

## Draft Council Minutes

City Adm. Bldg.                      Owatonna, Minnesota                      Tuesday, June 16, 2009                      7:00 o'clock P.M.

City Council met in regular session in the Council Chambers, with Council President Thompson presiding. Present, Council Members Falk, Abraham, Moen, and Thompson. Absent, Mayor Kuntz and Council Members Svenby, Ellingson, and Wittrock. Also present, City Administrator Busse, City Attorney Walbran, City Engineer Johnson, Community Development Director Strand, Finance Director Svenby, and Assistant City Clerk Hill.

Following the *Pledge of Allegiance*, **Council Member Moen moved approval of the agenda for June 16, 2009, with the addition of item 2.2g – Application for Display of Fireworks/Pyrotechnic Special Effects from Owatonna Early Edition Rotary Club on July 4, 2009. Council Member Falk seconded the motion. All four (4) council members present voting aye, the motion passed.**

City Engineer Johnson presented Resolution No. 36-09, “A Resolution for Hearing on Preliminary Assessment,” for Council acknowledgement of preliminary assessment hearing and authorization to prepare a final assessment roll in September/October 2009 for the cost of the 2009 sidewalk repair project along 10 streets in the City. He stated that all affected property owners had been notified and given opportunity to be heard at the public hearing. Affidavit of Publication of Notice of Hearing and Affidavit of Mailing were available pursuant to Minnesota Statutes §429. Council President Thompson declared the public hearing on Resolution No. 36-09 open at 7:06 p.m. There being no one present wishing to be heard, **Council Member Falk moved that the public hearing be closed. Council Member Abraham seconded the motion. All four (4) council members present voting aye, Council President Thompson declared the public hearing closed at 7:07 p.m. Council Member Falk moved and Council Member Moen seconded the adoption of Resolution No. 36-09. All four (4) council members present voting aye, the motion passed.**

During *Public Comment*, Council President Thompson invited the public to make comments on any items not on the agenda. With no one present wishing to be heard, Finance Director Brad Svenby introduced Kyle Meyers of Abdo Eick & Meyers LLP who presented a draft Annual Financial Report for the City of Owatonna for the fiscal year ended December 31, 2008. Mr. Meyers noted that a final opinion would be issued once the Owatonna Public Utilities’ report was finalized by their auditor. He also stated that the City of Owatonna maintained its “Aa3” rating from Moody’s Investors Services, Inc. Financial highlights for the City of Owatonna included:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$187,533,847 (*net assets*). Of this amount, \$47,105,022 (*unrestricted net assets*) may be used to meet the City’s ongoing obligations to citizens and creditors.
- The City’s total net assets increased by \$8,832,933 as compared to an increase of \$8,844,702 in the previous year. The majority of this increase is attributable to special assessments and capital grants and contributions of \$5,053,373 in the governmental activities. Also, business-type activities contributed \$3,926,463 towards this increase.
- As of the close of the current fiscal year, the City’s governmental funds reported combined ending fund balances of \$23,938,697, a decrease of \$1,780,825 in comparison with the prior year. Approximately 48.6 percent, \$11,632,996, is *available for spending* at the City’s discretion (*unreserved fund balances*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$5,405,100, or 32.7 percent of total general fund expenditures.

- The City's total debt increased by \$1,032,174 (3.2 percent) during the current fiscal year. The key factors in this increase were the issuance of bonds totaling \$7,255,000 and retiring \$6,222,826 of long-term debt.

During the presentation, Council Member Falk asked if there was any indication of a city in distress. Mr. Meyers responded with no. He also noted that the City of Owatonna is being more efficient with the money they have than their peer second class cities with populations of 20,000 to 100,000. City Administrator Busse thanked Mr. Meyers and Finance Director Svenby and his staff for their hard work.

Next, City Administrator Busse introduced J.D. Burton from the Coalition of Greater Minnesota Cities (CGMC) to give a legislative update and share information about the CGMC and its lobbying strategies with the Legislature and the Governor. He reported on: (1) no changes for land use and annexation; (2) strategies for minimizing LGA cuts, which were lower than what the Governor had originally proposed; and (3) the CGMC summer conference July 29-31 in Brainerd. Council Member Falk asked if there was any way to find out how much money in taxes citizens send to the State compared to how much the City receives back in LGA from the State and about the possibility of LGA not existing in the future. Mr. Burton responded that the CGMC has not addressed a comparison of how much taxpayers pay into the State versus how much is returned to cities, and he thought it possible that LGA might be tweaked in the future. Council President Thompson thanked Mr. Burton for his presentation on camera for the citizens of Owatonna.

Council President Thompson recapped the expenses for the period. **On motion by Council Member Abraham and seconded by Council Member Moen, bills presented for payment totaling \$1,086,914.55 were accepted on motion with all four (4) council members present voting aye.**

**Council Member Falk moved and Council Member Moen seconded approval of the *consent agenda* items with the addition of item 2.2g – fireworks display permit for the 4<sup>th</sup> of July. All four (4) council members present voting aye, the motion passed, and the following list of consent agenda items was approved:**

- Minutes of City Council meeting held June 2, 2009.
- Request from Tonna Taxi Service to transfer taxicab license no. 2009-03 from 1999 Chrysler Town & Country to 2001 Ford Windstar SEL through December 31, 2009.
- Application for Short Term On Sale Malt Liquor License from Knights of Columbus for July 24 street dance in conjunction with Crazy Days (pending certificate of liquor liability).
- Outdoor Public Fireworks Permit for Owatonna Fire Department Relief Association for fireworks discharge on June 13, 2009, beginning at 10:00 p.m. at Steele County Fairgrounds, 1525 S. Cedar Avenue.
- Application for Exempt Permit from Minnesota Pheasants, Inc. to conduct raffles at Steele County Fairgrounds, Izaak Walton Building, August 18-23, 2009.

- Application for Parade Permit from Cultural Diversity Network of Steele County to hold parade on September 26, 2009, beginning at 11:00 a.m. at the Northwoods 10 Cinema on Allen Avenue.
- Renewal application for license to operate motorized activities at the Steele County Fairgrounds from the Steele County Free Fair for June 27 Enduro Race, regular fair grandstand events, and additional motor events as they are scheduled in 2009.
- Application for display of Fireworks/Pyrotechnic Special Effects from Owatonna Early Edition Rotary Club on July 4, 2009, at the Steele County Fairgrounds grandstand beginning at approximately 10:00 p.m. by Terry Hinkle of Precocious Pyrotechnics.
- Minutes and Reports:
  - ✓ Planning Commission Minutes of June 9, 2009.
  - ✓ Building Inspection Department Comparison Report through May 31, 2009.
- Request to close a portion of 15<sup>th</sup> Street SE between Lincoln and Truman for annual block party to be held Tuesday, August 4, 2009, from 6:00 p.m. to 9:00 p.m.

City Engineer Johnson presented a purchase agreement with Pro-Pet, LLC (formerly Land O'Lakes) for 5.81 acres of land, more or less, located at the southwest corner of 24<sup>th</sup> Avenue NW and Park Drive. He reminded Council of the December 5, 2007, Industrial Park Drainage Study prepared by Bonestroo for the City, which proposed several options to reduce flooding in the Industrial Park area. The construction of a storm water detention pond at the southwest corner of 24<sup>th</sup> Avenue NW and Park Drive was identified as a critical improvement to provide future protection from flooding. Johnson stated that based on an appraisal done for the City, an offer was made to and accepted by Pro-Pet, LLC. Johnson noted that the proposed storm water detention pond would be constructed in the future when funding becomes available, and the \$187,500.00 purchase price would be part of the bonding package previously approved by City Council. **Council Member Abraham moved approval of the purchase agreement with Pro-Pet, LLC, and Council Member Moen seconded the motion. All four (4) council members present voting aye, the motion passed.**

Next, City Engineer Johnson presented an agreement between the Rypka family and the City of Owatonna. He reported that after many months of negotiations, a final agreement had been reached with the Rypka family to allow the City to construct a storm water pond and install a trunk storm sewer pipe on their property. Johnson summarized the main points of the agreement describing the acquisition and easement areas and the work being done in these areas and outlining the requirements for annexation and future development of the Rypka family property. Johnson explained that the Rypka family had generously agreed to donate all the property for acquisition and easements in exchange for the City agreeing to reimburse the Rypka family for their out-of-pocket expenses for engineering, surveying, appraisals fees, and legal expenses not exceeding the sum of \$69,824.15. **Council Member Falk moved approval of the agreement between the Rypka family and the City of Owatonna; Council Member Abraham seconded the motion. All four (4) council members present voting aye, the motion passed.**

City Engineer Johnson reported on an Easement and Right of Use Agreement between Harvest Lane Property Owners' Association and the City of Owatonna. He explained that as required by federal and

state law, storm water must be treated before being discharged into public waterways or waters of the State. Johnson further explained that the northerly end of the 24<sup>th</sup> Avenue NW improvement project contains new storm sewer piping that will be discharged into the existing storm water pond, which is privately owned by the Harvest Lane Property Owners' Association, and the pond is located at the southwest corner of 26<sup>th</sup> Street NW and Harvest Lane NW. He stated that the agreement outlines the conditions, costs, and maintenance responsibilities for the Association and the City. Johnson reported that the City agrees to pay the Association a onetime discharge fee of \$7500.00 due at the time of acceptance by all parties, which will be paid for with sales tax money. **Council Member Moen moved approval of the Easement and Right of Use Agreement with Harvest Lane property owners' Association; Council Member Abraham seconded the motion. All four (4) council members present voting aye, the motion passed.**

Community Development Director Strand presented for Council approval a Civil Rights Excessive Force Policy for the City of Owatonna. He explained that the City is administering a Small Cities Development Program for Commercial and Rental Rehabilitation, and the U.S. Department of Housing and Urban Development requires an Excessive Force Policy for civil rights demonstrations within communities that receive funding under the Small Cities Development Program. Strand noted that Law Enforcement assisted in developing this policy and approved it as well. He added that with adoption of this policy, the City of Owatonna will be in compliance with federal requirements and may continue to receive Small Cities Development Program rehabilitation funds and administrative funds to administer the program. Council Member Falk expressed his disapproval of this federal requirement due to the vague language in the policy. **Council Member Abraham moved approval of the Civil Rights Excessive Force Policy; Council Member Moen seconded the motion. Three (3) council members voting aye and Council Member Falk voting no, the motion passed.**

During *Board and Commission Recommendations*, Community Development Director Strand presented the preliminary plat of Stadheim Addition, a 2.87-acre tract of land creating three commercial lots located north of East Frontage Road and west of Brady Boulevard. Strand explained that the plat is combining four existing lots into three new commercial lots. He stated that there are current businesses on proposed Lots 2 and 3, and Lot 1 would be used as the building site for a proposed office building in 2010. He added that there are a number of issues that need to be resolved on this plat including maintaining the required parking for the Carpet One building, payment of outstanding assessments, and constructing separate sewer and water services to the Worke Auto Repair building. Strand reported that after holding public hearing, the Planning Commission recommended City Council approval of this preliminary plat subject to the following conditions:

- 1) A written agreement between the developer and City to guarantee that parking requirements and setbacks are met within one year of the recording of the plat;
- 2) Planning Commission is approving the reduced setback for Worke Auto Repair;
- 3) Additional street right-of-way is provided at the corner of East Frontage Road and Brady Boulevard;
- 4) Sewer and water services to Worke Auto Repair are separated from Carpet One with its own services from the main;
- 5) Outstanding assessments are paid;
- 6) Wetland review is completed;
- 7) A drainage plan is submitted to and approved by the City; and
- 8) Easements are placed as recommended by City Engineering and OPU.

**Council Member Falk moved approval of the preliminary plat of Stadheim Addition with conditions as recommended by the Planning Commission; Council Member Moen seconded the motion. All four (4) council members present voting aye, the motion passed.**

During *Resolutions*, City Engineer Johnson presented Resolution No. 37-09, "A Resolution for Authorization to Execute Agreement with the Dakota, Minnesota & Eastern Railroad and the Commissioner of Transportation for the Installation and Maintenance of Railroad Crossing Signals with Gates at the Crossings on North Cedar Avenue and North Street." Johnson reported that recently the City received economic stimulus funding for the replacement of the bridge over Maple Creek and the reconstruction of North Cedar Avenue adjacent to the bridge. However, he explained, a federal law requires railroad crossings be upgraded with signals and gates whenever federally funded improvements are done within 300 feet of a crossing. Therefore, to receive the bridge funding, the City is mandated to approve the crossing upgrade project. The crossing project is being administered by the State of Minnesota and constructed by the DM&E Railroad Company. Johnson pointed out that the City is not responsible for any costs of construction or future maintenance or replacement. The City's only obligations would be to provide traffic control during construction and the appropriate advance warning signs and pavement markings. **Council Member Abraham moved the adoption of Resolution No. 37-09; Council Member Moen seconded the motion. All four (4) council members present voting aye, the motion passed.**

Next, City Engineer Johnson presented Resolution No. 38-09, "A Resolution Relating to Parking Restrictions on St. Paul Road from 26th Street NE to the North City Limit Line." Johnson explained that St. Paul Road is currently classified as a collector street and is expected to experience increased traffic volumes due to the opening of the aquatic center and other development occurring in the area. He stated that the street width on the east side of the roadway had to be narrowed to accommodate the bike path, which is located adjacent to the back of the curb. The reduced street width does not allow for safe parking along the east side. In addition, there are three right turn lanes on the east side that would conflict with parking. Johnson noted that the budget impact would be a minimal cost for "No Parking" signage paid from the operating budget. **Council Member Falk moved adoption of Resolution No. 38-09; Council Member Abraham seconded the motion.** During Council discussion, Council Member Moen confirmed with City Engineer Johnson that the five property owners affected were aware of the proposed parking restrictions. **All four (4) council members present voting aye, the motion passed.**

City Engineer Johnson reported that bids were received on June 9 for the 2009 Storm Water Treatment and Detention Ponds from ten (10) different companies. The lowest responsible bidder was Minnesota Dirt Works, Inc. of Lonsdale, Minnesota with a bid of \$137,674.28, which was \$11,108.77 or 7.5 percent under the Engineer's Estimate. Johnson added that this is a State Aid Project with Steele County paying for 61 percent or approximately \$84,000 of the cost and the City paying 39 percent or approximately \$54,000 of the cost. **Council Member Moen introduced and moved adoption of Resolution No. 39-09, "A Resolution Accepting Bid and Awarding Contract." Council Member Abraham seconded the motion. All four (4) council members present voting aye, the motion passed and contract was awarded to Minnesota Dirt Works, Inc. of Lonsdale, Minnesota.**

During *Contracts*, City Engineer Johnson presented Supplemental Agreement No. 2 (SA No. 2) with Mankato Electric, Inc. for the 2008 Traffic Signal Project at TH 14 and 24<sup>th</sup> Avenue NW. Johnson

reported that during this past summer, a new traffic control signal system was placed at TH 14 and 24<sup>th</sup> Avenue NW to provide improved traffic movement and safety. He explained that the new system has protected left turns for east-west traffic, which was required due to the 55 MPH speed limit. Johnson further explained that at the request of the City, MNDOT completed a speed study on TH 14 and determined the speed limit should be 45 MPH from I-35 to 28<sup>th</sup> Avenue NW, and MNDOT would be posting the new speed limit later in the summer. He stated that the reduced speed limit allows the City to modify the signal system to have protective/permissive left turns, which are consistent with all the other signal systems along TH 14 and Hoffman Drive. Johnson reported that the budget impact would be a lump sum cost to do the signal system modification of \$6,355.00 and would be paid for with sales tax funding. **Council Member Abraham moved approval of SA No. 2 with Mankato Electric, Inc.; Council Member Falk seconded the motion. All four (4) council members voting aye, the motion passed.**

During *Reports*, City Engineer Johnson provided a brief verbal update on the flood and stormwater projects. He reported that advertising for the southeast field pond storm sewer project began on Monday, June 15, bid opening is planned for July 14, award of contract on July 21, and construction expected to start around August with substantial completion by fall.

During *Council Comment*, Council President Thompson conveyed a reminder of Father's Day on June 21.

There being no further business to come before the Council, **Council Member Moen moved to adjourn. Council Member Falk seconded the motion. All four (4) council members voting aye, the meeting adjourned at 8:30 p.m.**

Dated June 16, 2009

Respectfully submitted,

/s/ Deborah J. Hill, Assistant City Clerk