

Councilpersons:  
First Ward: Gallenberger, Friedmeyer  
Second Ward: Schmidt, Hiers  
Third Ward: Meurer, Bricher

Mayor: Rollin Hall  
Clerk-Treas. Susan Schamaun  
City Adm: David Schmidt  
City Atty: Peter Ekstrand  
Date: March 22, 2011

***SPECIAL WORKSHOP  
PROCEEDINGS OF THE CITY COUNCIL***

The special workshop of the City Council of the City of Wabasha was held on Tuesday, March 22, 2011, and was called to order at 7:00 pm by Mayor Rollin Hall.

Present were Councilpersons Friedmeyer, Gallenberger, Schmidt, Hiers, Bricher, Meurer, and Mayor Hall.

Mr. Bill Anderson, City Engineer, was also present.

Pledge of Allegiance was recited.

**Public Comments:**

Mayor Hall asked for Public Comments for matters that were not on the agenda.

Mr. Richard Fuller, 1211 Rustic Lane East, came forward and stated he felt the Girls Volleyball Coach did an adequate job speaking at a prior Council meeting but felt it would be nice to have the girls from the team come to a meeting. He also passed out an article from the Wall Street Journal about local governments throughout the country cutting their budgets. He stated he felt it was imperative that the City keep as many jobs and benefits by working a 4 day work week.

Ms. Debbie Sexton, 610 Gambia Avenue, came forward and stated she has asked for publishing in the local newspaper the Administrator's salary and job duties of the position. She stated the City of Wabasha would like to know what it is about that position that qualifies a salary of \$96,000.

Mayor Hall asked if there were any changes or additions to the agenda. Councilperson Gallenberger stated she would like to add flood budget discussion. Attorney Peter Ekstrand stated Council cannot vary from the agenda during a Special Meeting. David Schmidt handed out information pertaining to flood expenses.

**Mayor's Presentation:**

Mayor Hall stated at the April 5<sup>th</sup> Council meeting, he would make a presentation on his first 90 days as Mayor and will outline what he feels are successes, mistakes and what the greatest challenges are for the remainder of 2011 and beyond.

**Consent Agenda:**

Councilperson Gallenberger asked to remove the February 28<sup>th</sup> Special Meeting minutes and 7.4 Resolution – MPFA Clean Water/Drinking Water Revolving Fund.

**Councilpersons Bricher and Schmidt moved to approve the following consent agenda: Adopted by the following vote: Adopted unanimously.**

Approve February 22, 2011 Special Meeting Minutes and March 1, 2011 Regular Minutes  
American Legion Post 50 – Temporary Liquor License Application – June 11, 2011  
Historic Preservation Commission Appointment Approval

Councilperson Gallenberger asked for the following amendments to the February 28, 2011 Special Meeting minutes:

- 1) Councilperson Hiers asked about the meeting being Closed Session and if the one audience member should be excused. Attorney Peter Ekstrand responded that this was an Open Meeting as long as the Council was discussing the Administrator's Contract but could be closed when and if Council discussed the performance of David Schmidt and he so requested.
- 2) Later in the meeting, David Schmidt was asked about the meeting remaining open during the performance discussion portion, he did motion that the meeting could remain open.

City Clerk stated she did not feel it important to add a question about whether the meeting should be closed as all public meetings start as open meetings and minutes only reflect when meetings actually go into closed session. It is not typical to state why an open meeting is staying open. She also stated that the second issue was never formally announced that it would be a job performance discussion and that the Mayor only asked if he could get a general feeling of whether the Council felt Mr. Schmidt was doing a good job or not.

**Councilpersons Hiers and Schmidt moved to amend the February 28, 2011, Special Meeting as follows:**

**Councilperson Hiers asked about the meeting being Closed Session and if the one audience member should be excused. Attorney Peter Ekstrand responded that this was an Open Meeting as long as the Council was discussing the Administrator's Contract but could be closed when and if Council discussed the performance of David Schmidt and he so requested.**

**Adopted by the following vote:**

**Ayes: Meurer, Schmidt, Hiers, Bricher, Gallenberger, Friedmeyer, Mayor Hall**

**Nays: None**

Councilperson Gallenberger stated she questioned 7.4 Resolution – MPFA Clean Water/Drinking Water Revolving Fund which is why she requested it be removed from the Consent Agenda. She stated the loan is for \$428,550 and wondered how the City was going to pay for the loan and stated she found in the minutes that it reflected a 15% increase in the water rates to pay for it. She stated David Schmidt reported the 15% would represent \$.26/1,000 gallons/month or an average resident using 3,000 gallons/month it would be an increase of \$.78/month. She stated

she realizes the City needs a new well but since this is such a large loan, she felt it warranted discussion. She also stated she saw in the August 2010 Utilities Commission minutes that the Utilities Commission also approved a Manhole Restoration Project and authorized between \$150,000 - \$200,000 for that project. She stated these are two large loans in a short period of time and wondered if the City is in a position right now to be going after this.

David Schmidt stated the MPFA Loan is a competitive grant process and the City was successful in qualifying for this low interest MPFA loan for the WWTP. The City's interest rate for the loan was set at 1.59% which will save the City approximately \$1.2M over 20 years.

David Schmidt also stated the reason City staff has brought this to Council is that this is a competitive process and many communities have applied many times without success. If the City is successful in this process, the City has the option to not accept the funding and to ask for reconsideration next year. He further stated Council and the Utilities Commission have done the study for the area behind City Hall and it has been approved by the State that it meets the criteria for a well. The timing of the well will be based on funding. The Wellhead Protection Plan prepared by Yaggy Colby made it clear that the City's two wells are 20 feet apart which is problematic. He concluded by stating it costs nothing to apply for this funding though it does not mean the City has to move forward with the project if funding is approved.

**After discussion, Councilpersons Bricher and Schmidt moved to approve the Resolution of Application to the Minnesota Public Facilities Authority for a low interest loan. Adopted by the following vote:**

**Ayes: Friedmeyer, Schmidt, Bricher, Meurer, Hiers and Mayor Hall**

**Nays: Gallenberger**

**Public Hearing – 2011 Street Project:**

Mayor Hall announced this is not an Assessment Hearing. This meeting is to discuss the paving project, provide information on the project and provide the opportunity for residents' feedback. It is also not a meeting to set assessments and no final assessment for any given property will be set.

Councilperson Schmidt stated there is a lot of misinformation out in the public and the numbers on the assessment handout are way off base.

David Schmidt went through and explained the handout which outlined the Proposed Project Schedule and the process. He further stated the handout information was based on 30% street assessments and 40% utility assessments.

At 7:35 pm, Councilpersons Hiers and Meurer moved to open the Public Hearing. Adopted unanimously.

Mayor Hall asked for public comments on the proposed 2011 Street Project.

**Mr. Jim Arnoldy:** 124 Grant Blvd. West, stated he was a former Councilperson and owned a corner lot. He wondered if this was a good time for an ambitious street project with the City facing a catastrophic flood. He asked if he would be assessed for street work on Bailey Avenue which is a side street to his property after having been assessed 100% earlier for his frontage on Grant Boulevard. David Schmidt stated he would be assessed 50% due to being on a side street.

**Mr. Hardy Schierts:** 606 Eleventh Street, stated his name is not on the assessment list, but he is an interested citizen. He stated as a token of fairness, he felt all citizens should pay for the streets through taxes and get the project done.

Attorney Peter Ekstrand stated the City can't sell the bonds in a project like this unless you assess 20% unless the City had an election.

**Mr. Mike Alexander:** He stated we paid for the repairs on a couple other projects, 9<sup>th</sup>, 10<sup>th</sup> and Rustic Lane out of the general fund. He stated he doesn't think it's a good time right now to be tearing up streets and redoing water and sewer lines. He stated he will drive on crushed rock. He stated people are paying for the jail and school. He stated people are losing jobs and homes and living check to check. He stated for water mains, tear it up and fix it and patch it. He stated he can't see spending that kind of money, bonding or not bonding, at this time. For the mean time, he felt the City should hold the line on spending. He stated the street light tax is a slap in the face. He stated staff cuts should be from the top all the way down to the bottom.

**Ms. Liz Greenheck:** 442 Lawrence Blvd. East, stated there are two city lots and no buildings on the property and the assessment is way off.

**Mr. Jim Roemer:** 100 Bruegger Valley Road, stated he had a couple of issues from the past when he was a Councilperson. He stated he brought up at a Council meeting why the UT Commission the City of Wabasha brought forward close to \$100,000/year out of the Utilities fund. After he looked into it, the UT Fund at that time was over the League of Minnesota Cities (LMC) Guidelines for having money in their budget. After looking back at that, Mayor Meisch informed him that the City rented out the Clerk and City Hall for an amount of approximately \$5,000/year and all of a sudden it was \$100,000/yr that came out of the UT Fund into the General Fund to pay for some of the budgets that were over budget and that went on for 2-3 years for close to a quarter of a million dollars. And now the City UT fund is saying they are short and why should they be short when a few years ago they had more money in there according to the LMC. He wanted someone to check that out. He further stated if this proposed street project goes forward, he thinks the City will impose a lot of hardships on the residents of Wabasha especially the people on fixed incomes. He stated more people will lose their properties and rent will escalate to pay these projects.

**Mr. Howard Ponder:** 636 Franklin Avenue, stated he wanted to thank the Police and Utilities Departments for a job well done. He wanted to know what the criteria was for determining assessments. He asked if a property owner fronts another street but their garage is on the street that is being assessed, they are being assessed half but that street is being used by them as much as the person whose address is on that street and wondered how the criteria is determined.

Mr. Bill Anderson stated they use the street that you are addressed on as your front and if you are a corner lot, then the other side would be considered the side street and assessed in that manner.

**Mr. John Meisch:** 805 Milligan Avenue, asked what Mr. Chuck Springer gave as an assessment rate when he submitted his Assessment Report. Councilperson Gallenberger stated reconstruction of streets with new curb and gutter that appear in poor or very poor condition could be assessed in a range of 20-30%, milling and overlay of streets with a new curb and gutter that appear in fair condition could be assessed in a range of 10-20%, but replacement of water and sewer lines would be very subjective as most information indicated that the City should be responsible for replacing water and sewer lines. Mr. Meisch stated that he felt the Council and legal council would have to have a very serious assessment of the project and also stated he felt 30-40% assessment rates will be difficult. He stated if residents want the right to contest the assessment, they would have to go to the assessment hearing. He stated he supports the streets but he said he may disagree with how to get it done. He stated if there is \$1M in the Utilities, if you fronted that money the amount of the money that would have to be capitalized would go down. He stated he is just offering an alternative. He stated there is still money coming from the National Eagle Center. He stated the retirement age of the majority of the population and looking at a 10 year assessment for the project, he doesn't feel like the return is there on some properties.

David Schmidt stated residents that are 65 years or older, can apply for deferment and also would be transferred when sold.

**Jay Jewson:** 706 Broadway Avenue, stated he felt there is a big difference between the health of the City and the health of the citizens. So, in trying to protect the budgets and different organizations for funds of the City, we forget about the health of the citizens given the economy the way it is now. As a landlord, he stated he would be affected by the assessments on the schedule on four different properties. He further stated landlords and tenants can only absorb so much and the rents 10 years ago were about the same as they are now so property owners (landlords) will be absorbing the assessments and if he can't afford to keep those properties as rental properties, they will be sold to an owner who will live there fulltime thereby taking rental properties out of the pool which is an important thing to any city. He stated he felt the report submitted by Mr. Springer is very important and looking at 10-20% assessments on one of his properties on Main Street, it shows an assessment of \$10,000 and value of that property in its current conditions is probably \$40,000 and there is no way that property will be worth \$10,000 more with new asphalt out front and it currently has a well and part of the assessment is for a new water line. Hooking up to City water would only increase the bill. He felt assessing in this manner would be very difficult to show it increased the value. He stated the assessment for his house on Broadway is \$8,000 and he doesn't feel that house will be worth \$8,000 more with a new street. He stated he agreed with Mr. Schierts that assessing each taxpayer with costs associated with improving the streets and sewer and water systems would be the right way to go.

**Roger Sandwick:** 380 Eighth Street East, asked if the figures were right on the assessment schedule. David Schmidt stated the figures are estimates based on the engineer's report. Mr. Sandwick stated he would be ashamed to put them on.

Councilperson Schmidt stated the meeting tonight is to decide whether or not to approve the plans and specs and whether or not to go out for bids and assessments will be discussed at a later meeting.

Mr. Anderson stated the reason the public hearing is being held is a process set by the State that must be followed.

**Dr. Kent Jeffrey:** 1018 Broadway Avenue, asked when did the City figure out that the roads highlighted on the street map needed to be fixed and how did the City start setting aside funds for the repairs and when and how does the City make the decision what is bonded, what is assessed and what is paid for out of general funds. He stated he agreed we are all residents of the City and everyone should pay for the repairs and all residents share the burden and responsibility and joy of being residents of this City.

David Schmidt answered Mr. Jeffrey's three questions:

- 1) When did we know the roads were bad? Tony Johnson, Street Superintendent, and staff have been working on a process to look at all the streets over the past eight years. We have a pretty good sense of what needs to be done when. The City does sealcoating to try and preserve pavement. He stated he and Dave Fisk have talked to Mr. Craig Falkum, MN DOT, about different options of extending pavement life.
- 2) What is assessed? The City did not assess the last project. It was staff's recommendation to assess the last project so that money is no longer here and that money is spent. He explained he is trying to do it per the policy and Council is trying to make a policy that is acceptable.
- 3) How do we decide how to pay for a project, whether it is bonded, assessed etc.? The city tries to find out what is the cheapest alternative and if the bond rates are low enough, the City goes with bonding. The bond payments indicated to be on this project to be approximately \$350,000 for 10 years and of that \$122,000 will be covered by the sewer fund and the rest will be bonded. Separate City Councils make different decisions for different projects.

Councilperson Schmidt reminded citizens that if the City receives Local Government Aid, it will go towards this project. David Schmidt stated the City is hoping for \$380,000-\$400,000 in LGA that could be used for the proposed street project.

**Dale Meyer:** 713 Twelfth Street East, stated he had spoken to the Mayor and a few Councilpersons independently and stated his concerns relative to assessment appeals and how the City would have to defend those. He stated his dad's lot adjacent to the pool is vacant, which is 3 separate lots running north and south, and the lot on the West bears the brunt of the whole assessment for Washington Avenue and it is valued at \$11,900 per the tax records and the assessments are \$5,000-\$6,000. The City is not going to prevail on a lawsuit. Then, we, as taxpayers pay to defend that case. He stated he agreed with what Attorney Ekstrand stated at the last meeting when he stated the City has to be able to present to the judge that the assessment will increase the value of the assessed property. He stated Councilperson Bricher commented that the resident would have to hire an appraiser and hire an attorney and Mr. Meyer stated so would the City and the residents have to pay that bill and he further stated he doesn't want to see the City take that route. He stated when you talk a 30% assessment rate, you have to put that cost of that assessment to each specific parcel of property and a lot like his dad's on Washington Avenue and not much frontage on Ninth Street, the City is up a creek on.

Attorney Peter Ekstrand stated you have to be able to prove that the amount of the assessment increased the value at least that much. It is the burden of the City to be able to prove that if you go to court.

Mr. Meyer concluded that nobody wins if an assessment is contested. He stated you avoid all that if there is no assessment and everybody pays equally according to their property value. He stated he wants 0% assessment.

**Ms. Deb Sexton:** 610 Gambia Avenue, reminded Council the decisions they make at the Council table affect real people. This is an elderly community with very little job opportunity and when you increase someone's expenses by \$50.00/month, you may very well be forcing an elderly person out of their home. She stated she wasn't saying the streets don't need to be improved, but felt Council needed to be reminded that people are impacted by your decision on this issue. She stated some elderly people are just scraping by and with the increases in gas prices and food increases they are not even doing that. She stated Wabasha County has a poor economic status. She stated there are proud people who won't ask for help. Social Security has not gotten raises for a number of years and costs are going up and their income is not going up so there are people who cannot afford this expense. She also stated there are single parents with only one income who also cannot afford this expense. She concluded by saying there are people on a fixed income and low income that will be affected a great deal.

**Virginia Fosmo:** 923 Broadway Avenue, stated she lives at the corner of Broadway Avenue and Tenth Street and asked if they are putting storm sewers on Broadway Avenue. Mr. Bill Anderson stated no they were not adding storm sewers and the concrete curb and gutters will drain to the north. Ms. Fosmo stated that 35 years ago when they did Broadway Avenue they did the same thing and now the street has eroded. The water was supposed to run down over the hill into the slough and instead it is crossing the streets wherever and they try to fix it and the more they fix it, the worse it gets so she is in favor of putting in storm sewers. She also asked if they were putting in sidewalks. Bill Anderson stated there is no sidewalk proposed in her area. She asked about corner assessments or side assessments and wanted to know about the policy on this. She wanted to know why she would be assessed on the side for water when they are paying a water and sewer assessment on the front footage. She was informed that is just the policy and it has been that way for many years and there is 50% on side yards. Mayor Hall stated staff would look into the history of side assessments and get back to her. She also asked is the City could bond for 20 years instead of 10 years. Attorney Ekstrand stated the interest would probably be higher for 20 years. She asked if a senior took advantage of the deferment of the assessment, would they be charged interest for the years of the deferment. Attorney Ekstrand stated Council maybe could defer the interest but they haven't done that in the past and interest would accrue over those ten years.

**David Meyer:** 729 Ninth Street East, stated he is in the banking business and there are a lot of people hurting. He stated go to the courthouse and see all the delinquent taxes and stated it is staggering. The increase to someone's taxes due to assessments by \$200/month is astronomical. He stated people are not qualifying for home equity loans when they are in a bind and there is no way to give them that loan. The feds that come in to audit the bank make them go through appraisal after appraisal because of the financial crisis we are in. He stated when he looks at the number of people that come to the bank, he turns away far too many people who don't qualify for any help whatsoever.

**Lelana Blaschko:** 816 Twelfth Street East, asked Council if they have asked the community if they wanted the roads fixed or if they want to keep their money in their pockets. She stated the roads are bad and she understands there is maintenance but can we survive with them for a little while until it makes more sense. She stated this is the slowest people have driven on Twelfth Street in a long time. She appreciates that. Have they asked the community what they would prefer and reminded Council the people have an opinion. She stated she drives on Twelfth Street less than a lot of other people even though she lives on that street so she feels it is unfair to be assessed and also stated she will support all the other streets that have yet to be repaired and that is her responsibility.

Councilperson Meurer asked what the costs would be with no assessment. David Schmidt stated he can't give an exact number but it looks like \$150-\$160/\$100,000 in value. He also stated the City couldn't bond without an assessment.

**Kevin Stauffer:** 906 Washington Avenue, stated he felt the project should not be assessed and should be spread out across the City over time.

**Brenda Stauffer:** 906 Washington Avenue, stated she appreciated Mr. Dale Meyer and Mr. David Meyer's comments and stated she watched the last Council meeting and stated she felt it seemed like it was what we could put up with versus what we could do. She stated the amount they would be assessed concerns her. Mr. Stauffer stated their assessment is estimated at about \$13,500.

**David Fisk:** 308 Skyline Drive, stated there is a general impression in this community that Council is not being totally responsible in managing the fiscal affairs. This is a poor community. There are a lot of people retired and living on a fixed income. How many taxes and fees have been increase over the last 3 years. He asked Mayor Hall to consider moving meetings to the school when they are talking budgets because the building is packed and people are in the hall. Mr. Fisk stated he drove from Twelfth Street through Franklin Avenue and then on Hiawatha Drive and when he was on the gravel part of the road, it wasn't that bad. There are more pot holes and rough areas on the paved portions than on the gravel portions. He wondered if there isn't some alternative here. He stated right now oil prices are at historic highs and the economy has bottomed out and doesn't know if this is the time to redo the streets to the full measure. He wondered if there wasn't some alternative like milling, overlaying or some other temporary measures to hold us over for 5 or 10 years. He encouraged Council to look at those alternatives. He stated Council is changing direction and changing rules. He stated he would like Council to pay for the street project the way they have been paying for so far. He also stated the majority of the people here think Council should probably keep doing things the way you are doing them now and look for ways to cut expenses.

**David Schneider:** 429 Twelfth Street East, asked if it is necessary to do the extent of work that the City is talking about. He asked if the water mains or sewer systems are failing and do they actually need to be replaced.

Councilperson Schmidt stated the City is looking at eight projects and want to get bids on the whole project and on each individual segment and then at that time what, if any, the City wants to do. Maybe it will be one or maybe one

and the City can pick and choose. The plans and specs will be good so even if they are sitting on the table for five years, the plans are done. The City doesn't have to do anything.

Mr. Schneider stated the overall feel in the City is not good and that needs to be heard by Council. This City is populated by really good people and the majority live here because they love this town. He stated Council should give people more information sooner and more clearly so people can understand so people can come to meetings to have a constructive discussion. Mr. Schneider stated in reference to raising revenue for the City, he feels the City needs marketing. The City of Wabasha has everything Galena and Stillwater have but just need to get that out there.

**Dave Konkel:** 606 Twelfth Street East, stated he came to Wabasha from Stockton after they lost their home to a flood and they picked Wabasha because they heard so many great things about it and also for the low tax rate. He stated he is for the street improvements but doesn't know why he needs a sidewalk. He doesn't want a sidewalk.

**Dave Wodele:** 208 Skyline Heights, stated he isn't affected by the project but stated he lives in this community and everyone should pay. He stated it is his business motto that you never bite off more than you can chew so when it comes to fixing streets, lets fix a couple streets and lets all pay for it. When the City gets the bids, pick the worst streets and get them fixed and all pay for it. He concluded don't do more than we can afford, and don't do a bond.

**LaDonna Jewson:** 436 Lawrence Blvd. East, stated even if the City does reduce the amount of work that is done on the streets, we are obviously going to have to come up with the money. She stated Mr. Chuck Springer included policies from four different communities (Plainview, St. Charles, Lake City, and Stewartville) in his assessment report. She stated Plainview paid for a \$1.7M project by adding a \$10.09/month for 15 years on water/sewer bills. She wondered if this would work here.

**Mike Peterson:** 726 Bailey Avenue, stated he is a government worker has did not get a pay raise this year and is paying a greater percentage towards health care coverage and so is on a fixed income for a couple of years. He stated is not opposed to paying for the street project as there is a need for some of the streets to be repaired but would like it spread over to everyone.

**Leonard Brehmer:** 711 Twelfth Street East, stated Council needs to plan longer than short-term. The streets that are ok are not going to get better. The school is on a 10-year plan for the roof, they know its coming, and thinks Council can't keep having these things all the time. He felt by setting up 0% assessments, taking it out of a fund, setting that precedent for the future allows for future projects to go forward that way. Council can't keep rushing from fire to fire, you have to plan ahead as it is Council's job.

**Len Mustain:** 1126 Jefferson Avenue, stated he is on Twelfth and Jefferson, and water comes off of 12<sup>th</sup> Street into his garage and whatever happens on Twelfth Street, he would like that looked at. He stated when the City got a lot of water this past fall, he had 5" of water in his garage.

**Russ Morgan:** owner of Bailey Campground, stated he felt roads need to be fixed and wondered what would happen if every property owner was assessed 1-2%, then continue with projects and every project could be funded.

Attorney Ekstrand stated State Law would not allow a special assessment to every property owner because you have to show a benefit. The City could do a tax. And the City cannot bond for the project without at least a 20% assessment.

Mr. Morgan asked what paying for the project does to each taxpayer. David Schmidt stated it would be \$50.62/\$100,000 but the fund would have to be built up and the City would not have the up-front money.

**Kathy Jeffrey:** 1018 Broadway Avenue, asked what the exempt parcels on the list including the City portion and wondered who has to pay for them. David Schmidt stated the not-for-profits have to pay their portion including the City.

**Carolynn Klees:** stated she was here in the fall when the City raised property taxes and is costing her between \$4,000-\$5,000 for the Americlnn. She stated she believes the assessments should be spread across the board to everyone. She stated Council is going to put everyone out of business. Her occupancy rate is dropping and feels the City should fix the streets that are in dire need and wait until the city can afford to do them.

**Bill Jewson:** 436 Lawrence Blvd. East, stated from a business standpoint, he agrees with everyone that the assessments should be paid equally by everyone. He further stated the City needs to wait, select the project, build the fund, and start up slow. He stated sellers who have their house on the market would have to pay the assessment when selling their house which is something that should be considered.

Councilperson Schmidt stated Council is being reprimanded for not preparing for the future but last fall when Council asked taxpayers for more money to build a fund for future roads, they said no so Council is between a rock and a hard place.

Mr. Jim Roemer stated people were asked to pay a street light tax, the people paid, their taxes went up and they paid.

Councilperson Schmidt further stated residents say no to assessments and also tax increases but they want to drive on hard surface roads, so how does the City plan for the future?

Mr. Dale Meyer asked about assessing the sewer part of the project and asked Attorney Ekstrand his opinion. Attorney Ekstrand stated you don't see those improvements. If someone has a functioning water/sewer system and you put a new system in, it is harder to substantiate a bigger percentage in increase in value.

**Steve Nelson:** 206 Ninth Street East, stated he is president of the Utilities Commission, and asked if one street has more priority of getting fixed than another? David Schmidt stated there is an order. Mr. Nelson stated he was at the Financial Meeting at the Justice Center and nothing was ever said about using Sewer Funds for the Street Project.

He stated it was eluded to but it was never said it would happen. He stated the Utilities Department has been doing sewer improvements on a lot of streets including some manhole rehabilitation and also paid for the sewer on Rustic Lane. He also stated they relined Jim Roemer's and he didn't pay a dime. They relined Lawrence Boulevard and that didn't cost anybody anything. He wondered if the City would pay back the Sewer Fund for the Street Project. Mr. Nelson stated they applied for a \$6M loan for the Treatment Plant and at that time, they had to guarantee they would set aside monies for the future for any upgrades and so sewer rates were raised. He stated this is the problem with the streets, they didn't set aside monies. He stated he doesn't have a problem paying for the sewer on his street. David Schmidt stated at the Financial Meeting, when they talked about using Sewer Funds for the Street Project, it was stated those sewer funds were going to be used to pay for upgrading the water/sewer lines for that project not for the street portion.

Mayor Hall asked for any more comments three times.

At 9:22 the Public Hearing was closed.

A 5 minute recess was taken.

Mayor Hall complimented all the people who were present.

David Schmidt stated the next step is to figure out what it would cost and that will be done by going out for bid. A Resolution is presented that would approve the plans and specs and also authorizes to go out for bids. Councilperson Hiers asked how the bid structure would be done.

Mr. Bill Anderson suggested putting the whole project out for bid in segments and state the bids would be awarded in any combination. He stated he would like to add that the City anticipates doing at least 3 segments because if they are bidding in quantities and they think they might be doing only 1 segment, their pricing will be higher. The City can elect not to award any but if you bid 8 and you only award 1 or 2 the contractor may say their bid isn't valid because they thought they would be doing more than that.

Councilperson Gallenberger stated it seems pretty clear that people present don't want to bond and they want the City to try to do this with the money we can muster up. She felt it doesn't pay to put all those streets on the bid process. She felt the City should choose the 3 they want done and bid it that way and they would have a more realistic bid right away.

Councilperson Bricher stated that by bidding them off the city can pick and choose with the amount of money that you are going to have versus the streets you can do. It gives the City the option to be able to skip one if you don't have the funds to do it.

Councilperson Gallenberger stated there are definitely two streets that are terrible which are segments 1 and 2 and she felt segment 3 was next. She stated if the other bids would come in lower than segments 1, 2 & 3, and we had the money to do the other streets, she felt the most critical streets should still be done first and that has been determined to be segments 1, 2 & 3.

Mayor Hall asked for estimates on the segments. David Schmidt reported segment 1 is approximately \$480,000, segment 2 is approximately \$160,000-\$170,000 and segment 3 is approximately \$450,000. Councilperson Meurer asked about segment 5 in which David reported that would be approximately \$570,000.

After discussion, Councilpersons Schmidt and Gallenberger moved to approve Resolution approving plans and specs and authorized to go out for bids on Segments 1, 2, & 3 as one project.

Adopted by the following vote:

Ayes: Friedmeyer, Gallenberger, Bricher, Hiers, Schmidt, Meurer, and Mayor Hall

Nays: None

Attorney Peter Ekstrand reminded Council if they choose to assess, they have to order the improvements within six months.

#### **9.1 Liquor License Application: T-Bones Grill & Bar:**

Mayor Hall announced a new business owner is opening T-Bones Grill and Bar and is requesting a liquor license. Police Chief Kruger stated he recommended approving the license.

Councilpersons Meurer and Schmidt moved to approve Mr. Vavra's Liquor License Application for 260 Main Street West for April 1, 2011 through June 30, 2011.

Councilperson Gallenberger asked if the previous license was released in which City Clerk informed Council the State of Minnesota stated Council should go through the process of approving the license and when they receive the Buyer's Card Application from the City they would go through the process of making sure no one associated with Vinifera is associated with T-Bones Grill and Bar and then they would release it. City Clerk also reported the Certificate of Insurance was received so they have also met that requirement.

Adopted unanimously.

At 9:56 pm, Councilpersons Hiers and Gallenberger moved to adjourn. Adopted unanimously.

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Susan Schamaun, City Clerk/Treasurer