City of Columbus
Regular City Council Meeting
Hybrid Interactive Technology Format
MN Statute, Section 13D.021
06.12.2024

The 06.12.2024 meeting of the City of Columbus City Council was called to order at 6:03 p.m. by Mayor Jesse Preiner at City Hall. Present were Councilmembers Rob Busch, Ron Hanegraaf, Janet Hegland and Sue Wagamon; Interim City Administrator Jack Davis, City Attorney Bill Griffith, Public Works Director Jim Windingstad and City Engineer Kevin Bittner

Also in attendance: Senator Michael Kreun, Principal Environmental Engineer Brian Guldan with Bolten and Menk, and Myron & Cindy Angel

Not in attendance: None.

A. CITY COUNCIL REGULAR MEETING

1. Call to Order Regular Meeting – 6:03 p.m.
2. Pledge of Allegiance
3. Adoption of Agenda

Motion by Mayor Preiner to adopt the June 12, 2024 Agenda as presented. Seconded by Councilmember Wagamon. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

B. CONSENT AGENDA

1. Approval of the May 8, 2024 City Council Meeting Minutes
2. Approval of the May 22, 2024 City Council Meeting Minutes
3. Approval of Planning Technician Step Increase
4. Approval of Bill Payments as Posted

Motion by Preiner to approve Consent Agenda Items Nos. 1-4. Seconded by Hegland. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

C. PRESENTATION

1. Public Open Forum

No participation.

2. Senator Michael Kreun Presentation

Senator Michael Kreun gave an update on the 2024 Legislative Session. He noted this was a non-budget year in the legislature, which is known as a bonding year. Unfortunately, they did not get a bonding bill passed. He noted Hornsby Street Project was in the bonding bill, but it was not passed. However, he indicated now there has been a precedent set for bonding bills and hopefully Hornsby Street would eventually be funded.

Senator Kreun explained the fiscal disparities issue and the implications it had for the City of Columbus. He noted this would be one thing to discuss before going into the next session and to reevaluate their strategy (change formula vs financial remedy from another state fund) as an approach to address this matter.

Senator Kreun noted the Sports Betting Bill also did not pass. This was not a good bill for Running Aces as it would not have given a sports betting license to the non-tribal casinos, which would have caused a significant revenue hit for Running Aces. He summarized what they were able to negotiate in the final Bill.

Senator Kreun stated one piece of good news was that there was money allocated for the small cities' assistance account and he believed, based on Columbus' population, the City may be eligible for some funding.

Senator Kreun summarized the transportation funding from last year which included motorcycle lane splitting which is now allowed with parameters, a red-light camera pilot program, and disallowing towing for parking tickets.

Senator Kreun saw transportation taking monies from the trunk highway fund to pay for non-trunk highway projects. Those funds should be going exclusively to roads, bridges or other trunk highway expenses.

Preiner asked if bicycle paths were one of the items. Senator Kreun responded that was one of them. Preiner asked how could the State go from a $19 billion surplus to going in the negative the next year. Senator Kreun responded the short answer was that the State budget went from $15 billion to $72 billion.

Preiner asked where did the money go? Bicycle trails? Parking lots? Senator Kreun responded it went to many projects and that housing and education were the big winners in fund allocations.

Senator Kreun explained the Uber/Lyft Bill and how that should have been handled differently. He explained that an omnibus is a combination of many bills and this year there was a 1,400 page omnibus bill which contained a combination of omnibus bills. He noted they had solved the school resource officer situation and the officers were back in the schools. He stated the Sanctuary State Bill was "killed" and did not go anywhere.

Senator Kreun stated he was able to get seven Bills passed. Busch asked if there had been bipartisan partnership with the Senator to get seven Bills passed. Senator Kreun responded there was intentional bipartisanship that took place and explained the process.

Busch noted while the Senator had gotten his Bills into the Omnibus Bill, he was then forced to vote against it. Senator Kreun responded he wasn't forced to vote against them, but he chose to vote against them because they were in an Omnibus Bill and there were one or two bills that were really bad. In that situation, the senator stated he had to vote against the Omnibus bill. He indicated while it was still possible to get stand-alone Bills passed, it did not happen very often.

Wagamon thanked Senator Kreun for all of the work he has done and for reporting the information back to the City. She asked what was needed for Running Aces and did he foresee the next year when it went through the entire negotiation process again, would that piece he negotiated to minimize harm to Running Aces be taken out. Senator Kreun responded that, technically, all Bills that did not pass were dead so starting next year, everything would need to be done from scratch. He noted it depended on who was going to author a Sports Betting Bill and what they put into it. He stated if there was anything less than his negotiated Bill, it would run into the same problems the Bill this year had and it would not be in a position to pass until they genuinely started working with Running Aces and Canterbury. He stated this would all depend on the outcome of the House of Representatives election.

Wagamon asked when Senator Kreun's term ended. Senator Kreun responded he was not on the ballot until 2027.

Hegland thanked Senator Kreun and noted she had worked closely with him on fiscal disparities, appreciated him being responsive and attentive to the City's needs and his willingness to do the hard work. Senator Kreun responded he had learned a lot about fiscal disparities and as long as he was entrusted to represent the voters, he would keep working on this until they get it done which he hoped would be sooner rather than later.

Hanegraaf also thanked Senator Kreun.

Busch thanked Senator Kreun and noted it was interesting to see the outcome of the Sports Betting Bill. Senator Kreun responded that Bill was a stressful issue for him because Columbus largely depends on this one business for its large property tax contributions, he wanted to represent the constituents wishes, and this was a very local issue.

Preiner noted Running Aces and Canterbury were not the biggest thing in the world and he did not understand how there could be so much opposition. Senator Kreun noted he did not know anyone's motives and he could not speak for the people that did not support it or that supported tribal exclusivity. He indicated there were legitimate arguments on both sides of that issue and he had tried not to take a firm position on sports betting itself.

Preiner asked why "pick on the little guy". When they looked at the money they took in and what was paid to the city was "small potatoes" compared to $18 billion they just threw away and being $10 billion in the hole for next year. Senator Kreun responded there were a lot of things that were going on right now in terms of the law that affect businesses. He indicated they might hurt business in general, but the big businesses were much better equipped to handle some of the new regulations, and it was the small businesses that had a hard time navigating through the complex regulations and programs.

Preiner asked Senator Kreun's thoughts on whether they could have a different outcome on the next election to correct some of this. Was it correctable, or was it cast in stone? Senator Kreun responded he believed nothing was cast in stone and that any law was passed could be repealed. He indicated the legislature should spend more time on identifying laws that should be repealed rather than adding new laws.

Preiner asked Senator Kreun if he had enough fight in him for two more years. Senator Kreun responded he did and it was an honor to be at the Council meeting. He thanked the Council Members for their questions and for the opportunity to speak.

3. Part Time Employee Approval – Connor Keith

Hegland stated this was a housekeeping matter previously discussed and recommended the Council take formal action to approve the part-time position for Connor Keith for website management until they finished doing the City's organizational development. Hegland noted that the part-time position would:

- Report to and receive direction from the City Administrator to work up to and not exceed 10 hours per week on website updates/postings and other social media outlets as required;
- Receive his previous hourly rate of pay ($29.83) with no benefits for the part-time position with the exception of mandated FICA , ESST (earned safe ad sick time) and PERA contributions;
- Be assigned a temporary city email address to run concurrent with the term of the part time position;
- Be expected to respond in a timely manner to those assignments relating to these duties; and,
- The term of the part time position is expected to be concluded in the calendar year 2024 and the City retains the right to terminate this arrangement at their will.

Motion by Hegland to approve the part-time employment of Connor Keith as represented in the June 12, 2024 meeting packet. Seconded by Wagamon. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

D. STAFF & CONSULTANT REPORTS

1. Engineer Report – Final Water System Study Improvement Report

Bittner stated this item was the final water system study improvement report which would be presented by Brian Guldan.

Brian Guldan, Principal Environmental Engineer with Bolton and Menk, presented the final water system study improvement report. He noted the purpose of the report was to look at both the immediate and long-term needs of the water system so the City could plan, budget, and meet approvals from the Department of Health and to move forward with obtaining funding. Mr. Guldan gave an overview of the historical water usage.

Mr. Guldan noted if one of the City's wells was out of service, the remaining wells had sufficient capacity to meet the City's demands. He stated one of the main system needs was the water storage and distribution. He indicated the City could end up becoming short on system storage as they added more and more users to the system. He reviewed the numbers for the future system storage noting it would take some major expansions in adding commercial users before the wells were a limiting factor.

Hegland noted the historical water usage peaked in the summer months. She asked if the peak was because of Running Aces. Mr. Guldan responded that the majority of that would be irrigation.

Windingstad noted Running Aces was a huge factor but it was also the irrigation among many businesses and residences.

Hegland asked if there was a way to segregate the water that went to the hydrants which would be non-treated water. Mr. Guldan responded they could potentially bypass the treatment facility.

Hegland noted that if they would be able to bypass the treatment facility for any high use amounts that would not require treatment and it would mitigate that problem that should be done. Mr. Guldan responded that if manganese were regulated, then they would not be allowed to bypass the filter. He noted there is a health-level regulation and the minute the water enters into the public water system; they needed to meet the limit and would not be allowed to bypass the treatment process if the level of manganese were regulated in the future.

Hegland stated concern since the current system was not a capacity problem, but more of a synchronization of the pumps, she would like to see the synchronization problem looked into more thoroughly before she would be comfortable even considering the improvements. She indicated she would want a serious study of what options they have and a determination of whether there could be a way to optimize what they have at a much lower cost than putting up a water tower. Mr. Guldan noted part of the problem with the system right now was that the

pressure tanks are too small to be able to buffer the changes and flows the City had. He stated that to address those concerns without a tower, they would need facilities with bigger pressure vessels so they could manage those swings in usage. He noted there was one alternative to a water tower, which was the hydro pneumatic tank option. He explained the cost differences between the two and the purpose of the pneumatic tanks.

Windingstad stated one of the bigger problems they had with capacity was that it was not in the right location. He noted the biggest issue was that it took the system a long time to figure out what was going on and where it was happening and it was not necessarily capacity or the volume of the wells.

Hegland stated she understood, but before she was willing to make a $20 million investment, she wanted to make sure there wasn't a way to optimize what we have. She asked if this could be solved without putting in a water tower. Mr. Guldan responded they had done that from a broader viewpoint, but as far as detailed analysis and bringing in people to analyze the system on a deeper level, that was not the intent of their report He also noted that water towers did not provide more water so needing more water was not solved by a water tower because they needed the water to come from a source. He stated a water tower had two main purposes, which were to buffer out high demands and fire equalization.

Mr. Guldan stated the City had an issue with coupling together multiple different tank systems, that as a group did not function very well. He noted if the City had the ability to dictate which well they run more frequently, that would help with the water quality. He indicated combining the system so they did not have different wells trying to run together to maintain pressure would allow them to run the well that had better water quality as the primary well, which would put less manganese into the system and this would help address the quality issue as well. He stated that would be one side benefit of having a more robust system that was easier to operate and they could pick the well with the best water quality and run that as much as possible.

Preiner stated the prices were shocking to him. He asked if there was any benefit to having conversations with users with irrigation systems to cut back or only use them during certain times when nobody was using water. Mr. Guldan responded it could make some strides, but he did not know enough about the specific usage and times to say that they were really solving anything.

Hegland asked with respect to fire, was that measuring what they would take from a hydrant, or the fire suppression in the businesses, or was it a combination of both. She noted the City had a joint powers fire agreement so if there was a big fire in the City, they would get firefighters from Forest Lake. Mr. Guldan responded that a joint powers agreement would need to be factored in.

Windingstad explained what would happen if a business's fire suppression activated. He noted

fire suppression systems were designed for the worst-case scenario, which was why they take their biggest well out of service and say that was really what the capacity was, because sometimes they might have trouble.

Mr. Guldan asked how much risk were they willing to live with if all of a sudden there was a problem at a really bad time. He acknowledged these were hard decisions for the City Council. He asked how much of a robust system did they want to have.

Hegland indicated she appreciated that, but in Columbus, only a very small portion of the City is served by the public water system. She noted if she had a fire in her neighborhood, it would not matter what kind of a water system the City had as they had no hydrants and were on well water. She indicated a pumper tank would have to be filled and used as a water source for fire protection. She stated she was not minimizing this, but that was part of what the Council was weighing.

Mr. Guldan stated this was for people who were connected to the system and not the people who were not on the system as those people would not be affected. He noted this was not just about the current residents, but about who was going to connect over the next 30 years.

Busch asked if they were going to tax all of the residents of the City for a small sliver of people who were on the system or would they only tax the people who would be using the water. Windingstad responded it would only be the users of the system.

Mr. Guldan noted the projects were typically paid through the user rates. He indicated this would not be a tax.

Hegland noted, that assuming this would happen, it would be just like when they put in the existing infrastructure and there would be years of running a deficit that would get subsidized by everybody else until it was able to break even.

Mr. Guldan stated if Columbus went through the State of Minnesota for funding, they were going to look at the City's financials. So, if they were not subsidizing it, it should be coming from the user rates. Hegland did not believe there would be enough users to justify some of the costs that were projected.

Hanegraaf asked if Mr. Guldan saw cities buying water. He noted everyone that needed water was on the edge of Forest Lake, who had a large water plant. Mr. Guldan responded he had seen that and there were multiple interconnections around the metro area, but the source city needed to be able to supply the extra water would have to be worked out.

Griffith reminded the Council that they had asked Forest Lake on at least two occasions if they would be interested in a joint operation and Forest Lake had turned the City down.

Hegland stated one of the things they would think about was putting on sprinkling bans or certain times when irrigation could be used, which might help smooth things out a bit. She recommended the City also talk to Running Aces about whether they could fill their truck at off peak times. She acknowledged this would not be a forever solution, but it would buy the City some time.

Preiner noted that would take the stress off the system for now.

Bittner requested Mr. Guldan be allowed to complete his presentation. Mr. Guldan summarized four different alternatives along with the costs including looking at the bigger hydro pneumatic tanks to supply pressure to the system; putting in a water tower; and, adding treatment for manganese even though treatment was not being recommended at this time.

Mr. Guldan stated his recommendation would be for the water tower and not the hydro pneumatic tanks because it was going to provide long-term flexibility over the system and over the life of the infrastructure. He explained the tanks would actually end up costing the City more because the tanks would need maintenance and down the road, tanks were probably not going to be able to help the rest of the system and the City might need to put in a water tower anyway.

Davis asked what size tank was Mr. Guldan recommending. Mr. Guldan responded a 350,000-gallon tank would be preferable. He showed the Council the three different site locations they were looking at for facilities with site three being the preferred option.

Hanegraaf asked with option three, did the City need to purchase land. Mr. Guldan responded the City would need to purchase land. He indicated even if it were just for a water tower, if they were going to put the tower up, it would be recommended to purchase enough that they could put in a treatment facility there in the future.

Hegland asked if there was a good site on land that the City already owned or would we have to purchase another site.

Windingstad noted some of the things they have to look at when they were planning this was about future water treatment and they would have to run a separate line from the well to that water treatment facility. He indicated that if they were to put it up in the northwest or the northwest corner where the City owned property, and if they decided to do water treatment in the future, they would have to run pipes from all three of the wells to those locations. He stated location three was somewhat centrally located in the water system, but also centrally located between the three wells.

Busch asked if this was something the Council needed to take action on tonight.

Hegland asked for an explanation how the study fits together with the process. Mr. Guldan responded with respect to funding, they do require some analysis to be done on what options they were looking at. He stated it didn't need to be a specific format or report, but they did want the analysis done on the options. Later, if something changed, they could submit revisions or a different plan and easily change the funding formula.

Hegland asked about the timeframe on this. Mr. Guldan responded there was no specific prerequisite on this and once they were on the funding list, they would keep them on the list for five years whether the project was done or not. However, if they did the project, there were steps to take to move them up the list.

Hegland asked if this study was just to help them to further the discussion of what alternatives to pursue. Bittner stated when they started this process, they needed to identify in clearer terms what the real issues were with the water system, how did it operate, and what did they need to do to address those issues. He stated the Council did not need to take any action on this at this meeting.

Davis asked if land acquisition was an eligible cost for some of the low interest loans. Mr. Guldan responded it was and if they moved forward with a project, the cost of this or future studies could be submitted for reimbursement and get lumped into that loan. He indicated the funding package would not get finalized until they actually bid a project and at that point, they could get reimbursement.

Hanegraaf inquired about the five-year timeframe for prior incurred costs. Mr. Guldan responded he believed they have set three years for prior costs unless there were other circumstances that would allow them to extend that, but the application to get on a funding list was for five years.

Preiner asked if the interest rate was two percent. Mr. Guldan responded that the State funding program was set up to help municipalities fund water projects and he believed they would get funding for a water tower. He indicated the interest rates varied, but it was going to be well below market. He noted if they accepted alternative number two at roughly two percent interest with a $4 million loan, it would be about $240,000 a year in loan payments, interest and principal.

Preiner stated if that amount were put on people's water bills, they would "go berserk." Hegland did not believe there were enough users who could do that unless the project was run in a deficit and subsidized with levying. Preiner believed it got paid back through the general fund.

Davis explained from a financing standpoint, their issue was the small customer base and low usage. He indicated they would have to do several models to see what the feasibility of it was

and what it would do to people's water bills, which would be another part of the decision making. He stated they would have to do an analysis to make sure that this would be sold politically and from a practical and economic standpoint as well.

Bittner noted another item is that there are a number of people who were not connected and have never been required to be connected.

Davis noted that there were 30 structures not connected and that did not account for the vacant properties. He believed one thing they would be looking at soon was to get those people connected, which would provide additional revenue but probably not enough to cover the projected costs of the project. He indicated they needed to project what the capacity needs were at total build out of their service area, and develop projections to help determine the City's ability to pay for this from user and connection fees.

Hegland stated when they were talking about a $240,000 a year bond payment, when the total City budget was $5 million, that was a big percentage to add onto the City budget.

Bittner believed the first step would be connecting the 30 structures that were not connected to help spread the cost. He indicated when the old system went in, it was with the intent that at some point, everybody being served would need to connect in order to pay for the system, but that did not happen.

Hegland stated she was surprised people were not connected as she thought she had been told that they were connected. Busch believed two were forced to connect.

Hegland stated she remembered being told a year ago that the City was finally in the black on the enterprise funds and everybody was hooked up or would be hooked up soon. But that was not true so now they need to make sure that happened. Davis believed that the current balance in the enterprise fund was sufficient to cover their basic operational costs but there were still some costs being absorbed by the city. Davis noted there were still some vacant properties that were not connected and the decision needed to be made what to do with those properties. He stated the properties with structures were the ones the City was trying to develop a way to encourage them to connect as soon as possible.

Wagamon asked if the next step was to look at the scenarios they would run. Davis responded it was and they needed to look at it in more detail from the financial side, the City's ability to pay, along with seeing if the City qualifies for any grant funds and then work and see if there is a formula that would make it cost effective to consider the options presented.

Bittner believed the next step might be a rate study to determine the impact of $4 million on the rates with and without the 30 users. Griffith noted another funding option would be the bonding bill.

Wagamon believed this was discussed at a workshop and they were told the only option was a low-interest loan. Mr. Guldan noted there were grant programs, but the City would not qualify for them, so direct bonding was probably going to be their best avenue to get whatever project they want to fund.

2. Attorney Report

Griffith stated that the contract for the City Administrator had been completed. He reviewed the agreement including the salary, vacation days, time accrued effective June 1, a termination provision for both the first and second year. He noted all of the changes went through the Personnel Committee and they were recommending approval. He stated he had one change to Resolution 24-04 , this should describe the change in which he reviewed. He believed the process went very smoothly and the parties were happy with the process.

Busch asked if the vacation and sick leave were similar to what the previous City Administrator had received. Hegland responded the vacation and sick leave would accrue at the same rate as all employees. She noted because Davis was starting at zero, he was asking for 10 days to be front loaded for this year only and that was not an ongoing request. She noted Davis's salary was higher than the previous City Administrator's salary, but the salary was in line with other communities of their size.

Motion by Wagamon to adopt Resolution 2024-04 sent to the City Council on June 10, 2024 as attachment to the June 12, 2024 meeting packet, with the exception of a change in Section 13(a)(i) to add first year or second year of the agreement. Seconded by Hegland. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

3. Mayor & City Council Member's Report

Hanegraaf inquired about the City's dynamic sign not working. Davis responded the west side worked perfectly but the east/south side was non-operational. He noted the City was getting some quotes for repairs. He indicated this reader board might need to be replaced at some point in the future as there are a lot of electronic components in it.

Hanegraaf requested that Forest Lakes hazardous waste and electronics drop off event be put on the City's website.

Wagamon stated she had no report.

Hegland summarized the June 6, 2024, Sunrise River WMO meeting and noted their next meeting was on September 5, 2024.

Busch noted that Blaine Brothers/Truck Alliance had their grand opening and it was a good event.

Preiner stated the Blaine Brothers/Truck Alliance grand opening was a nice event which most of the council attended and he looked forward to the business representing the City for many years to come.

4. Planning Commission Report

No report.

5. EDA Report

No report.

6. Public Works Report

No report.

7. City Administrator's Report

Davis thanked the Council for the opportunity to be the City Administrator and stated he looked forward to serving the City Council and the residents of Columbus for many years to come.

8. Personnel Committee Report – City Administrator Employment Agreement

Previously addressed above.

E. ANNOUNCEMENTS & REMINDERS

- Planning Commission Meeting June 18, 2024, at 6 p.m.
- City Hall will be closed on June 19, 2024 for the Juneteenth Holiday
- City Council Meeting, June 26, 2024 at 6:00 p.m.
- Absentee Voting starts – City Hall 8:00 a.m.
- Calendar of Meetings

F. CLOSED SESSION – The City Council meeting will be closed to consider offers to purchase City-owned real estate identified as PID 23-32-22-12-0005 and PID 24-32-22-11-0006 pursuant to Minnesota Statutes, Section 13D.05, Subd. 3(c)(3).

Preiner noted the City Council meeting would be closed to consider offers to purchase City owned real estate for property identified as PID: 23-32-22-12-0005 and PID 23-32-22-11-0006 pursuant to Minnesota Statutes, Section 13D.05, Subd. 3(c)(3).

G. ADJOURNMENT

Adjournment was made in closed session with Motion by Mayor Preiner to adjourn. Seconded by Councilmember Wagamon; Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

Meeting adjourned at 8:50 p.m.

Respectively submitted:

Jack Davis, City Administrator

Drafted by: Kathy Altman
TimeSaver Off Site Secretarial, Inc.