

The Cannon Falls City Council met in a regular session on Tuesday, April 19, 2016, at 6:30 p.m. in the City Council Chambers. Present were Mayor Robby Robinson and Council Members Jay Sjoblom, Morris Mattson, Rodney Holst, Cathy Gallups, Merlyce Johnson, and Lynne Berg. Also present were Ron Johnson, City Administrator; Lanell Endres, Assistant City Administrator; Dave Maroney, Community Development Director; Tom Bergeson, Public Works Director; Greg Anderson, City Engineer; and Jacob Edwinston, Police Officer

Call to Order Mayor Robinson called the City Council Meeting to order at 6:30 p.m.

Pledge of Allegiance Mayor Robinson led in the recitation of the Pledge of Allegiance.

Approval of Agenda A motion was made by Council Member Johnson, seconded by Council Member Holst and unanimously carried, to approve the amended Agenda.

Public Input Ross Nelson, owner of Welch Mill Canoeing and Tubing, requested the use of Riverside Park as an access and offered to address any concerns. He expressed concerns that for the last month or so the river levels had been fluctuating significantly. He commented that he was uncertain of the reason for this but stated that recently this had stabilized somewhat. Mayor Robinson commented regarding a current construction project and efforts to increase the lake level, which might have led to fluctuating river levels. He requested that Police Chief Jeffrey McCormick be asked to look into this. Mr. Nelson indicated that he would also contact the Goodhue County Water Patrol. Mayor Robinson suggested also checking with Goodhue County Emergency Management, which could contact Dakota County to get more information. There were no concerns expressed by Council Members related to use of Riverside Park as an access point. Mr. Nelson indicated that he would forward his insurance information to the City.

Consent Agenda

- A. Just and Correct Claims – Accounting Period Ending April 14, 2016
- B. Meeting Minutes for April 4, 2016, City Council Meeting
- C. Resolution 2194, Accepting a Donation to the Library in Memory of Esther Senrick
- D. Approve Recommendation for 2016 SHIP Grant
- E. Police Parking Lot Use
- F. Resolution 2195, Accepting a Donation for the Fire Department
- ~~G. Application for Payment No. 2 for Third and Cannon Street Improvements Pulled by Council Member Gallups~~
- ~~H. Approve Legacy Grant Application for Third Street Bridge Design, Construction Scope, and Cost Estimate Pulled by Council Member Berg~~

A motion was made by Council Member Johnson, seconded by Council Member Holst and unanimously carried, to approve the Consent Agenda, minus Items G and H.

2016 Utility Rates

Rebecca Kurtz from Ehlers & Associates reviewed utility fund analysis results. She reported that the water, sanitary sewer, and storm sewer funds continued to be managed well and were in good financial health. Updates to the Capital Improvement Plan were detailed. Rationale was provided for proposed utility rate increases, including building sufficient revenues to pay for upcoming projects and to maintain operating revenues. Individual fund information was reviewed. Consideration of a 5% increase in water rates, for both flat rates and usage rates, had been recommended. Consideration of a 5% increase in sewer rates was also recommended. The storm sewer fund was discussed. Consideration of an inflationary increase of 2% for storm sewer rates for 2016 had been recommended. Yearly increases of 2% for the next couple years were recommended, gradually increasing up the rate in future years, in order to achieve established cash reserve targets. Ms. Kurtz discussed the benefits of gradual utility rate increases as opposed to large spikes. Residential and commercial impacts were reviewed. Utility upgrade plans were discussed. Current cash reserves and projected future fund balances were reviewed.

Mayor Robinson requested clarification of decreasing debt payments in 2022, which was provided. Council Member Gallups requested clarification of negative numbers, which was provided.

The Council was requested to call for a public hearing in order to allow public input with regard to the proposed increases prior to discussion of a resolution with regard to utility rate increases. Assistant Administrator Endres clarified that if the resolution was adopted, the new rates would be effective 30 days after publication of the resolution.

Council Member Berg requested clarification of the proposed rate increases. Ms. Kurtz clarified that the proposed rate increases would be for 2016 and they would continue to be reviewed and adjusted annually.

A motion was made by Council Member Johnson, seconded by Council Member Holst and unanimously carried, to receive the utility rate study and call for a public hearing to consider utility rate adjustments, to be held during the City Council meeting on May 17.

Resolution 2196,
Accepting Proposals
for the 2016 Street
Improvement Project,
West Side II

City Administrator Johnson provided background information with regard to the best value contractor bid evaluation process used for the West Side II improvement project. The procurement committee took into consideration the bid price along with performance on similar projects in the past, a risk assessment, and contractor interview information. A weighted point system was utilized. The committee recommended that the contract be awarded to S.M. Hentges & Sons. Administrator Johnson added that the bid price came in well under the engineer's estimate. City Engineer Anderson commented further with regard to the criteria that were utilized, which included only the base project and not the two alternates. He added that the recommended contractor did not submit the lowest bid but received the highest number of points.

Council Member Berg and Mayor Robinson commented with regard to the benefits of the best value method to procure construction contracts.

A motion was made by Council Member Johnson, seconded by Council Member Berg and unanimously carried, to adopt Resolution 2196, accepting the base bid for the West Side II public improvement project with S.M. Hentges and Sons.

Administrator Johnson provided background information related to the project alternates. It was felt that awarding of the base bid could be held up by discussion related to the two alternates, especially Alternate #1, the River Road water and sewer improvements. He added that strong sentiment had been expressed that Alternate #2, the pedestrian crossing of Highway 19 near the athletic field and Twin Rivers facility, should be funded by MnDOT. Administrator Johnson discussed proposed assessments. City Engineer Anderson provided additional information, stating that additional work could be added to the project as a change order. He added that decisions about funding and assessments would be at the discretion of the Council. Mayor Robinson and Council Members recommended additional discussion.

Carolee Stock, 104 Northwest Court, Cannon Falls, stated that she owned the property at 1014 River Road. She requested information related to potential assessments. She added that her contractor had been unable to make progress with Goodhue County related to installation of a new septic system. She indicated that if progress was not made, she would be unable to sell the property. Council Members commented that the cost of installing utilities to this

property, if assessed at 100%, would be extremely high. Mayor Robinson reiterated that additional discussion was needed by both the City and the affected property owners relative to costs and benefits. Administrator Johnson and City Engineer Anderson provided additional information with regard to estimated costs. Council Member Berg recommended that this topic be added to the agenda for the next Public Works Commission meeting.

A motion was made by Council Member Berg, seconded by Council Member Johnson and unanimously carried, to reject Alternates #1 and #2 of the West Side II public improvement project at this time.

Resolution 2197,
Providing for the
Competitive
Negotiated Sale of
\$2,630,000 General
Obligation Bonds,
Series 2016A and
Approving the
Municipal Advisory
Agreement

George Eilertson from Northland Securities provided background information regarding the proposed bond sale to fund the West Side II project. He commented that the City currently has a very strong credit rating of AA- with Standard & Poor's, which should result in favorable interest rates. He added that final bond sale would likely reflect a lower dollar amount. Council Member Gallups requested clarification of the bond sale. Mayor Robinson clarified that Resolution 2197 would authorize a bond sale of up to \$2,630,000, and Mr. Eilertson provided additional information related to the bond terms.

A motion was made by Council Member Johnson, seconded by Council Member Holst and unanimously carried, to adopt Resolution 2197.

Approve Legacy
Grant Application for
Third Street Bridge
Design, Construction
Scope, and Cost
Estimate

Council Member Berg commended City staff for putting together the information that was incorporated into the Legacy grant application for the Third Street bridge design, construction scope and cost estimate. Administrator Johnson provided background information with regard to the grant application process. He added that the 20% grant match would likely be covered by other State funding. Mayor Robinson and Council Members commented with regard to the benefits of this project. Council Member Berg inquired with regard to the water main underneath the bridge. Administrator Johnson indicated that funding sources for this portion of the project would need to be determined.

A motion was made by Council Member Berg, seconded by Council Member Johnson and unanimously carried, to support the Legacy Grant application.

Application for
Payment No. 2 for
Third and Cannon
Street Improvements

Council Member Gallups requested clarification of the Third and Cannon Street project, and City Engineer Anderson provided additional information.

A motion was made by Council Member Gallups, seconded by Council Member Johnson and unanimously carried, to approve the requested payment.

Staff Reports

Public Works Director Bergeson expressed appreciation to the Lions Club for painting the East Side Park shelter and to Interstate Building Supply for their assistance with new dugouts at Archie Swenson Fields.

Director Bergeson commented that he delivered 25 nuisance ordinance violation door tag notices, which would allow property owners about one month to achieve compliance. He provided a reminder regarding the upcoming City-wide clean-up day on May 21. He discussed mowing and maintenance activities by the Public Works Department.

City Engineer Anderson commented regarding the anticipated schedule for the West Side II street improvement project.

Administrator Johnson inquired with regard to the seal coat project, and City Engineer Anderson provided information regarding the bid process and the project area. Administrator Johnson commented with regard to State funding of \$51,000 received in 2015 that would be allocated toward this project.

Administrator Johnson provided an update with regard to the sanitary sewer bridge funding proposal, which was introduced by Senator Matt Schmit. Mayor Robinson provided additional comments in this regard.

Mayor and Council Reports

Mayor Robinson discussed recent communication indicating that the Highway 52 interchange would be closed for approximately 10 days beginning on April 25 to work on the roundabouts. He reviewed detour information and stated that MnDOT had been made aware of concerns related to the lack of communication with regard to this project. He added that communication was sent to Senator Matt Schmit and Representative Tim Kelly about this situation, indicating that this was another reason to push for the overpass. He apologized for the inconvenience to businesses and discussed concerns related to emergency access. He reiterated that the City was not made aware of this project sooner, adding that MnDOT has apologized for the lack of communication.

Mayor Robinson discussed his recent testimony at the State Legislature with regard to the sewer bridge, economic development, and health insurance costs. He indicated that he would be communicating with Congressional leaders with regard to taking action at the federal level with regard to altering the insurance rate pricing regions.

Adjournment The meeting adjourned at 7:32 p.m.

Adopted by the City Council of the City of Cannon Falls on the 3rd day of May, 2016.

Lyman M. Robinson, Mayor

ATTEST:

Ronald S. Johnson, City Administrator