

**MINUTES**  
**CITY COUNCIL ADJOURNED MEETING**  
**MONDAY, APRIL 16, 2007**  
**5:30 P.M.**  
**COUNCIL CHAMBERS**

MEMBERS PRESENT: Mayor Stiehm. Council Members McAlister, Austin, Dick Pacholl, Scott Pacholl, Hecimovich, and Martin. Council Member-at-Large Christopherson.

MEMBERS ABSENT: None.

STAFF PRESENT: Jon Erichson, Craig Hoium, Tom Dankert, John Mueller, David Hoversten, Denny Maschka, Ann Hokanson, and Jeanne Howatt.

OTHERS PRESENT: Austin Post Bulletin, Austin Daily Herald. Jerry McCarthy and Todd Jorgenson.

Added to the agenda: Backup for Item No. 18, Approving consultant for the Wastewater Treatment Plant project; and a resolution approving parking restrictions on Oakland Avenue East.

Removed from the agenda: Grant agreement with the Minnesota Department of Employment and Economic Development for infrastructure at the Hormel Institute.

Moved by Council Member Hecimovich, seconded by Council Member Scott Pacholl, approving the agenda. Carried.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, approving the council minutes of April 2, 2007. Carried.

Mayor Stiehm noted a letter from Nathan Schmidt was received in appreciation of Ann Hokanson and the library staff for proctoring his exams. Library Director Ann Hokanson noted this is done through the library's proctoring program.

Moved by Council Member Dick Pacholl, seconded by Council Member-at-Large Christopherson, approving the consent agenda as follows:

Consent Agenda:

Licenses:

Mobile Food: Taquerio Guerrero, 411 11<sup>th</sup> Street NW

Temporary Food: Early Risers Kiwanis @ Corcoran Center – May 13.

Master Plumber: Kingsway Mechanical, Inc., Maple Plain, MN  
Food: Park & Rec (Municipal Pool)  
Mobile Food: Marie's Roadside Rotisserie, 1706B Carriage Home Dr.

Claims:

- a. Financial and Investment Reports.
- b. Pre-list of Bills
- c. Trystann Maly, 306 4<sup>th</sup> Avenue SW. This claim has been referred to the city attorney to protect the city's interest.
- d. Bonnie Bos for Christina Bos, 1202 7<sup>th</sup> Avenue NE. This claim has been referred to the city attorney to protect the city's interest.
- e. Pauline S. Parker, 510 7<sup>th</sup> Avenue NW. This claim has been referred to the city attorney to protect the city's interest.

Carried.

The City of Austin received bids for street reconstruction, storm sewer and lift station work on 16<sup>th</sup> Avenue NE in connection with the Hormel Institute expansion. Bids are as follows:

|                         |              |
|-------------------------|--------------|
| Ulland Bros.            | \$612,849.10 |
| Sorenson Bros.          | \$655,689.00 |
| Rochester Sand & Gravel | \$663,437.25 |

The project will be funded with grants and assessment bonds. The paperwork for the grant has not yet been received. City Engineer Jon Erichson anticipates this will be ready for approval at the next council meeting. He recommends the lowest bidder, Ulland Bros.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, adopting a resolution awarding the bid to Ulland Bros. 7-0. Carried.

The City of Austin received bids for the asphalt street reconstruction projects for 4<sup>th</sup> Street NE, 17<sup>th</sup> Avenue NE, 18<sup>th</sup> Avenue NE, 12<sup>th</sup> Avenue NW, 13<sup>th</sup> Avenue NW, 9<sup>th</sup> Street NW, and 22 Street NW. Projects are funded 100% through assessment bonds. Bids are as follows:

|                             |                |
|-----------------------------|----------------|
| Ulland Bros.                | \$1,109,154.50 |
| Rochester Sand & Gravel     | \$1,129,631.20 |
| Road Constructors, Inc.     | \$1,190,512.00 |
| Freeborn Construction, Inc. | \$1,487,793.50 |
| Engineer's Estimate         | \$1,280,316.00 |

Mr. Erichson recommends awarding the bid to Ulland Bros. contingent upon the completion of the assessment hearing process.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, adopting a resolution awarding the bid to Ulland Bros. contingent upon the completion of the assessment hearing process. 7-0. Carried.

The City received bids for seasonal supplies of asphalt for 2007. Bids include the base plus mileage. Bids are as follows, including hauling costs:

| Contractor         | Base Bid                        | Mileage          | Total   |
|--------------------|---------------------------------|------------------|---------|
| Rochester Sand     | \$168,000/5250 = \$32.00/ton    | 36x.30 = 10.8 =  | \$42.80 |
| Shamrock           | \$198,750/5250 = \$37.86/ton    | 51x.30 = 15.30 = | \$53.16 |
| Crane Creek Const. | \$233,257.50/5250 = \$44.43/ton | 36x.30 = 10.80 = | \$55.23 |

Mr. Erichson recommends Rochester Sand and Gravel at a total cost of \$42.80 per ton.

Moved by Council Member Hecimovich, seconded by Council Member Austin, adopting a resolution awarding the bid to Rochester Sand and Gravel. 7-0. Carried.

The City received bids for the yearly supply of oil for street maintenance. One bid was received. Mr. Erichson said this is due to a consolidation in the oil refining industry; we currently have one supplier. The bid is as follows:

|                      |             |
|----------------------|-------------|
| Flint Hill Resources | \$98,108.35 |
|----------------------|-------------|

Mr. Erichson said this is below the budgeted cost of \$100,000. It is an increase of 13% from 2006.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, adopting a resolution awarding the bid to Flint Hill Resources. 7-0. Carried.

Moved by Council Member Dick Pacholl, seconded by Council Member-at-Large Christopherson, adopting a resolution approving gambling premises permit renewal for Maple Island Park Association at Charley's Lounge, 429 10<sup>th</sup> Street NE. 7-0. Carried.

The City has received a request from the HRA to install fiber optic between the Twin Towers and Chauncey Apartments. Requests to place anything other than something for public use in the public right-of-way must be approved by ordinance. Mr. Erichson said Council has approved similar requests in the past, such as the fiber optics between the Hormel Corporate Office and Hormel Corporate South, with the following conditions:

1. Engineering drawing showing the location
2. The City would have the right to terminate if the installation would cause interference with the city's use of the right-of-way
3. Granting of the request shall not be construed as a conveyance of any title or interest in the right-of-way
4. HRA will acquire all permits

5. HRA will be required to provide the exact location of the fiber optic cable through the Gopher State One call system
6. In the event HRA ceases to operate and maintain the fiber optic, the Council shall have the right to terminate
7. HRA will provide a hold harmless agreement

Mr. Erichson added that due to the reconstruction of 2<sup>nd</sup> Street NE, the timing on this is appropriate.

Moved by Council Member Dick Pacholl, seconded by Council Member-at-Large Christopherson, for preparation of the ordinance. Carried.

Moved by Council Member Dick Pacholl, seconded by Council Member-at-Large Christopherson, for adoption and publication of the ordinance. 7-0. Carried.

The Austin Utilities Board has passed a resolution in support of entering into an agreement to participate in the formation of a natural gas agency. Austin Utilities General Manager Jerry McCarthy spoke to Council saying this group “is not a SMMPA.” Mr. McCarthy gave a presentation on gas agencies, which included an overview:

- 31 municipal gas utilities are interested in the formation of this Minnesota Municipal Gas Agency
- New opportunities such as tax-exempt purchases can only be pursued on a group basis
- New mandates are easier to deal with on a group basis
- Smaller systems need more help, and
- Municipal gas agencies have shown their value in other areas of the country

Gas agency advantages are as follows:

- Enhances the economies of scale
- Provides greater access to resources and expertise
- Increases ability to participate in multiple strategies, including buying partly in pre-purchase agreements
- Provides different services to different utilities depending on need

Mr. McCarthy added that two years ago, Austin Utilities joined with utilities in Owatonna resulting in a better price for gas.

Mr. McCarthy reviewed the gas agency structure. This includes:

- Nonprofit joint action agency
- Multi-faceted agency
- Cafeteria plan model
- Leverage local expertise
- Open membership

He added that it is open to anyone, and we can get in or out at any time. The multi-faceted agency concept includes:

- Vehicle for tax-exempt advanced purchase (prepaying)
- Distribution of services, particularly for smaller participants
- Potential joint purchasing of gas
- Aggregating pipeline capacity

Mr. McCarthy added that the agency will be able to buy in bulk, which results in savings.

The “cafeteria plan” model provides for the following:

- A structure which provides optimal flexibility to members
- Members choose the services and programs they want to participate in
- The Utilities would be responsible for paying for only those services used
- The membership does not obligate participation in any program, and
- Members do not have to give up control over gas purchase or local operation (as in SMMPA)

Mr. McCarthy said the agency would be buying \$400-500 million in gas, but we would not be “on the hook” in bonds. City Attorney David Hoversten has given the “blessing” on this. He said that by state law and the city charter, the Utility Board and the City Council must approve membership in this agency.

Council Member Dick Pacholl questioned if the Utilities can still buy on their own if they found a lower price somewhere else. Mr. McCarthy said yes, this would be just a piece of the portfolio – 15 to 20%.

Mayor Stiehm asked if this is a brand new venture. Mr. McCarthy said Austin Utilities is part of a core group that is forming this agency; it is something that has been discussed for about 20 years.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, adopting a resolution granting the Austin Utilities the right to join the Minnesota Municipal Gas Agency. 7-0. Carried.

Finance Director Tom Dankert is requesting a budget adjustment to cover the additional costs associated with the settlement of the AFSCME contract.

Moved by Council Member Hecimovich, seconded by Council Member Dick Pacholl, adopting a resolution approving Budget Adjustment #2. 7-0. Carried.

The radio and computer system bid never included the necessary equipment for the S.I.R.T. vehicle. The City has now received a bid from Motorola in the amount of \$13,500 for the equipment for this vehicle. City Administrator Jim Hurm said this is not in the 2007 budget, but we have more than enough funds available due to some costs being eligible for E-911 grants.

Mr. Dankert said a budget adjustment will be requested at a later time; he hopes to bundle several items for the next adjustment.

Council Member Hecimovich asked if the funding would come from PERA funds or E-911. Mr. Hurm said it would potentially come from the E-911, but possibly from the PERA funds.

Moved by Council Member Hecimovich, seconded by Council Member Austin, approving the bid for computer and radio for the S.I.R.T. vehicle. 7-0. Carried.

Moved by Council Member Hecimovich, seconded by Council Member Austin, adopting a resolution deferring special assessments for Barbara Adams and Alberta Denny. 7-0. Carried.

The proposed property site for the Mower County transit facility has been requested to be subdivided to accommodate the proposed sale. This property is located at the former Autonetics building. The property will be divided into two parcels with the one parcel left for future development. They will have a shared access.

Council Member Hecimovich asked what would happen if the federal grant is not received. Community Development Director Craig Hoiu said the worst case scenario then would be that the resolution could be rescinded.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, adopting a resolution approving the subdivision of property. 7-0. Carried.

Moved by Council Member Dick Pacholl, seconded by Council Member Hecimovich, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 601 11<sup>th</sup> Avenue SW, Federal Home Loan Mortgage Co. property. Carried.

Moved by Council Member-at-Large Christopherson, seconded by Council Member Austin, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles 1009 4<sup>th</sup> Avenue NE, Arens property. Carried.

Moved by Council Member-at-Large Christopherson, seconded by Council Member Austin, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 605 7<sup>th</sup> Street NW, Alvarez property. Carried.

Moved by Council Member Dick Pacholl, seconded by Council Member Austin, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 1014 10<sup>th</sup> Avenue SW, Karnes property. Carried.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, granting the Planning and Zoning Department the power to contract for the removal of junk and/or illegally stored vehicles at 1605 East Oakland Avenue, Iboua property. Carried.

The City of Austin operates two wastewater treatment plants, the domestic and the industrial plant. The industrial plant treats wastewater from Hormel Foods and Quality Pork only. As part of the agreement between the City and Hormel, all operating and capital costs associated with the industrial plant are the responsibility of Hormel Foods. A project for digester upgrades was identified for 2007 at an estimated cost of \$4M. City Engineer Jon Erichson recommends Fox Engineering be retained for engineering services for this project. This recommendation is based on their:

- Project understanding
- Expertise in industrial applications
- Staff – Fox Engineering has completed the previous industrial project

Their services are estimated at \$192,000, and the City would be reimbursed 100%.

Moved by Council Member Hecimovich, seconded by Council Member Austin, adopting a resolution approving consultant services with Fox Engineering for the industrial WWTP. 7-0. Carried.

In connection with the Oakland Avenue project, the State is requesting a resolution which prohibits parking on Oakland Avenue East from 1<sup>st</sup> Avenue to 4<sup>th</sup> Street. This is currently a 4-lane, undivided highway with no parking and will remain the same.

Moved by Council Member Hecimovich, seconded by Council Member-at-Large Christopherson, adopting a resolution approving parking restrictions on Oakland Avenue East. 7-0. Carried.

The Austin Community Pride Day, a volunteer community clean-up event, will be held at 8:30 am to noon on Saturday, April 28. Citizens should call Park and Rec to sign up.

Mayor Stiehm thanked Park & Rec Director Denny Maschka for his work preparing the arena for the Immigration Forum.

Council Member Dick Pacholl questioned Mr. Maschka on the park dedication policy. Mr. Maschka said he needs to discuss this with Council Member Pacholl at some point. Council Member Dick Pacholl requested this item be discussed at the next work session.

Library Director Ann Hokanson announced the Spring Sale will be held May 4 and 5 from 9:00 to 4:30. People are welcomed to donate their good, used books.

KSMQ will run their program on Austin, which is entitled “Cities on the Move.” It will be run Saturday and Sunday at 10:30 am and 7:30 pm. Their second program on Austin is scheduled for May 1 at 6:30.

The next Mower County League of Cities meeting will be held in Rose Creek next Thursday, April 19 at 6:30.

Moved by Council Member-at-Large Christopherson, seconded by Council Member Austin, adjourning the meeting to May 7, 2007. Carried.

Adjourned: 6:13 pm

Approved: May 7, 2007

Mayor: \_\_\_\_\_

City Recorder: \_\_\_\_\_