three (3) council members voting aye on roll call and Council Members Abraham and Thompson voting no, Council President Thompson declared Resolution 6-09 adopted as presented with a vote of three (3) to two (2). The total project cost of the improvement items in Resolution No. 6-09 is \$577,216 less the estimated assessment cost of \$249,646, which leaves the City with a cost of \$327,570. Council President Thompson reminded Council of the need to take a hard look at spending and saving costs moving forward. Council Member Moen pointed out that the St. Paul Road extension with a cost of approximately \$140,000 to the City protects the investment in the aquatic center and provides safe transit for children as they go out to the aquatic center. He stated that he supported the Greenleaf Road SE and Greenleaf Place SE projects with a cost to the City of approximately \$3,000, because they are a safety issue for the neighbors and

would be more of an irritant to the neighbors by not completing them since they had already petitioned for pavement of the road. **Mr. Hinze** asked about the status of the aquatic center. City Administrator Busse responded that Pool Together had reported that donations are coming in as expected, they have set aside a certain amount for pledge shrinkage, and the majority of the money pledged was from businesses rather than individuals.

City Attorney Walbran presented Resolution No. 7-09, "Resolution Authorizing Settlement Agreement in Probate Proceeding in the Estate of Henry Hartle and Gift to Owatonna Allina Hospital." He explained that Henry Hartle, a civic lead in the last century and CEO of the Owatonna Canning Company, died in 1961. His Will established a trust for his wife Harriet Hartle, deceased, and his daughter Virginia Hartle Jackson who died in 2007. Mr. Hartle had no surviving brothers and sisters. The Will provided for distribution of the residuary trust after Virginia's death as follows:

- 50 percent to Virginia's children or descendants;
- 20 percent to Henry Hartle's surviving brothers and sisters (there were none);
- 10 percent to the "Board of Control of the Owatonna City Hospital, Owatonna, Minnesota";
- 10 percent to the trustees of the Pillsbury Academy;
- 5 percent to the Methodist Church of Owatonna, Minnesota; and
- 5 percent to St. Paul Episcopal Church, Owatonna, Minnesota.

Walbran explained that JPMorgan Chase Bank, N.A. as trustee of the trust brought a declaratory judgment action in Texas to determine proper ownership of the 20 percent for Mr. Hartle's surviving brothers and sisters, the 10 percent to the City Hospital Board of Control, the 10 percent to Pillsbury, and 5 percent to the Methodist Church. There was no issue regarding distribution of 50 percent to Virginia Jackson's family or the 5 percent to the St. Paul Episcopal Church. Walbran stated that the Owatonna Allina Hospital will receive a bequest in the amount of approximately \$200,000 from the Estate of former resident Henry Hartle, deceased, as the result of a mediation settlement in a Probate Court proceeding in Texas, which is more than provided in the Will. It will receive 10 percent as provided for under the Will together with an additional 2.5 percent of the portion for Mr. Hartle's siblings, or a total of 12.5 percent. By resolution, the Council is asked to authorize the Mayor and City Administrator to sign the Settlement Agreement. Walbran added that under the terms of the Agreement, Allina agrees that all the money received from the trust will be retained and used for the Owatonna Hospital. Council Member Abraham moved adoption of Resolution No. 7-09; Council Member Svenby seconded the motion. All five (5) council members present voting aye, the motion passed. Council President Thompson thanked the Hartle Family.

City Engineer Johnson presented the added item 3.5d, Resolution No. 8-09, "A Resolution Approving Plans and Specifications and Ordering Advertisement for Bids," for the construction of the 2009 Wastewater Treatment Facility (WWTF) expansion and upgrade. Johnson explained that this project has been planned for many years and the purpose of the project is to reduce phosphorous effluent that goes in the Straight River from the WWTF. He also stated that the City is mandated by the MPCA to meet a new phosphorous limit of one mg/L by December 31, 2011. In order to facilitate this mandated requirement, staff is planning to go to bids on this project on this March 24, 2009, and hopefully award contract on April 7, 2009. Council Member Svenby moved adoption of Resolution No. 8-09; Council Member Moen seconded the motion. All five (5) council members present voting aye, the motion passed.

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During *Reports*, Council President Thompson asked City Engineer Johnson to provide a recap of study session held just prior to the council meeting regarding the flood and stormwater projects. Johnson reported that the southeast field pond and trunk line are pending as staff continues to pursue several funding options, and plans are scheduled to be on his desk for review this week. He added that they also continue to make application for alternate funding sources for the other pending projects and negotiate the land acquisition for the pond and easement acquisitions. Council President Thompson also thanked City Attorney Walbran for the timeline he provided at the study session.

During *Council Comment*, City Administrator Busse announced that the City will be hosting the annual joint city/county/school meeting on February 19 at 4:00 p.m. in the Arts Center at which each entity will provide updates on the budget situation as well as discuss strategies, collaborative efforts, and additional ways to work together to save money. Council Member Abraham reminded everybody of the Steele County Community Emergency Response Team class graduation program on Thursday, February 5 at 7:00 p.m. at the Owatonna Fire Department. Council President Thompson wrapped up with a reminder that February 14 is Valentine's Day and city offices will be closed on February 16 in observance of President's Day.

There being no further business to come before the Council, Council Member Wittrock moved to adjourn, and Council Member Svenby seconded the motion. All council members present voting aye, the meeting adjourned at 7:47 p.m.

Dated February 3, 2009

Respectfully submitted,

/s/ Deborah J. Hill, Assistant City Clerk