

MINUTES OF A REGULAR MEETING OF THE  
INDEPENDENCE CITY COUNCIL  
TUESDAY, JUNE 9, 2015 –7:30 PM

1. CALL TO ORDER.

Pursuant to due call and notice thereof, a regular meeting of the Independence City Council was called to order by Mayor Johnson at 7:30 p.m.

2. PLEDGE OF ALLEGIANCE.

Mayor Johnson led the group in the Pledge of Allegiance.

3. ROLL CALL

PRESENT: Mayor Johnson, Councilors Betts, Fisher and Wenck,

ABSENT: Councilor Spencer

STAFF: City Planner & Interim City Administrator Mark Kaltsas, City Attorney Bob Vose, City Administrative Assistant Beth Horner, Public Works Director Larry Ende

VISITORS: Todd Hagen, Ehlers, Charles Schwartz, MSA

4. CONSENT AGENDA

All items listed under Consent Agenda are considered to be routine by Council and will be acted on by one motion. There will be no separate discussion of these items. If discussion is desired, that item will be removed from the Consent Agenda and will be considered separately.

- Approval of the City Council minutes from the May 26th, 2015 meeting.
- Approval of the Accounts payable; ending June 4, 2015, (Check numbers 15037-15063)
- Large Assembly Permit for Polo Club Fundraiser Event (August 2, 2015)
- Large Assembly Permit for Running of the Bays Half Marathon (September 12, 2015)
- Large Assembly Permit for Gala Fundraiser at 7075 Hwy 12 (June 13, 2015)
- Authorization to remove former City Administrator as official signer at Bank of Maple Plain.
- Approval of Joint Council minutes from the May 27, 2015 meeting.
- Approval of Special Council Meeting June 4, 2015.

**Motion by Wenck, second by Fischer to approve the Consent Agenda. Ayes: Johnson, Betts, Fisher and Wenck. Nays: None. Absent: Spencer. MOTION DECLARED CARRIED.**

5. SET AGENDA – ANYONE NOT ON THE AGENDA CAN BE PLACED UNDER OPEN/MISC.

- Johnson said we need to include an application by John and Kathryn Klinkner to go into Ag preserve in section 9 on County Road 92, and an expiration.
- Johnson asked Vose if he would like to add a closed session at the end of the regular meeting citing attorney/client privilege.
- Vose responded he could update the Council on the threatened litigation issues.

6. REPORTS OF BOARDS & COMMITTEES BY COUNCIL AND STAFF

**Fischer attended the following meetings:**

- Sensible Land Use Meeting
- Joint Council Meeting
- Special Council Meeting
- Planning Commission Meeting
- Met at the Kuka property

**Wenck attended the following meetings:**

- Sensible Lane Use Meeting
- Joint Council Meeting
- Met at Kuka property
- Special Council Meeting

**Betts attended the following meetings:**

- Sensible Lane Use Meeting
- Met at the Kuka property
- Joint Council Meeting
- Special Council Meeting

**Johnson attended the following meetings:**

- Joint Council Meeting
- Sent a letter in support of pipeline for Metropolitan Utilities Council
- American Experiment Annual Meeting
- Special Council Meeting
- Bid Opening
- Senior Community Services Board Meeting
- Orono graduation
- Toward Zero Death Conference
- Regional Council of Mayors
- Metro SAC Meeting
- Chamber of Commerce
- WeCAN Annual Meeting

**Horner attended the following meetings:**

- Planning Commission Meeting

**Kaltsas attended the following meetings:**

- Planning Commission Meeting

7. PUBLIC WORKS-GENERAL PROJECT

Public Works Director Larry Ende updated the Council.

Townline Road-he talked with the Orono Public Works Director about doing some repairs on that road. We will go in with them. We would put in \$2,000 for patches. Decided to let Medina develop

their part before we go in and do major work on it. He said they'd just make it drivable for now. Johnson asked if he knew how many lots are there. Ende thought about 30. He wasn't sure when contractor would come in but he'll keep an eye on it. Ende also mentioned graveling for 2015 was pretty much completed. They didn't do major roads, mostly spot-graveling. Started dust control today. Ende felt they should be able to finish tomorrow night.

Tuesday or Wednesday of next week he felt they would be able to start the tiling job on Iduhapi Trail, weather permitting. This is part of the project we did with the sewer lines. Then there will be some gravelling and dust control.

As far as bond bid, Ende thanked Kaltsas for stepping in. At the open house Norm commented on cracks on his road from the overlay that occurred last year. This will work, but Ende stressed to the board that overlaying is not the best method. We'd have to start from scratch in order to avoid that. If we had an unlimited budget that'd be different... Mark will present numbers. We have 15-18 manholes we'll be rebuilding. We have a company we'll be working with, and that's all they do. That will be a number that will show up. This was cheaper than having Knife River do it. Steve Winters couldn't be here from MSA, but Chuck Schwarze attended in his place, and was available to answer any questions.

Wenck asked how much it will cost to repair these manholes. Ende replied about \$600.00 and added that he shot high because they won't know until they open them up to see how many rings need to be replaced. Wenck asked the basis of how we're going to be paying for this. Ende said we're paying per unit-per manhole. It runs from \$300-600 per manhole. They still have more to look at. He said they want to make sure they get them all done.

Johnson asked if we had any major frost-boils on the gravel roads this year. Ende said we had minor ones on usual spots. The last two years we've been lucky due to the weather.

Betts commended the Public Works department for the repair they did on her road-Pagenkopf.

## 8. REVIEW AND AWARD 2015 STREET RECONSTRUCTION PROJECT BIDS. RESOLUTION NO. 15-06-09-02 – AUTHORIZE EHLERS TO PREPARE FOR SALE OF BONDS

Kaltsas suggested we do the financing part of it first.

Todd Hagen from Ehlers and Associates provided the Council with a pre-sales report. In May the abatement hearings were held. There is ample authority to issue up to 1.7 million of bonds. These bonds were proposed at 1.575 million which is well below. Ehlers wants to make sure they have room in the Public Hearing Notice to issue the bonds we need. The Pre-Sale report has a resolution for Council action for consideration for Hagen to have the opportunity to assist the city in seeking bids for the bonds that come back July 14. Bond issue 1.75 million GO tax abatement bonds to finance the 2015 street reconstruction project. The idea is to have the full faith and credit of the City behind these bonds, so the strongest security is going to be easily understood. Todd said they hope to get some banks participation too because the bond is at 10 years. Otherwise it's going to go out to the world. Johnson asked if there's a special notification to local banks. Hagen said they send official notices out to banks. Johnson asked what the going rate has been. Rates are up and down, but they're looking at about 2-3%. These are tax exempt, and bank qualified. Bond issues under 10 million, which is what

ours is, which is considered small, that will help attract small banks. Hagen said they're looking at about 8 year lock out which we hope will attract banks too. A graph is attached to reports showing 30 years. These would be payable with property taxes, an ongoing low interest rate bond for 10 years. This is large enough we feel a bond rating would be in order. They'll apply to Standard & Poor's which is a good fit for the City of Independence. A phone call with an analyst would be needed, and Hagen invited any of the Councilmembers to join that call. Johnson asked for further questions. Wenck asked if the \$39,000 was Hagen's fee. Hagen replied that it was Ehlers, Kennedy-Graven, Standard & Poor's, miscellaneous from the County for information they supply. Wenck asked if this was a fixed price. Hagen replied they were all estimates, which will be fixed on July 14. He said he assumes we want to keep our bond attorney, Kennedy-Graven. Hagen also recommended that we put an arbitrage policy and procedure in place. There are new boxes that have to be checked on the information returned before the IRS gets this. Ehlers has an arbitrage group that has policies general enough that follows the law the way it should. Ehler's or Kennedy-Graven could do this. Ehler's charges \$500.00 for this and can be in the bond issue.

Johnson asked for clarification in laymen's terms. It means you can't borrow this money and loan it out at a higher interest rate. Hagen said that was correct; that we can't make money on our money.

Johnson said that since the bids came in at a lower price, he asked if we could lower that amount of money borrowed a little. Hagen said we can, that we have up to a week before. We can send addendums. He said they go up, and they go down. In fact, the morning the bids come in, he'll call Beth and Mark to let us know how the bids came in, and if any adjustments need to be made we can do it then. If they're large enough they should be caught beforehand. Todd felt he covered all the high points and is available for any questions for the Council. There is a Resolution. Johnson clarified it's providing for the sale of the Tax Abatement Bonds Resolution No. 15-0609-02. Kaltsas said we'd format it correctly. Hagen confirmed that was correct.

Wenck asked if Attorney Vose had any comments. Vose said he did not, that it's been done before from his firm, and Todd's firm.

**Motion by Wenck, second by Betts to approve Resolution, Authorizing Ehlers to Prepare for Sale of Bonds. Resolution No. 15-0609-02. Ayes: Johnson, Betts, Fisher, Wenck. Nays: None. Absent: Spencer. MOTION DECLARED CARRIED.**

Johnson reiterated comment made by Hagen that the rate should be good for 8 years. Hagen said it's a fixed rate bond. Johnson said people don't want to borrow money and have it paid off right away. That translates into higher interest rates.

**9. REVIEW AND AWARD 2015 STREET RECONSTRUCTION PROJECT BIDS. RESOLUTION NO. 15-0609-01-ACCEPTING THE LOWEST RESPONSIBLE BID**

Kaltsas introduced this topic. There are 11 miles of road to reconstruct. Engineers estimate prior to bid was \$1,508,725. City did have several iterations of road projects that they looked at that varied in cost. Most comparable based on the amount of road miles was most recent engineers estimate that was \$1,508,725. City had 5 bids, and the lowest bid was from Knife River. Their bid on the road reconstruction part of the project was \$1,312,898 which was considerably less than was estimated by the engineer. Most of that is a result of a much better bituminous price. There are 17,000 tons of bituminous in this project, and the bid came in at \$57.00 per ton, and the engineers estimate was \$68.00 per ton. Total construction cost that we're looking at is \$1,515,574.74. We got to that number by the bid price of

\$1,312,898, and there's a construction contingency of 5% or \$65,644.90. The reason it's recommended we carry a contingency is because the specifications allow a tolerance in thickness of asphalt that's almost 5%, and there will be an unknown quantity of bituminous that's utilized in this project based on variable thicknesses in the road. Until they get there and lay it, they won't know the thickness or depth they need to get it level, and our roads undulate. So the engineers assume we want to carry contingency so we know we can pay for the project. Based on the specifications that they use, the specs allow a tolerance of 5% without any change order in the project, so that's what they're recommending. There's an engineering design cost of 3% that's in the project; most of that has been spent to this point based on the design of putting the project together. There's an engineering construction or inspection oversight of the project and there's a 5% fee that's being proposed. It's anticipated this will come down based on the type of project this is and also the likely time frame the project takes place. It's a quick project and it's likely there won't be as many hours needed on sight. Talking with Steve Winter at MSA he feels this number is high. What Larry alluded to earlier is that in some of the work that we've already done and some of the work we pulled out of the bid because we thought we could get a better price by contracting directly with the people who are doing the manhole repair. We have a \$20,000 estimate on the manhole repair. We think there's enough room in there that it could be lower than that and may be able to tighten that between now and the time we have to sell the bonds. Regarding the miscellaneous patching, there's already been some patching done that will be repaid by the proceeds of the bond sales. We have \$8,000 estimated in there, and actual pricing so far has been under that. Kaltsas felt it was about \$6,000 for the patching that's already occurred and Ende confirmed. Ende said that included 3 patches-here at the shop, Perkinsville and Pagenkopf. Kaltsas said there's miscellaneous excavating which is \$32,000 that we're contracting independently of the Knife River bid. Those totals make up the \$1,515,574.74 which was seen in the presale report. Betts asked who does the striping, and Kaltsas said Knife River does. This is in the contract that is being proposed. Ende said this also includes overlaying this parking lot. Kaltsas said that's included in the Knife River \$1,312,898 bid is the overlay and striping. The bids are here. The engineer provided The City with a tabulation of the bids showing the engineers estimate and the line item amounts. Knife River came in at \$1,312,898 with the next lowest bid coming in at \$1,473,742.65, so an increase between the lowest and the next lowest bid of about \$150,000. Johnson mentioned that at the bid opening Steve was very relaxed after opening the first bid since it was the lowest one. He added it's uncomfortable when the bids come in way over the estimate. They all have bonding. Kaltsas said there were 8 that inquired, and 5 bidders. Johnson said two of them were in the room. They appreciated the opportunity but didn't make it. If we want to accept the bid we have Resolution No. 15-0609-01 here, for Knife River Corporation. We are confident they'll do a good job.

Wenck asked what the process is; if we give notice to proceed after the bond sale, and asked when we'll begin the work. Johnson said later in the year. Kaltsas said we'd have sale of the bonds prior to commencing any construction. We'd notify them they were low bid and were awarded the project and proceed with bond sales. Knife River is anticipating a fall construction schedule. Betts asked for clarification, Ende said they needed to be done by October, so work would be about September-October. Johnson said that since we were flexible with a later time, we may have been able to get a lower bid.

**Motion by Betts, second by Wenck to approve Resolution No. 15-0609-01. Ayes: Johnson, Betts, Wenck, and Fisher. Nays: None. Absent: Spencer. MOTION DECLARED CARRIED.**

Johnson thanked Chuck and Todd for attending, and for their work. Johnson asked Ende if anyone has asked if any further questions on the Budd Street project. Ende said that if Maple Plain decides not to do anything, we could do just our 300 feet for \$9,000, but thinks we should do all 600 feet and hope someday we'd get reimbursed the \$9,000. Kaltsas said he attended their meeting last night and they hadn't made a decision yet. Wenck asked if there was anything we needed to do now that we've got the bids. Kaltsas said

he did get an updated number that we gave to them based on the bid amount, so now there are two scenarios we've presented to them. Ende asked about Medina, Kaltsas said not yet. Medina has half of Townline Road that was bid as a separate line item so now they have to meet with some residents. We'll need to propose this to them as a JPA or something. Once we have something we'll bring it back to Council.

#### 10. DISCUSSION REGARDING CONTRIBUTION TO MAPLE PLAIN ENTRANCE/PUBLIC INFORMATION SIGN

Johnson mentioned a proposal of helping Maple Plain with the cost of a new sign at the Fire Department. Johnson said he was shocked at the cost. Fisher and Betts agreed. Fisher felt we wouldn't receive any benefit or use from it, so based on the cost didn't feel it was worthwhile. Betts suggested possibly renting it when we have something to use it for. Fisher agreed with Betts. Wenck said he'd like to go the full half of the cost with Maple Plain to be the partners we're trying to be. With a number cars going by every day and our name on the sign, that we'd get PR out of it. Fisher didn't think they planned on having both our names on it, Betts agreed. Fisher said it wasn't on the example. Johnson said it wasn't on the drawing. Kaltsas said one option Maple Plain discussed if we went in 50% on the sign, they would consider including our name on it. Johnson said he liked that since we have a part in the fire department, I'd like to see 10%-15% and us, I don't feel obligated at all to go very far. Fisher wondered if the budget would even allow this. Kaltsas said he'd come back with a recommendation as to where the funds would come from. Johnson suggested tabling this item until we know what our budget will allow us to do.

**Motion by Johnson, second by Betts to table this item until we can follow up on the budget for further clarification. Ayes: Johnson, Betts, Fisher and Wenck. Nays: None. Absent: Spencer. MOTION DECLARED CARRIED.**

#### 11. AG PRESERVE APPLICATION

Johnson stated John and Kathryn Klinkner are reapplying for Ag Preserve in section 09, on County Road 92. They want to reapply as their expiration has come due, and they have also applied to terminate it again in 8 years. Normally this is a consent agenda item.

**Motion by Wenck, second by Fisher to place 3760 County Road 92 (PID # 09-118-24-13-0001) property owned by John and Kathryn Klinkner again into the Agricultural Preserve program, and reapply for termination again in 8 years. Ayes: Johnson, Betts, Fisher and Wenck. Nays: None. Absent: Spencer. MOTION DECLARED CARRIED.**

#### 12. COUNCIL RECESS

Johnson announced the meeting would recess so the Council could go to the Conference room to attend the Attorney Client privileged meeting. Vose mentioned this is to discuss claims threatened by a former City Administrator related to employment issues. Vose said there is no legal obligation to leave the t.v. on, so as a matter of courtesy to him, he doesn't need to stay. Johnson dismissed the media personnel.

**The Meeting recessed at 8:18 p.m.**

**Council re-convened at 8:30 p.m. from the closed session.**

#### ADJOURN

**Motion by Wenck, second by Fisher to adjourn the City Council Meeting at 8:35 p.m. Ayes: Johnson, Betts, Wenck and Fisher. Nays: None. Absent: Spencer. MOTION DECLARED CARRIED.**

Respectfully submitted,

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Beth Horner, Administrative Assistant