City of Columbus
Regular City Council Meeting
July 24, 2024

ATTENDANCE SHEET

PLEASE PRINT

Name:	Address:
Myron + Cynthia Angel	
Shanon Hoheisel	pheasants Forever Chapter

City of Columbus
Regular City Council Meeting
Hybrid Interactive Technology Format
MN Statute, Section 13D.021
07.24.2024

The 07.24.2024 meeting of the City of Columbus City Council was called to order at 6:01 p.m. by Mayor Jesse Preiner at City Hall. Present were Councilmembers Rob Busch, Ron Hanegraaf, Janet Hegland and Sue Wagamon; City Administrator Jack Davis, City Attorney Bill Griffith, Finance Director Cheryl Jenkins, Public Works Director Jim Windingstad, City Engineer Kevin Bittner

Also in attendance: Shannon Hoheisel (via teleconference), Jim Eichten and Myron and Cynthia Angel

Not in attendance: None

A. CITY COUNCIL REGULAR MEETING

1. Call to Order Regular Meeting – 6:01 p.m.
2. Pledge of Allegiance
3. Adoption of Agenda

Motion by Preiner to adopt the July 24, 2024 Agenda with the addition of the supplemental bill list to Item B2 of the Consent Agenda and Item D.7.d. Resolution 2024-06. Seconded by Wagamon. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

B. CONSENT AGENDA

1. Approval of the June 26, 2024 City Council Meeting Minutes
2. Approval of Bill Payments as attached in the July 24, 2024 Payment Summary and supplemental bill list.

Motion by Preiner to approve Consent Agenda Items Nos. 1-2. Seconded by Hegland. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

C. PRESENTATION

1. Public Open Forum

Shannon Hoheisel of the Minnesota Ladyslipper Chapter of Pheasants Forever informed the Council about a fundraiser they are conducting in partnership with Running Aces. It includes a raffle that the State said does not require a license since the prizing is under $1,500, but it does require City Council approval. Davis indicated a resolution of support was added to the agenda as Item D.7.d. and will be considered later in the meeting.

2. 2023 Audit Report

Jim Eichten of Malloy, Montague, Karnowski and Radosevich & Co., P.A (MMKR) provided a presentation on the audit results for 2023. The City is required to have its annual financial statement audited and then receive a report on the audit and accept it. It includes a management report. The audit was conducted on-site in February and March and completed in June. Eichten said he was able to issue an unmodified opinion or clean audit report. They are also required to audit the City's internal control structure. He explained

they go in understanding that cities the size of Columbus don't have perfect segregation of duties in financial activities. He prefers to call that a reportable item rather than a finding. For that reason, they look for other compensating controls that would mitigate that situation, such as a second review of bank statements. Those are in place, he said. They also audit compliance with government auditing standards and grant requirements and also issued a clean audit there. Lastly, they issued an opinion on compliance with Minnesota-specific laws. That also received a perfect scorecard.

The financial results for the year include an overview of property and governmental funds and how they are adding revenue for the City. Eichten reviewed market values, which increased about 11 percent and which impact property tax revenues. Increasing market values lower the tax rate to get to the same amount of revenue, so the tax rate dropped from about 48 percent in 2022 to 45.8 percent in 2023, he explained. The City did increase its levy and tax revenue even though the tax rate dropped down

The report breaks out City revenue on a per capita basis. The City is generating $1,655 per resident and that compares to about $1,400 with comparable sized cities state-wide. Intergovernmental revenue increased from $126 to $231 per resident due to Federal and State grants. Total expenditures increased from $707 to $783 per capita over 2022, mainly due to flow-through of tax increment dollars. Debt service went down from $330 to $300 per capita.

Eichten also went through the end of year fund balance for each fund in the City for 2023. Total fund balances went down about $2.6 million in part due to the early repayment of a bond. The General Fund increased its fund balance by almost $300,000 when a decline had been predicted. The City has a fund balance policy to maintain at least 50 percent of operating funds which is pretty standard, he said. The City is meeting and exceeding that policy.

The report broke out General Fund revenue by source, which shows an increase in property tax revenue and intergovernmental funds. It also showed the year-end position of enterprise funds. He walked through the water and sewer funds in revenue, expenditures, cash flow, and funding depreciation.

Eichten said the overall audit results were very positive with a clean audit report with no findings, which is exceptional, and a healthy General Fund balance. The City's budget met expectations, which is important. He said the City is dedicated to the audit process. The City staff, even this year with a change in top line staff, were very dedicated to making sure the audit was completed on time, according to Eichten.

Hegland asked about the City's fund balance policy and current balance of 137 percent, noting she didn't remember seeing an amount that large in previous years. Eichten explained there was a change in fund structure between 2022 and 2023 with a fund being taken out of the General Fund and placed in the Capital Fund, but both the percentages and the actual amount of the fund balance are going up.

Busch asked if the 137 percent fund balance was based off months of bills they have to pay. Eichten said the fund balance is the City's equity situation as a total of total annual expenditures for the year. The City could go a whole year and 30 percent of another year and have the equity to pay its bills with no money coming in, he explained. Cities need 50 percent at a minimum because they don't get paid by the County (property tax revenue) for six months. Cities typically look at balances like that and discuss what to do with them – save them for the future or use them for something, but they are not required to use it at all.

Hegland asked how many more people the City would need to have to not be "dinged" for Segregation of Duties since the City recently hired an additional person in the accounting department. Eichten said one

additional person would probably not do it, but will certainly help with workflow, and he could evaluate next year other ways to divide duties with the staff available to segregate duties more.

Motion by Hegland to accept the City of Columbus 2023 audit report as prepared by the independent accounting firm of Malloy, Montague, Karnowski and Radosevich (MMKR). Seconded by Busch. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

3. 2025 Budget Discussion

Davis presented 2025 budget recommendations for the water and sewer enterprise funds with projected 2025 expenditures in the water fund of $107,648 and in the sewer fund of $132,450 and projected revenues in the water fund of $160,00 and in the sewer fund of $140,000. These projections were based on 2023 sales funded by user fees.

Hegland asked about wages in the water funds and which employees were included. Davis stated that 12.5% of the Permit Coordinator's wages and benefits were being charged to the water fund. The Permit Coordinator does the utility billing and other functions related to connections and staff is planning to move some public works wages that are spent on the operation of the water system to that fund as soon as there was capacity in this budget .

Hegland also asked about membership dues for the Enterprise Funds. Davis said the City belongs to the Minnesota Rural Water Association and the amount budgeted covers those dues. Revenue projections are based on what the City took in in 2023. The City has identified 30 properties that have service to their properties and aren't connected. Staff plans to contact those property owners about connecting to the system as soon as possible. Regarding generating additional revenue for the system, Sewer Access Charges (SAC) are comparatively low and could be looked at. Also, some properties have deferred assessments and have accumulated significant debt interest, and those accounts need to be collected. He said currently the City does not put anything in the water and sewer budgets for depreciation and needs to plan for that to at least cover future infrastructure needs.

Wagamon asked about the amount budgeted for capital system maintenance. Davis explained that is not the same as depreciation. Those are funds that are needed when you have a problem with the sewer or water system. A major water leak, for example, could start out at $25,000 to $30,000 to fix. The City is entering a period where infrastructure is 15 or so years old and there will be more maintenance. The current balance in the water fund is close to $1 million and that seems like a lot of money, but in public utilities it is not because it is very expensive to perform repair work when something goes wrong.

Wagamon asked about the Met Council expense in the sewer fund which she said is the only thing that really went up. Davis said that is a bill for flow charges for sewer effluent and is billed monthly by MET Council. This fee is driven by increased flow generated new development that connects to the sewer system and is offset by user fees.

Hegland asked if Davis would be coming back with a final version of the sewer and water budget for the preliminary budget. Davis confirmed that is correct.

4. Set Agenda for August 5, 2024 City Council Workshop Meeting

Davis recommended three items for the August 5 workshop meeting including proposed changes to

Chapter 14 public health, wells, sewer and utilities and the last two items on budget preliminary discussions including the Parks Board, and a potential rezoning of the general business area on Lake Drive.

Motion by Hegland to approve the agenda for the August 5, 2024 workshop meeting as presented as item C.3 in the packet adding the preliminary discussion of rezoning of the general business area on Lake Drive. Seconded by Wagamon. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

D. CONSULTANT, LIASION AND STAFF REPORTS

1. City Engineer Report

Bittner indicated he recommended making the following payments:

a.) 2024 Micro Surfacing Project–Pay Estimate 1 -- $213,248.20/

Council member Busch questioned if there was going be an overage on the project. Councilmember Hegland asked about the overruns on several line items presented in the report. City Engineer Bittner explained that striping and bituminous material costs exceeded the original estimate. These increases were due to the need to add a double yellow center line stripe on Howard Lake Drive and the variables encountered on the extra material required to fill the dips and low spots on Zurich Street.

Councilmember Hegland suggested that the City needs a policy that sets an amount that is a threshold for change orders to be presented to City Council for approval.

Motion by Wagamon to approve payment of Pay Estimate #1 for the micro surfacing project to Asphalt Surface Technologies Corporation (ASTECH). Seconded by Busch. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

b.) 2024 Chip Seal Project–Pay Estimate and Change Order 1

The City Engineer recommended approval of the pay estimate of $316.646.98 and Change Order #1 to modify the aggregate size from ¼" to 1/8" which resulted in a cost increase of $7,900. As the overall project was under budget, the total project cost will be be under the City Engineers project estimate.

Motion by Hegland to approve Pay Estimate #1 to Allied Blacktop of $316,046.98 for the chip seal project and also to approve the change order for the additional aggregate cost. Seconded by Wagamon. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

c.) Brown Beagle–Letter of Credit Reduction Request

Bittner reported the developer had requested a reduction in his letter of credit. This relates to the underground sewer and water utilities that will be city-owned. He recommends approving the request for $140,439.25 based on work done by Gustafson Excavating.

Motion by Hegland to approve the request from Brown Beagle LLC for a reduction in their letter of credit in the amount of $140,439.25 for the completed public utility work, leaving a balance of $265,810.75. Seconded by Wagamon. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

2. City Attorney Report

Griffith reported there had been a dismissal in the Stans case because the defendant has more liabilities than assets. The City retains the right to judgement if the individual's financial situation ever changes. It was decided in the interest of the City and due to the legal fees that would be generated, it was better to dismiss the case. In this incident, the driver of a truck had crossed the center line and hit another truck, causing a diesel spill on a new section of roadway. The City's position was that the diesel spill could cause a premature degradation of the pavement and that the party that struck the fuel truck and caused the spill should be liable for the cost of the potential damage.

3. Mayor & City Council Member's Report

Hanegraaf reported on the Park Board meeting and three items they considered. The Board discussed the park lighting on Kettle Boulevard. A bid has been sought and the Park Board will have a meeting to consider the bids. The tennis court resurfacing was discussed along with the possible need for new courts and pickleball and the rate at which Ash trees in the park are dying. Bids for tennis court surfacing came in higher than budgeted. The Park Board is not receiving sufficient park dedication fees and is concerned about funding for these needs.

Davis suggested a joint meeting on August 14, 2024, prior to the regular City Council meeting to discuss the funding requests from the Park Board. The originally suggested date of August 13, 2024, is not possible because it is the primary election day.

Hanegraaf stated that the Park Board agreed that RVS Lawn Service is doing a good job. The service does not anticipate a cost increase for 2025. It was decided to postpone the replacement of the timbers at the tennis court as they are not causing any problems and are part of the bigger discussion of the tennis court improvements. The Board also set up a sub-committee to begin developing a Park Master Plan and agreed to set aside $500 for holiday lights for the Pavilion.

Brad Norling and Steve Ray were approved as the committee members for the Park Board plan. The Park Board also agreed to set aside $10,000 in next year's budget for either the tennis courts or dugouts at the ballfield depending on what the Forest Lake Athletic Association decides to do.

Wagamon stated that she attended Senator Michael Kreun's event the previous week. She said her family rented the Pavilion for the Fourth of July and found everything manicured and clean. Her family was impressed by the condition of the park.

Hegland attended the Planning Commission meeting and provided a written report that was included in the Council packet. She also attended Sen. Kreun's event at Rolling Aces and stated that it was good to discuss the issues with the Senator and what could be done to help Columbus in the future.

Busch reported on an area of City ditch in Columbus near Carlos Avery that is being used for a dumping ground. He received a call on a Sunday from a resident about the dumping of a large amount of building materials and that Public Works came out that day and had it cleaned up in a matter of hours. In the past, pieces of furniture and cars have been dumped in this location.

Davis said in the last instance the Sherriff was called and they went through the materials looking for receipts or any clues as to who dumped it and found nothing.

Preiner had no report

4. Parks Board Committee – Ron Hanegraaf reported on this item under his Council report.

5. Personnel Committee

Hegland said they have been working with the HR consultant on the list the Council prioritized at the last meeting and the Council would be seeing that again within the month. They are waiting to hear from the IT consultant before posting the Assistant City Administrator position.

Hegland stated that she and Jack Davis had spoken with Haley Foster of Fostering Communications. Ms. Foster has a lot of experience working for cities and is interested in providing consulting work for the City of Columbus for our communications and media needs. Hegland stated that Ms. Foster has done event planning and website work for other cities and the charge for her service would be $25 per hour which is very reasonable. She asked for Council direction to go forward to contract with her and transition that work from the previous Public Information Coordinator, Conner Keith. Connor accepted another position and no longer works for the City. He is still a temporary part-time employee working up to 10 hours a week and it would be beneficial to have them work together for a couple of weeks and transition this work to her.

Davis said that Mr. Keith has another job and is only available evenings and weekends. Ms. Foster has incredible experience and as the city has been paying salary and benefits for up to 10 hours per week to Mr. Keith, the City would be able to use her services for the same amount of time for a lower cost or even expand her hours and not exceed what the City is currently paying. Davis noted this would be a way to bridge the gap until the new Assistant City Administrator is hired and this person could also continue to be available on a contract basis for special projects and other communications and media needs.

Hegland distributed copies of Ms. Foster's resume for the Council to review.

Busch said they had previously talked about moving this work into the role of the new Assistant City Administrator. Hegland stated that is still the plan, but it was not necessarily envisioned that the new City Administrator would actually do the work but instead would oversee someone like the consultant. Davis noted the funds available for the new position would also cover using the consultant the remainder of this year and in 2025. Hegland said the City does not have the volume of work at this time to support a full-time Communication Coordinator position.

Hegland moved to direct the City Administrator to engage in negotiating a contract with Fostering Communications beginning in early August to provide website, social media, and website support using the dollars already allocated for those services. Seconded by Wagamon. Roll call vote: Busch – nay; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

6. Public Works Report

a.) 182nd Avenue Signage Request

Windingstad said a resident living on 182nd Lane, a dead end street , had requested a sign indicating no turnaround. Windingstad stated that they have had people come down with trailers or bigger vehicles that have not been able to turn around. The resident sent a photo of a pickup truck with trailer that couldn't turn around. It was noted that there is a "no outlet" or "dead end" sign at the beginning of the road.

Hegland asked about the number of situations that had happened at this location and the circumstances. She also asked if the City has received any other complaints.
Windingstad said he was not aware of any other complaints, and added every road in town that does not have an outlet should be posted as no outlet or dead-end as there are other similar situations.

Hegland said she was having a hard time justifying a sign when there is already one on that street that clearly says there is no outlet and they have received no other complaints. Other Council members concurred.

The Council consensus was that the existing sign is sufficient, but the resident could come back to the City if they encountered more problems.

b.) Sewer System Maintenance Inspection and Cleaning Project

Davis explained the City of Columbus constructed a water and sewer system to serve properties along Interstate 35 that has commercial, light industrial, and certain high-density residential development opportunities. The sewer portion of this system was constructed in stages beginning in 2004, completed in 2008, and currently serves 53 residential and 20 commercial customers. With the exception of a portion of Section 3, he said, no cleaning or internal inspection of the system has occurred since it was put in service.

To address this concern and minimize City liability regarding sewer backup issues, Davis said, the City requested quotes to provide sewer cleaning and inspection service for approximately 38,000 linear feet of 6”to 18” PVC sewer line. Two quotes were received. Davis stated that cleaning and internal inspection is a fundamental maintenance function to enhance the operation of the collection system and lift stations and lessen the likelihood of sewer backups.

Davis noted the City of Anoka cleans and inspects approximately one-fourth of their system annually and the City of Lino Lakes has a five-year cleaning schedule for their system with problem areas cleaned annually or semi-annually. Sewer backups are primarily due to obstructions in the lines and can result in significant property damage but can be minimized by scheduled maintenance to identify and remove potential sources of backups.

Davis explained the City has insurance for backup claims through its League of Minnesota Cities Insurance Trust (LMCIT) Coverage but implementing a regular system maintenance policy can lessen deductible costs and reduce exposure for claims. It was noted that advantages to performing a regular maintenance program include early problem detection, reduced risk of back-up and over-flows; avoiding expensive repairs; optimizing maintenance schedules; increased flow efficiency; the ability to meet standards; documentation of sewer conditions; identifying ground water infiltration and potentially lower insurance premiums.

Davis said residential clean-up and restoration after a back-up can cost $2,000 to $10,000 per occurrence and may be up to $50,000 in some cases. The price for contracting for the cleaning and inspection service would be $61,750. The low bidder was Visu-Sewer and the other bid, from Empire Pipe Services, was $100,980.58. The third company contacted for a quote expressed interest in the project but did not respond with a bid. This expense could be covered by Capital Sewer System Maintenance Funds in the 2024 budget and the balance from unallocated accumulations rolled over from this line item from 2023, he said. The City Sewer Fund Capital System Maintenance line item allocated $30,000 for this type of expense for each of the last three years with only $7,503 expended during that time period. In addition,

the City Sewer Fund has a current cash balance of $462,000 with these monies being appropriate funds for emergency and maintenance projects, he said. These are Enterprise Funds that are collected from the system users and not part of the City General Fund.

Davis stated staff is recommending that City Council consider instituting a sewer system cleaning and inspection program that would meet the requirements recommended by the LMC and engage the services of a qualified vendor to implement the cleaning and internal inspection phase of that program.

Windingstad stated that the City's system is smaller than some neighboring cities and some sections have little or no flow. The City has done some cleaning on its own with borrowed equipment, however, in the last few years, the City has connected two large users so the time is right to begin a formal inspection and cleaning schedule.

Wagamon asked what the $61,750 bid includes. Winndingstad said the contract would include cleaning and then running a camera through the system looking for problems and pin-pointing their location. Cities tend to use a regular cleaning schedule, but problem areas can be cleaned more often. He said all the city lines were video inspected during the period of 2007 – 2014 as part of the final inspection of their installation, but most have not been inspected since that time.

Davis said some of the flow charges the City is paying to the Met Council could be the result of infiltration of ground water into the existing lines or inflow from leaky manholes. A video inspection would locate those problems for repairs which could reduce flow charges for the discharged effluent.

Windingstad said it is an extensive process, and the vendor will probably be in the City for a month.

Preiner said it sounds like a sensible safeguard.

Hegland said she agrees but wondered if it will actually lower insurance premiums. Davis said that is not certain but doing the project can reduce future costs or the amount the City has to pay for their portion of a claim.

Hegland said she is in favor of doing the cleaning but if a policy is being set for how often cleaning is done, it should be based on actual need since Columbus is much smaller than the other cities mentioned.

Davis said the intervals for needed cleaning would be established by doing the inspection and by periodic inspections of flows in manholes inverts during off-peak hours. The initial inspection would determine what the maintenance schedule should be.

Windingstad said he also plans to bring a sewer cleaning policy forward for the Council to consider.

Davis pointed out much of the City's sewer lines are below the water table, so it is important to keep looking for possible ground water infiltration.

Preiner moved to approve the contract proposal from Visu-sewer in the amount of $61,750 for sewer cleaning and inspection and to direct staff to prepare a policy for system inspection and cleaning compliant with the League of Minnesota Cities requirements. Seconded by Busch. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

7. City Administrator's Report

a.) Joint Park Board and City Council Meeting

Davis confirmed with the Council the date and time for a joint meeting with the Park Board at 5 p.m. August 14, 2024, before the regular meeting at 6 p.m.

b.) Local Government Officials meeting July 31

Davis asked Council members to let him know if they want to go so he can get them registered.

c.) Absentee Voting

Daivs said absentee balloting is still continuing and City Hall will be open 9 a.m. to 3 p.m. Saturday, Aug. 10, 2024, and the day before the election until 5 p.m.

d.) Raffle at Running Aces Aug. 1, 2024

The Minnesota Lady Slipper Pheasants Forever Chapter 07772 requested a permit to conduct a raffle at 15201 Running Aces Boulevard on Aug. 1, 2024. Proceeds from the raffle will support the TUNE program.

Busch moved to adopt Resolution 24-06 authorizing the Minnesota Lady Slipper Pheasants Forever Chapter 07772 to conduct a raffle at 15201 Running Aces Boulevard on Aug. 1, 2024. Seconded by Hanegraaf. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

e.) Financial Report–June 2024

Davis asked Finance Director Cheryl Jenkins to give the June Finance Report. Jenkins said the monthly report was included in the packet, noting the City is on track with most areas. Public Works expenditures are quite large because a $300,000 payment was paid to Anoka County. That payment was from revenue received in 2021 but skews the current Public Works budget.

Hegland asked where they were with getting a process figured out to recover the costs from the owners when Animal Control has to pick up an animal. Davis said in some cases an owner is not identified and the animal is not claimed. He said they have not received the information on the owners but would go back and reopen that conversation.

Hegland asked whether it would take a policy to be able to legally charge those fees back to owners. Griffith explained the simplest way would be an ordinance amendment, so the City is adopting not only a policy but a legal requirement that owners are responsible for those costs.

Wagamon asked about the Emergency Management line item. Jenkins said that is where any COVID or ARPA (American Rescue Act) Funds were recorded. She has continued using that fund for income and expenditures and the $13,800 spent has been returned from Anoka County.

8. Planning Commission Report – Councilmember Janet Hegland

Hegland stated that, as mentioned earlier and in her written report included in the packet, that there were no action items on the agenda but the Planning Commission reviewed suggested ordinance housekeeping revisions and called for a public hearing.

E. ANNOUNCEMENTS & REMINDERS

- Absentee Voting June 28 through Aug. 12, 2024 – City Hall Offices

- City Council Candidate Filing, July 30 though August 13, 2024
- Public Works Committee Meeting, July 31, 2024 – 5 p.m.
- City Council Workshop Meeting, August 5, 2024 – 6 p.m.
- Night to Unite, August 6, 2024
- Planning Commission/City Council Meeting, August 7, 2024, at 6 p.m.
- Primary Election Day, August 13., 2024 – 7 a.m. – 8 p.m.
- City Council Meeting, August 14, 2024, at 6 p.m.

F. CLOSED SESSION

Preiner called the City Council into closed session at 8:12 p.m. to consider offers to purchase City-owned real property identified as PID24-32-22-12-0005 and PID 24-32-22-11-0006 pursuant to Minnesota Statutes, Section13D.05, Subd. 3(c)(3).

G. ADJOURNMENT

Motion by Busch to adjourn and seconded by Hegland was made in closed session. Roll call vote: Busch – aye; Hanegraaf – aye; Wagamon – aye; Hegland – aye; Preiner – aye. Motion carries.

Meeting adjourned at 9:00 p.m.

Respectfully submitted:

Jack Davis, City Administrator

Drafted by: Carol Shukle
TimeSaver Off Site Secretarial, Inc.